

HOUSE BILL No. 2137

By Committee on Taxation

1-23

1 AN ACT concerning property taxation; relating to tax levy rates;
2 authorizing taxing subdivisions to send notices required to exceed the
3 revenue neutral rate if the county clerk fails to send such notice;
4 providing for reimbursement of printing and postage costs; amending
5 K.S.A. 2022 Supp. 79-2988 and 79-2989 and repealing the existing
6 sections.

7

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

9 Section 1. K.S.A. 2022 Supp. 79-2988 is hereby amended to read as
10 follows: 79-2988. (a) On or before June 15 each year, the county clerk
11 shall calculate the revenue neutral rate for each taxing subdivision and
12 include such revenue neutral rate on the notice of the estimated assessed
13 valuation provided to each taxing subdivision for budget purposes. The
14 director of accounts and reports shall modify the prescribed budget
15 information form to show the revenue neutral rate.

16 (b) No tax rate in excess of the revenue neutral rate shall be levied by
17 the governing body of any taxing subdivision unless a resolution or
18 ordinance has been approved by the governing body according to the
19 following procedure:

20 (1) At least 10 days in advance of the public hearing, the governing
21 body shall publish notice of its proposed intent to exceed the revenue
22 neutral rate by publishing notice:

23 (A) On the website of the governing body, if the governing body
24 maintains a website; and

25 (B) in a weekly or daily newspaper of the county having a general
26 circulation therein. The notice shall include, but not be limited to, its
27 proposed tax rate, its revenue neutral rate and the date, time and location
28 of the public hearing.

29 (2) On or before July 20, the governing body shall notify the county
30 clerk of its proposed intent to exceed the revenue neutral rate and provide
31 the date, time and location of the public hearing and its proposed tax rate.
32 ~~For all tax years commencing after December 31, 2021,~~ The county clerk
33 shall notify each taxpayer with property in the taxing subdivision, by mail
34 directed to the taxpayer's last known address, of the proposed intent to
35 exceed the revenue neutral rate at least 10 days in advance of the public
36 hearing. Alternatively, the county clerk may transmit the notice to the

1 taxpayer by electronic means at least 10 days in advance of the public
2 hearing, if such taxpayer and county clerk have consented in writing to
3 service by electronic means. The county clerk shall consolidate the
4 required information for all taxing subdivisions relevant to the taxpayer's
5 property on one notice. The notice shall be in a format prescribed by the
6 director of accounts and reports. The notice shall include, but not be
7 limited to:

8 (A) The revenue neutral rate of each taxing subdivision relevant to
9 the taxpayer's property;

10 (B) the proposed property tax revenue needed to fund the proposed
11 budget of the taxing subdivision, if the taxing subdivision notified the
12 county clerk of its proposed intent to exceed its revenue neutral rate;

13 (C) the proposed tax rate based upon the proposed budget and the
14 current year's total assessed valuation of the taxing subdivision, if the
15 taxing subdivision notified the county clerk of its proposed intent to
16 exceed its revenue neutral rate;

17 (D) the percentage by which the proposed tax rate exceeds the
18 revenue neutral rate;

19 (E) the tax rate and property tax of each taxing subdivision on the
20 taxpayer's property from the previous year's tax statement;

21 (F) the appraised value and assessed value of the taxpayer's property
22 for the current year;

23 (G) the estimates of the tax for the current tax year on the taxpayer's
24 property based on the revenue neutral rate of each taxing subdivision and
25 any proposed tax rates that exceed the revenue neutral rates;

26 (H) the difference between the estimates of tax based on the proposed
27 tax rate and the revenue neutral rate on the taxpayer's property described in
28 subparagraph (G) for any taxing subdivision that has a proposed tax rate
29 that exceeds its revenue neutral rate; and

30 (I) the date, time and location of the public hearing of the taxing
31 subdivision, if the taxing subdivision notified the county clerk of its
32 proposed intent to exceed its revenue neutral rate.

33 Although the state of Kansas is not a taxing subdivision for purposes of
34 this section, the notice shall include a statement of the statutory mill levies
35 imposed by the state and the estimate of the tax for the current year on the
36 taxpayer's property based on such levies.

37 (3) The public hearing to consider exceeding the revenue neutral rate
38 shall be held not sooner than August 20 and not later than September 20.
39 The governing body shall provide interested taxpayers desiring to be heard
40 an opportunity to present oral testimony within reasonable time limits and
41 without unreasonable restriction on the number of individuals allowed to
42 make public comment. The public hearing may be conducted in
43 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,

1 and amendments thereto, if the governing body otherwise complies with
2 all requirements of this section. Nothing in this section shall be construed
3 to prohibit additional public hearings that provide additional opportunities
4 to present testimony or public comment prior to the public hearing
5 required by this section.

6 (4) A majority vote of the governing body, by the adoption of a
7 resolution or ordinance to approve exceeding the revenue neutral rate,
8 shall be required prior to adoption of a proposed budget that will result in a
9 tax rate in excess of the revenue neutral rate. Such vote of the governing
10 body shall be conducted at the public hearing after the governing body has
11 heard from interested taxpayers and shall be a roll call vote. If the
12 governing body approves exceeding the revenue neutral rate, the
13 governing body shall not adopt a budget that results in a tax rate in excess
14 of its proposed tax rate as stated in the notice provided pursuant to this
15 section. A copy of the resolution or ordinance to approve exceeding the
16 revenue neutral rate and a certified copy of any roll call vote reporting, at a
17 minimum, the name and vote of each member of the governing body
18 related to exceeding the revenue neutral rate, whether approved or not,
19 shall be included with the adopted budget, budget certificate and other
20 budget forms filed with the county clerk and the director of accounts and
21 reports and shall be published on the website of the department of
22 administration.

23 (5) *If the county clerk fails by September 1 to notify taxpayers*
24 *pursuant to paragraph (2) by having mailed or submitted electronically*
25 *the notification required pursuant to this subsection, the governing body of*
26 *the taxing subdivision intending to exceed the revenue neutral rate may*
27 *provide the notice required pursuant to paragraph (2) for the taxing*
28 *subdivision of the governing body. The county clerk shall provide the*
29 *taxpayer information required for the notice to each governing body that*
30 *intends to send the notice. The provisions of subsection (g) and K.S.A.*
31 *2022 Supp. 79-2989, and amendments thereto, shall not be applicable to*
32 *the reimbursement of the county clerk for any costs incurred pursuant to*
33 *this paragraph. The governing body shall be reimbursed from the county*
34 *clerk:*

35 (A) *The costs of printing and postage for sending the notice; and*

36 (B) *any costs and attorney fees required to obtain from the county*
37 *clerk any taxpayer information necessary for the notices.*

38 (c) (1) Any governing body subject to the provisions of this section
39 that does not comply with subsection (b) shall refund to taxpayers any
40 property taxes over-collected based on the amount of the levy that was in
41 excess of the revenue neutral rate.

42 (2) Any taxpayer of the taxing subdivision that is the subject of the
43 complaint or such taxpayer's duly authorized representative may file a

1 complaint with the state board of tax appeals by filing a written complaint,
2 on a form prescribed by the board, that contains the facts that the
3 complaining party believes show that a governing body of a taxing
4 subdivision did not comply with the provisions of subsection (b) and that a
5 reduction or refund of taxes is appropriate. The complaining party shall
6 provide a copy of such complaint to the governing body of the taxing
7 subdivision making the levy that is the subject of the complaint.
8 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee
9 shall be charged by the executive director of the state board of tax appeals
10 for a complaint filed pursuant to this paragraph. The governing body of the
11 taxing subdivision making the levy that is the subject of the complaint
12 shall be a party to the proceeding. Notice of any summary proceeding or
13 hearing shall be served upon such governing body, the county clerk, the
14 director of accounts and reports and the complaining party. It shall be the
15 duty of the governing body to initiate the production of evidence to
16 demonstrate, by a preponderance of the evidence, the validity of such levy.
17 If upon a summary proceeding or hearing, it shall be made to appear to the
18 satisfaction of the board that the governing body of the taxing subdivision
19 did not comply with subsection (b), the state board of tax appeals shall
20 order such governing body to refund to taxpayers the amount of property
21 taxes over collected or reduce the taxes levied, if uncollected. The
22 provisions of this paragraph shall not be construed as prohibiting any other
23 remedies available under the law.

24 (d) ~~On and after January 1, 2022,~~ In the event that the 20 mills levied
25 by a school district pursuant to K.S.A. 72-5142, and amendments thereto,
26 increases the property tax revenue generated for the purpose of calculating
27 the revenue neutral rate from the previous tax year and such amount of
28 increase in revenue generated from the 20 mills is the only reason the
29 school district would exceed the total property tax revenue from the prior
30 year, the school district shall be deemed to not have exceeded the revenue
31 neutral rate in levying a tax rate in excess of the revenue neutral rate to
32 take into account the increase in revenue from only the 20 mills.

33 (e) (1) Notwithstanding any other provision of law to the contrary, if
34 the governing body of a taxing subdivision must conduct a public hearing
35 to approve exceeding the revenue neutral rate under this section, the
36 governing body of the taxing subdivision shall certify, on or before
37 October 1, to the proper county clerk the amount of ad valorem tax to be
38 levied.

39 (2) If a governing body of a taxing subdivision did not comply with
40 the provisions of subsection (b) and certifies to the county clerk an amount
41 of ad valorem tax to be levied that would result in a tax rate in excess of its
42 revenue neutral rate, the county clerk shall reduce the ad valorem tax to be
43 levied to the amount resulting from such taxing subdivision's revenue

1 neutral rate.

2 (f) As used in this section:

3 (1) "Taxing subdivision" means any political subdivision of the state
4 that levies an ad valorem tax on property.

5 (2) "Revenue neutral rate" means the tax rate for the current tax year
6 that would generate the same property tax revenue as levied the previous
7 tax year using the current tax year's total assessed valuation. To calculate
8 the revenue neutral rate, the county clerk shall divide the property tax
9 revenue for such taxing subdivision levied for the previous tax year by the
10 total of all taxable assessed valuation in such taxing subdivision for the
11 current tax year, and then multiply the quotient by 1,000 to express the rate
12 in mills. The revenue neutral rate shall be expressed to the third decimal
13 place.

14 (g) *Except as otherwise provided by subsection (b)(5)*, in the event
15 that a county clerk incurred costs of printing and postage that were not
16 reimbursed pursuant to K.S.A. 2022 Supp. 79-2989, and amendments
17 thereto, such county clerk may seek reimbursement from all taxing
18 subdivisions required to send the notice. Such costs shall be shared
19 proportionately by all taxing subdivisions that were included on the same
20 notice based on the total property tax levied by each taxing subdivision.
21 Payment of such costs shall be due to the county clerk by December 31.

22 (h) The department of administration or the director of accounts and
23 reports shall make copies of adopted budgets, budget certificates, other
24 budget documents and revenue neutral rate documents available to the
25 public on the department of administration's website on a permanently
26 accessible web page that may be accessed via a conspicuous link to that
27 web page placed on the front page of the department's website. The
28 department of administration or the director of accounts and reports shall
29 also make the following information for each tax year available on such
30 website:

31 (1) A list of taxing subdivisions by county;

32 (2) whether each taxing subdivision conducted a hearing to consider
33 exceeding its revenue neutral rate;

34 (3) the revenue neutral rate of each taxing subdivision;

35 (4) the tax rate resulting from the adopted budget of each taxing
36 subdivision; and

37 (5) the percent change between the revenue neutral rate and the tax
38 rate for each taxing subdivision.

39 Sec. 2. K.S.A. 2022 Supp. 79-2989 is hereby amended to read as
40 follows: 79-2989. (a)(1) For calendar years 2022 and 2023, if a county
41 clerk has printing or postage costs pursuant to K.S.A. 2022 Supp. 79-2988,
42 and amendments thereto, the county clerk shall notify and provide
43 documentation of such costs to the secretary of revenue. The secretary of

1 revenue shall certify the amount of moneys attributable to such costs and
2 shall transmit a copy of such certification to the director of accounts and
3 reports. Upon such receipt of such certification, the director of accounts
4 and reports shall transfer an amount of moneys equal to such certified
5 amount from the state general fund to the taxpayer notification costs fund
6 of the department of revenue. The secretary of revenue shall transmit a
7 copy of each such certification to the director of legislative research and
8 the director of the budget.

9 *(2) The provisions of paragraph (1) shall not apply to any costs or*
10 *fees subject to reimbursement by a county clerk as a result of the costs or*
11 *fees incurred by a governing body pursuant K.S.A. 2022 Supp. 79-2988(b)*
12 *(5), and amendments thereto.*

13 (b) There is hereby established in the state treasury the taxpayer
14 notification costs fund that shall be administered by the secretary of
15 revenue. All expenditures from the taxpayer notification costs fund shall
16 be for the purpose of paying county printing and postage costs pursuant to
17 K.S.A. 2022 Supp. 79-2988, and amendments thereto. All expenditures
18 from such fund shall be made in accordance with appropriations acts upon
19 warrants of the director of accounts and reports issued pursuant to
20 vouchers approved by the secretary of revenue or the secretary's designee.

21 Sec. 3. K.S.A. 2022 Supp. 79-2988 and 79-2989 are hereby repealed.

22 Sec. 4. This act shall take effect and be in force from and after its
23 publication in the statute book.