

HOUSE BILL No. 2708

By Committee on Taxation

2-23

9 AN ACT concerning property taxation; relating to appraisal of certain
10 real property; amending K.S.A. 2009 Supp. 79-1476 and repealing the
11 existing section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 2009 Supp. 79-1476 is hereby amended to read as
15 follows: 79-1476. The director of property valuation is hereby directed
16 and empowered to administer and supervise a statewide program of re-
17 appraisal of all real property located within the state. Except as otherwise
18 authorized by K.S.A. 19-428, and amendments thereto, each county shall
19 comprise a separate appraisal district under such program, and the county
20 appraiser shall have the duty of reappraising all of the real property in
21 the county pursuant to guidelines and timetables prescribed by the di-
22 rector of property valuation and of updating the same on an annual basis.
23 In the case of multi-county appraisal districts, the district appraiser shall
24 have the duty of reappraising all of the real property in each of the coun-
25 ties comprising the district pursuant to such guidelines and timetables
26 and of updating the same on an annual basis. Commencing in 2000, every
27 parcel of real property shall be actually viewed and inspected by the
28 county or district appraiser once every six years. Any county or district
29 appraiser shall be deemed to be in compliance with the foregoing re-
30 quirement in any year if 17% or more of the parcels in such county or
31 district are actually viewed and inspected.

32 Compilation of data for the initial preparation or updating of invento-
33 ries for each parcel of real property and entry thereof into the state com-
34 puter system as provided for in K.S.A. 79-1477, and amendments thereto,
35 shall be completed not later than January 1, 1989. Whenever the director
36 determines that reappraisal of all real property within a county is com-
37 plete, notification thereof shall be given to the governor and to the state
38 court of tax appeals.

39 Valuations shall be established for each parcel of real property at its
40 fair market value in money in accordance with the provisions of *this sec-*
41 *tion and* K.S.A. 79-503a, and amendments thereto.

42 *In addition thereto, valuations of real property used for residential*
43 *purposes including multi-family residential real property and real prop-*

1 *erty necessary to accommodate a residential community of mobile or man-*
2 *ufactured homes including the real property upon which such homes are*
3 *located, classified for property tax purposes pursuant to section 1 of article*
4 *11 of the Constitution of the State of Kansas in subclass (1) of class 1,*
5 *shall be determined based on an average of the five calendar years im-*
6 *mediately preceding the year of valuation.*

7 In addition thereto valuations shall be established for each parcel of
8 land devoted to agricultural use upon the basis of the agricultural income
9 or productivity attributable to the inherent capabilities of such land in its
10 current usage under a degree of management reflecting median produc-
11 tion levels in the manner hereinafter provided. A classification system for
12 all land devoted to agricultural use shall be adopted by the director of
13 property valuation using criteria established by the United States depart-
14 ment of agriculture soil conservation service. For all taxable years com-
15 mencing after December 31, 1989, all land devoted to agricultural use
16 which is subject to the federal conservation reserve program shall be
17 classified as cultivated dry land for the purpose of valuation for property
18 tax purposes pursuant to this section. For all taxable years commencing
19 after December 31, 1999, all land devoted to agricultural use which is
20 subject to the federal wetlands reserve program shall be classified as na-
21 tive grassland for the purpose of valuation for property tax purposes pur-
22 suant to this section. Productivity of land devoted to agricultural use shall
23 be determined for all land classes within each county or homogeneous
24 region based on an average of the eight calendar years immediately pre-
25 ceding the calendar year which immediately precedes the year of valua-
26 tion, at a degree of management reflecting median production levels. The
27 director of property valuation shall determine median production levels
28 based on information available from state and federal crop and livestock
29 reporting services, the soil conservation service, and any other sources of
30 data that the director considers appropriate.

31 The share of net income from land in the various land classes within
32 each county or homogeneous region which is normally received by the
33 landlord shall be used as the basis for determining agricultural income
34 for all land devoted to agricultural use except pasture or rangeland. The
35 net income normally received by the landlord from such land shall be
36 determined by deducting expenses normally incurred by the landlord
37 from the share of the gross income normally received by the landlord.
38 The net rental income normally received by the landlord from pasture or
39 rangeland within each county or homogeneous region shall be used as
40 the basis for determining agricultural income from such land. The net
41 rental income from pasture and rangeland which is normally received by
42 the landlord shall be determined by deducting expenses normally in-
43 curred from the gross income normally received by the landlord. Com-

1 commodity prices, crop yields and pasture and rangeland rental rates and
2 expenses shall be based on an average of the eight calendar years im-
3 mediately preceding the calendar year which immediately precedes the
4 year of valuation. Net income for every land class within each county or
5 homogeneous region shall be capitalized at a rate determined to be the
6 sum of the contract rate of interest on new federal land bank loans in
7 Kansas on July 1 of each year averaged over a five-year period which
8 includes the five years immediately preceding the calendar year which
9 immediately precedes the year of valuation, plus a percentage not less
10 than .75% nor more than 2.75%, as determined by the director of prop-
11 erty valuation, except that the capitalization rate calculated for property
12 tax year 2003, and all such years thereafter, shall not be less than 11%
13 nor more than 12%.

14 Based on the foregoing procedures the director of property valuation
15 shall make an annual determination of the value of land within each of
16 the various classes of land devoted to agricultural use within each county
17 or homogeneous region and furnish the same to the several county ap-
18 praisers who shall classify such land according to its current usage and
19 apply the value applicable to such class of land according to the valuation
20 schedules prepared and adopted by the director of property valuation
21 under the provisions of this section.

22 It is the intent of the legislature that appraisal judgment and appraisal
23 standards be followed and incorporated throughout the process of data
24 collection and analysis and establishment of values pursuant to this
25 section.

26 For the purpose of the foregoing provisions of this section the phrase
27 "land devoted to agricultural use" shall mean and include land, regardless
28 of whether it is located in the unincorporated area of the county or within
29 the corporate limits of a city, which is devoted to the production of plants,
30 animals or horticultural products, including but not limited to: Forages;
31 grains and feed crops; dairy animals and dairy products; poultry and poul-
32 try products; beef cattle, sheep, swine and horses; bees and apiary prod-
33 ucts; trees and forest products; fruits, nuts and berries; vegetables; nurs-
34 ery, floral, ornamental and greenhouse products. Land devoted to
35 agricultural use shall not include those lands which are used for recrea-
36 tional purposes, other than that land established as a controlled shooting
37 area pursuant to K.S.A. 32-943, and amendments thereto, which shall be
38 deemed to be land devoted to agricultural use, suburban residential acre-
39 ages, rural home sites or farm home sites and yard plots whose primary
40 function is for residential or recreational purposes even though such prop-
41 erties may produce or maintain some of those plants or animals listed in
42 the foregoing definition.

43 The term "expenses" shall mean those expenses typically incurred in

1 producing the plants, animals and horticultural products described above
2 including management fees, production costs, maintenance and depre-
3 ciation of fences, irrigation wells, irrigation laterals and real estate taxes,
4 but the term shall not include those expenses incurred in providing tem-
5 porary or permanent buildings used in the production of such plants,
6 animals and horticultural products.

7 The provisions of this act shall not be construed to conflict with any
8 other provisions of law relating to the appraisal of tangible property for
9 taxation purposes including the equalization processes of the county and
10 state court of tax appeals.

11 Sec. 2. K.S.A. 2009 Supp. 79-1476 is hereby repealed.

12 Sec. 3. This act shall take effect and be in force from and after its
13 publication in the statute book.