

Kansas Agritourism Program and Property Tax – Frequently Asked Questions (FAQ)

What is the Kansas Agritourism Program?

The Kansas Agritourism Program promotes and supports businesses that combine agriculture and tourism. The program encourages owners of farms, ranches, or other agricultural lands to open their lands to the general public for recreational, educational, or hospitality experiences such as farm stays, pumpkin patches, wineries, hunting leases, and similar enterprises.

The program is authorized under K.S.A. 32-1430 et seq. and is administered by the Kansas Department of Commerce. Registration as an agritourism operator offers marketing benefits and provides access to agritourism liability protection, which is supplemental to landowners' premises liability insurance, that provides landowners with limited civil liability protections for injuries that may occur during agritourism activities.

What is an agritourism activity? K.S.A. 32-1432 states:

“Agritourism activity” means any activity which allows members of the general public, for recreational, entertainment or educational purposes, to view or enjoy rural activities, including, but not limited to, farming activities, ranching activities or historic, cultural or natural attractions. An activity may be an agritourism activity whether or not the participant pays to participate in the activity. An activity is not an agritourism activity if the participant is paid to participate in the activity.

Are registered agritourism activities considered agricultural uses of land? K.S.A. 79-1476 states:

Land devoted to agricultural use includes land . . . for all taxable years commencing after December 31, 2020, that is otherwise devoted to the production of plants, animals or horticultural products that is utilized as part of a registered agritourism activity at a registered agritourism location by a registered agritourism operator pursuant to K.S.A. 32-1432, and amendments thereto, including, but not limited to, all land and buildings, whether permanent or temporary, that are utilized for such agritourism activity. For purposes of this clause, the selling of any items, products, services or merchandise associated with the registered agritourism activity by a registered agritourism operator that includes, but is not limited to, point of sales from either land or buildings, shall not change the classification of the agricultural land or buildings as a result of such sales.

Does enrollment in the Agritourism Program change how my property is valued?

No. Enrollment in the Agritourism Program does not automatically change a property's classification or valuation for property tax purposes.

Under Article 11, Section 1 of the Kansas Constitution and K.S.A. 79-1439, property in Kansas is classified and assessed according to its use (agricultural, residential, commercial etc.). The Kansas Property Valuation Division (PVD) advises county appraisers to:

- Classify the land as agricultural if it remains primarily devoted to farming or ranching, even as a registered agritourism entity; and

- Value improvements used in agritourism operations—such as event barns, cabins, tasting rooms, or retail facilities etc.—as agricultural property at market value, and continue to apply the agricultural/commercial improvement assessment rate at 25% of fair market value.

County Zoning and Land Use Considerations

While the Kansas Agritourism Program provides state-level recognition and certain limited liability protections, it does not override or replace county zoning, planning, or permitting requirements. Local zoning and land use regulations are established by county resolutions and development codes, and enforcement authority remains at the local level.

If a property retains its agricultural classification for property tax purposes, it may retain its agricultural use exemptions from county zoning controls under K.S.A. 12-758 or K.S.A. 19-2960. This exemption is waived if there are alterations to the improvement. However, that determination is county specific, independent of the PVD and each county commission or planning department decides how agricultural exemptions are applied. Several counties have written in their development codes provisions linking agritourism.

Why am I still receiving a property tax bill after enrolling in the program?

Many agritourism participants are surprised to learn that program registration does not provide a property tax exemption. County appraisers must apply state law and PVD guidance when determining classification and valuation. Property registered in the agritourism program will generally be classified as agricultural. As a result, the land associated with the program will be valued at a rate based on the use value (different than market value) or productivity of the land. However, improvements will be valued at market value, classified as agricultural, and assessed at the 25% agricultural/commercial assessment rate for taxation. From a property tax perspective this is the benefit of the program, the *land* will continue to enjoy the benefit of a lower valuation method.

Use Case Example: Agricultural Land vs. Commercial Improvement

Part 1: Agricultural Land Valuation - Consider a property owner who operates a small agritourism business on a half-acre of land classified as agricultural use, planted with tame grassland. Even though a similar property nearby might have a fair market value of \$5,000 per acre (or \$2,500 for a half-acre), the county does not apply the normal valuation formula of fair market value (FMV) × assessment rate × mill levy. Instead, agricultural use value is applied in place of FMV. This value reflects the land's income-producing potential for agricultural purposes, which is generally much lower than its market/FMV price. Instead, the agricultural use value of approximately \$130.00 is used instead of the fair market value of \$2,500. The remainder of the formula—use value (\$130) × assessment rate (.30) × mill levy (.160) = \$6.24—remains the same. In agricultural situations like this, the property's taxable value is greatly reduced because it is based on its agricultural economic use, not its potential selling price. By replacing FMV with agricultural use, the taxpayer saves \$120 in this example that assumes an urban county like Johnson or Wyandotte Counties.

Part 2: Commercial Improvement Valuation If the same property owner constructs a \$500,000 event center on the agricultural land to host weddings, meetings, or farm-to-table events, the improvement is valued separately from the land. Even though the improvement is part of the agritourism enterprise, it may be constructed for commercial purposes and should be valued as such. Even though the structure is commercial in nature, it should be assessed at the agricultural/commercial

improvement rate of 25%. That does not change the amount of tax owed because agricultural and commercial improvements share the same 25% assessment rate.

Step-by-step using a generic 160-mill levy example:

- 1) Fair market value of improvement (buildings and not the land) = \$500,000
- 2) Agricultural assessment rate = 25% - Assessed value = $\$500,000 \times 0.25 = \$125,000$
- 3) Mill levy = 160 mills = \$160 per \$1,000 of assessed value = 0.160
- 4) Property tax = $\$125,000 \times 0.160 = \$20,000$

Note: “Mills” means dollars per \$1,000 of assessed value. Actual mill levies vary by county and taxing district.

Agritourism participants who own event centers, cabins, or similar facilities should plan for the appropriate property tax assessment on those improvements.

Who should I contact for help or more information?

For Agritourism Program registration and liability information: Kansas Department of Commerce Kansas Tourism – Agritourism Program Phone: (785) 296-2009 Email: jaimee.salalac@ks.gov Website: https://www.travelks.com/travel-industry/programs-and-resources/agritourism/	For property tax classification or valuation questions: Kansas Department of Revenue Property Valuation Division (PVD) Attn: Zoe Gehr Phone: (785) 296-6719 Email: zoe.gehr@ks.gov Website: https://www.ksrevenue.gov/pvd.html
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