

SESSION OF 2024

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2254**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

HB 2254, as amended, would provide for classification of land used for agritourism and codify agricultural land adverse influences.

***Agritourism Land Classification***

The bill would specify, beginning in tax year 2021, that land devoted to agricultural use would include land and buildings utilized as part of a registered agritourism activity at a registered agritourism location by a registered agritourism operator.

The selling of merchandise associated with the registered agritourism activity by the agritourism operator would not change the classification of the land or buildings as a result of such sales.

***Agricultural Land Adverse Influence***

The bill would codify the adjustments reducing the taxable value of agricultural land on the basis of adverse influences not sufficiently accounted for in the agricultural use valuation formula that are currently provided for in administrative guidance from the Property Valuation Division of the Department of Revenue.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The codified adverse influences would include, but not be limited to:

- Canopy cover, for which value is reduced from 20 to 50 percent based upon canopy covering of 25 to 100 percent of the impacted land;
- Salinity and alkalinity, for which value is reduced based upon a taxpayer-provided soil analysis from a crop consulting service;
- Water table fluctuation, for which value is reduced based upon the results of a U.S. Department of Agriculture Natural Resources Conservation Service review of the water table levels of the impacted land; and
- Newly constructed drainage and flood control areas, for which value is reduced based upon the impact on land use from newly constructed drainage and flood control areas.

## **Background**

The bill was introduced by Representative Neelly.

### ***House Committee on Taxation***

In the House Committee hearing, **proponent** testimony was provided by Representative Neelly and representatives of Kansas Farm Bureau and Z&M Twisted Winery. The proponents generally stated agritourism businesses are generally agricultural in nature and should not have their property classified as commercial due to retail transactions associated with agritourism activities.

Written-only neutral testimony was provided by a representative of the Department of Commerce.

The House Committee amended the bill to specify the provision would begin in tax year 2023 and to clarify the permissible sales without resulting in reclassification of land would be those associated with the registered agritourism activity.

### ***House Committee of the Whole***

The House Committee of the Whole amended the bill to make the provision retroactive to tax year 2021.

### ***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Kansas Farm Bureau, KC Wine Co and Pumpkin Patch, Serendipity Farm and Vine, and Z&M Twisted Vines. The proponents generally stated the bill would provide clarification on what is agricultural or commercial use when agritourism is involved.

Written-only proponent testimony was provided by representatives of Irvine's Just Beyond Paradise, Kansas Specialty Crop Growers Association, and Somerset Ridge Vineyard & Winery.

Neutral testimony was provided by a representative of the Kansas Department of Commerce. The testimony generally stated that it is confusing as to what is commercial and agricultural use in agritourism.

Written-only **opponent** testimony was provided by a representative of Kansas Association of Counties.

The Senate Committee amended the bill to describe and codify adverse influences on agricultural property.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would reduce state and local property tax receipts by an indeterminate, but likely negligible, amount. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; property tax; classification; agriculture; agritourism