

## Senate Substitute for HOUSE BILL No. 2396

By Committee on Assessment and Taxation

3-19

1 AN ACT concerning property taxation; relating to property tax revenues of  
2 taxing jurisdictions; authorizing the use of a protest petition to limit  
3 funding of a taxing jurisdiction by property tax revenues above a  
4 certain amount; providing for a protest petition notice to be sent to  
5 taxpayers; establishing the protest petition notification costs fund;  
6 relating to the revenue neutral rate; modifying the content requirements  
7 of the revenue neutral rate hearing notice; amending K.S.A. 2024 Supp.  
8 79-1801 and 79-2988 and repealing the existing sections.  
9

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

11 New Section 1. (a) (1) The governing body of any taxing jurisdiction  
12 that approves any appropriation or budget that provides for funding by  
13 property tax revenues in excess of the amount provided in subsection (b)  
14 may have such appropriation or budget subject to a protest petition and a  
15 reduction in the amount of property tax revenues allowed to be levied by  
16 the taxing jurisdiction. A protest petition contesting the increase in  
17 property tax revenues for the taxing jurisdiction may be submitted to the  
18 county clerk within 30 days, or the next business day after if the 30<sup>th</sup> day  
19 falls on a weekend or county holiday, following the date that the governing  
20 body of a taxing jurisdiction certifies to the county clerk the amount of ad  
21 valorem tax to be levied pursuant to K.S.A. 79-1801, and amendments  
22 thereto. If a taxing jurisdiction fails to timely certify the amount of ad  
23 valorem tax to be levied pursuant to K.S.A. 79-1801, and amendments  
24 thereto, the taxing jurisdiction shall be limited to funding by property tax  
25 revenues at the maximum amount provided in subsection (b).

26 (2) The county clerk shall notify the county treasurer of all taxing  
27 jurisdictions that approve any appropriation or budget that provides for  
28 funding by property tax revenues in excess of the amount provided in  
29 subsection (b). The county treasurer's office shall post on the county  
30 website and social media, if such website or social media exists, and post  
31 in the county treasurer's office whether any protest petitions are available  
32 for any taxing jurisdiction within the county. The county treasurer shall  
33 also make available in the county treasurer's office during business hours a  
34 copy of each protest petition with the signature page in order to obtain  
35 signatures. The requirements set forth in K.S.A. 25-3602, and amendments  
36 thereto, relating to the filing of petitions at one time all in one group and

1 the petition circulator and signature requirements shall not apply to protest  
2 petitions maintained by a county treasurer. The director of accounts and  
3 reports shall design, revise and publish on the website of the department of  
4 administration a standard protest petition form pursuant to the provisions  
5 of this section and K.S.A. 25-3602, and amendments thereto. In the event  
6 that a protest petition is signed by at least 10% of the qualified voters of  
7 the votes cast for the office of president of the United States at the last  
8 general election in such taxing jurisdiction, and is filed within 30 days  
9 with the county clerk of the county, the taxing jurisdiction shall be limited  
10 to funding by property tax revenues at the maximum amount provided in  
11 subsection (b). Upon the finding that a petition protesting the increase in  
12 funding by property tax revenues was signed by less than the required  
13 number of voters, the taxing jurisdiction shall proceed with the increases  
14 in funding by property tax revenues.

15 (b) A taxing jurisdiction shall be limited in its budget to a total  
16 amount of ad valorem tax to be levied in an amount that is equal to or less  
17 than the total amount of ad valorem tax levied for the preceding tax year,  
18 increased by an amount that is equal to or less than such ad valorem tax  
19 when the following are included:

20 (1) An increase of not more than the amount of the annual percentage  
21 of consumer price index for all urban consumers in the midwest region as  
22 published by the bureau of labor statistics of the United States department  
23 of labor or 3%, whichever is less, multiplied by the total amount of ad  
24 valorem tax levied for the preceding tax year;

25 (2) increased property tax revenues that, in the current year, are  
26 produced and attributable to the taxation of the construction of any new  
27 structures or improvements or the remodeling or renovation of any  
28 existing structures or improvements on real property, excluding any  
29 ordinary maintenance or repair of any existing structures or improvements  
30 on the property. The director of property valuation shall provide to the  
31 state treasurer any information required under this paragraph; and

32 (3) increased property tax revenues that are dedicated to paying off a  
33 bond issuance that was approved by a vote of the electors at an election  
34 held on and after July 1, 2025.

35 (c) The provisions of this section shall not apply to the state of  
36 Kansas or a school district.

37 (d) (1) The county clerk shall provide a protest petition notice to each  
38 taxpayer with property in taxing jurisdictions that approve any  
39 appropriation or budget that provides for funding by property tax revenues  
40 in excess of the amount provided in subsection (b). The county clerk shall  
41 transmit the notice to each taxpayer by mail directed to the taxpayer's last  
42 known address or by electronic means if such taxpayer and county clerk  
43 have consented in writing to service by electronic means. The notice shall

1 be in a format prescribed by the director of accounts and reports. The  
2 notice shall include, at a minimum:

3 (A) An explanation of the protest petition process and requirements,  
4 including, but not limited to, the deadline for signatures, the physical  
5 locations of protest petitions, any website addresses where the protest  
6 petition form is available, a telephone number to call to request a protest  
7 petition form be mailed to a person who is unable to access a location in  
8 person and the effect of a successful protest petition;

9 (B) the appraised value and assessed value of the taxpayer's property  
10 for the current year and the previous year;

11 (C) the tax rate and amount of property tax of all taxing jurisdictions  
12 related to the taxpayer's property from the previous year's tax statement;

13 (D) the proposed tax rate and estimated amount of property tax of all  
14 taxing jurisdictions related to the taxpayer's property for the current year;  
15 and

16 (E) a clear and conspicuous identification of the taxing jurisdictions  
17 that approved any appropriation or budget that is subject to a protest  
18 petition pursuant to this section.

19 (2) In the event that a county clerk incurred costs of printing and  
20 postage that were not reimbursed pursuant to paragraph (3), such county  
21 clerk may seek reimbursement from all taxing jurisdictions with an  
22 appropriation or budget that is subject to a protest petition. Such costs shall  
23 be shared proportionately by all such taxing jurisdictions that were  
24 included on the same notice based on the total property tax levied by each  
25 taxing jurisdiction. Payment of such costs shall be due to the county clerk  
26 by December 31 of the year in which such costs were incurred.

27 (3) (A) For calendar years 2025 and 2026, if a county clerk has  
28 printing or postage costs pursuant to paragraph (1), the county clerk shall  
29 notify and provide documentation of such costs to the secretary of  
30 revenue. The secretary of revenue shall certify the amount of moneys  
31 attributable to such costs and transmit a copy of such certification to the  
32 director of accounts and reports. Upon such receipt of such certification,  
33 the director of accounts and reports shall transfer an amount of moneys  
34 equal to such certified amount from the state general fund to the protest  
35 petition notification costs fund of the department of revenue. The secretary  
36 of revenue shall transmit a copy of each such certification to the director of  
37 legislative research and the director of the budget.

38 (B) There is hereby established in the state treasury the protest  
39 petition notification costs fund that shall be administered by the secretary  
40 of revenue. All expenditures from the protest petition notification costs  
41 fund shall be for the purpose of paying county printing and postage costs  
42 pursuant to paragraph (1). All expenditures from such fund shall be made  
43 in accordance with appropriations acts upon warrants of the director of

1 accounts and reports issued pursuant to vouchers approved by the  
2 secretary of revenue or the secretary's designee.

3 Sec. 2. K.S.A. 2024 Supp. 79-1801 is hereby amended to read as  
4 follows: 79-1801. (a) Except as provided by subsection (b), each year the  
5 governing body of any city, the trustees of any township, the board of  
6 education of any school district and the governing bodies of all other  
7 taxing subdivisions shall certify, on or before August 25, to the proper  
8 county clerk the amount of ad valorem tax to be levied. Thereupon, the  
9 county clerk shall place the tax upon the tax roll of the county, in the  
10 manner prescribed by law, and the tax shall be collected by the county  
11 treasurer. The county treasurer shall distribute the proceeds of the taxes  
12 levied by each taxing subdivision in the manner provided by K.S.A. 12-  
13 1678a, and amendments thereto.

14 (b) ~~Prior to January 1, 2021, if the governing body of a city or county~~  
15 ~~must conduct an election for an increase in property tax to fund any~~  
16 ~~appropriation or budget under K.S.A. 25-433a, and amendments thereto,~~  
17 ~~the governing body of the city or county shall certify, on or before October~~  
18 ~~1, to the proper county clerk the amount of ad valorem tax to be levied. On~~  
19 ~~and after January 1, 2021~~ 2025, if the governing body of a taxing  
20 subdivision must conduct a public hearing to approve exceeding the  
21 revenue neutral rate under K.S.A. 2024 Supp. 79-2988, and amendments  
22 thereto, *or amend such governing body's budget pursuant to a successful*  
23 *protest petition under section 1, and amendments thereto*, the governing  
24 body of the taxing subdivision shall certify, on or before October 1, to the  
25 proper county clerk the amount of ad valorem tax to be levied.

26 Sec. 3. K.S.A. 2024 Supp. 79-2988 is hereby amended to read as  
27 follows: 79-2988. (a) On or before June 15 each year, the county clerk  
28 shall calculate the revenue neutral rate for each taxing subdivision and  
29 include such revenue neutral rate on the notice of the estimated assessed  
30 valuation provided to each taxing subdivision for budget purposes, except  
31 that for tax year 2024, the deadline shall be extended to July 1, 2024. The  
32 director of accounts and reports shall modify the prescribed budget  
33 information form to show the revenue neutral rate.

34 (b) Except as otherwise provided in this section, no tax rate in excess  
35 of the revenue neutral rate shall be levied by the governing body of any  
36 taxing subdivision unless a resolution or ordinance has been approved by  
37 the governing body according to the following procedure:

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

41 (A) On the website of the governing body, if the governing body  
42 maintains a website; and

43 (B) in a weekly or daily newspaper of the county having a general

1 circulation therein. The notice shall include, but not be limited to, its  
2 proposed tax rate, its revenue neutral rate and the date, time and location  
3 of the public hearing.

4 (2) On or before July 20, the governing body shall notify the county  
5 clerk of its proposed intent to exceed the revenue neutral rate and provide  
6 the date, time and location of the public hearing and its proposed tax rate.  
7 For all tax years commencing after December 31, 2021, the county clerk  
8 shall notify each taxpayer with property in the taxing subdivision, by mail  
9 directed to the taxpayer's last known address, of the proposed intent to  
10 exceed the revenue neutral rate at least 10 days in advance of the public  
11 hearing. Alternatively, the county clerk may transmit the notice to the  
12 taxpayer by electronic means at least 10 days in advance of the public  
13 hearing, if such taxpayer and county clerk have consented in writing to  
14 service by electronic means. The county clerk is not required to send a  
15 notice to a property owner of property that is exempt from ad valorem  
16 taxation. The county clerk shall consolidate the required information for  
17 all taxing subdivisions relevant to the taxpayer's property on one notice.  
18 The notice shall be in a format prescribed by the director of accounts and  
19 reports. The notice shall include, but not be limited to:

20 (A) The following heading:

21 "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND  
22 PUBLIC HEARINGS

23 [Current year] [County name] County Revenue Neutral Rate Notice

24 This is NOT a bill. Do not remit payment.";

25 (B) the following statement:

26 "This notice contains estimates of the tax on your property and  
27 proposed property tax increases. THE ACTUAL TAX ON YOUR  
28 PROPERTY MAY INCREASE OR DECREASE FROM THESE  
29 ESTIMATES. Governing bodies of taxing subdivisions must vote in order  
30 to exceed the Revenue Neutral Rate to increase the total property taxes  
31 collected. Governing bodies will vote at public hearings at the dates, times  
32 and locations listed. Taxpayers may attend and comment at the hearings.  
33 Property tax statements will be issued after mill rates are finalized and  
34 taxes are calculated.";

35 (C) the appraised value and assessed value of the taxpayer's property  
36 for the current year and the previous year;

37 (D) the *tax rate and* amount of property tax of each taxing  
38 subdivision on the taxpayer's property from the previous year's tax  
39 statement in a column titled: "[Previous year] Tax";

40 (E) the *revenue neutral rate and* estimated amount of property tax for  
41 the current year of each taxing subdivision on the taxpayer's property  
42 based on the revenue neutral rate of each taxing subdivision in a column  
43 titled: "[Current year] Tax at Revenue Neutral Rate";

(F) the estimated amount of property tax for the current year of each taxing subdivision on the taxpayer's property based on either: (i) The revenue neutral rate for a taxing subdivision that does not intend to exceed its revenue neutral rate; or (ii) the proposed tax rate provided by the taxing subdivision, if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate, *and such rate used in the calculation*, in a column titled: "[Current year]-~~Maximum~~ Proposed Tax";

(G) the difference between the amount of the current year's ~~maximum~~ *proposed* tax and the previous year's tax, reflected in dollars and a percentage, for each taxing subdivision in a column titled: "[Current year] ~~Maximum~~ Proposed Tax Exceeding [Previous year] Tax";

(H) the date, time and location of the public hearing of each taxing subdivision that notified the county clerk of its proposed intent to exceed its revenue neutral rate in a column titled: "Date, Time and Location of Public Hearing"; and

(I) for each taxing subdivision public hearing listed pursuant to subparagraph (H), the difference between the current year's ~~maximum~~ *proposed* tax and the estimated amount of property tax based on the revenue neutral rate of such taxing subdivision in a column titled: "[Current year]-~~Maximum~~ Proposed Tax Exceeding Tax at Revenue Neutral Rate".

*The columns described in subparagraphs (D) through (G) shall include a total of the amounts at the end of each column. Although the state of Kansas is not a taxing subdivision for purposes of this section, the notice shall include the previous year's tax amount and the estimate of the tax for the current year on the taxpayer's property based on the statutory mill levies.*

(3) The public hearing to consider exceeding the revenue neutral rate shall be held not sooner than August 20 and not later than September 20. The governing body shall provide interested taxpayers desiring to be heard an opportunity to present oral testimony within reasonable time limits and without unreasonable restriction on the number of individuals allowed to make public comment. The public hearing may be conducted in conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929, and amendments thereto, if the governing body otherwise complies with all requirements of this section. Nothing in this section shall be construed to prohibit additional public hearings that provide additional opportunities to present testimony or public comment prior to the public hearing required by this section.

(4) A majority vote of the governing body, by the adoption of a resolution or ordinance to approve exceeding the revenue neutral rate, shall be required prior to adoption of a proposed budget that will result in a

1 tax rate in excess of the revenue neutral rate. Such vote of the governing  
2 body shall be conducted at the public hearing and on the same day as the  
3 commencement of the public hearing after the governing body has heard  
4 from interested taxpayers and shall be a roll call vote. If the governing  
5 body approves exceeding the revenue neutral rate, the governing body  
6 shall not adopt a budget that results in a tax rate in excess of its proposed  
7 tax rate as stated in the notice provided pursuant to this section. A copy of  
8 the resolution or ordinance to approve exceeding the revenue neutral rate  
9 and a certified copy of any roll call vote reporting, at a minimum, the  
10 name and vote of each member of the governing body related to exceeding  
11 the revenue neutral rate, whether approved or not, shall be included with  
12 the adopted budget, budget certificate and other budget forms filed with  
13 the county clerk and the director of accounts and reports and shall be  
14 published on the website of the department of administration.

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

19 (2) Any taxpayer of the taxing subdivision that is the subject of the  
20 complaint or such taxpayer's duly authorized representative may file a  
21 complaint with the state board of tax appeals by filing a written complaint,  
22 on a form prescribed by the board, that contains the facts that the  
23 complaining party believes show that a governing body of a taxing  
24 subdivision did not comply with the provisions of subsection (b) and that a  
25 reduction or refund of taxes is appropriate. The complaining party shall  
26 provide a copy of such complaint to the governing body of the taxing  
27 subdivision making the levy that is the subject of the complaint.  
28 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee  
29 shall be charged by the executive director of the state board of tax appeals  
30 for a complaint filed pursuant to this paragraph. The governing body of the  
31 taxing subdivision making the levy that is the subject of the complaint  
32 shall be a party to the proceeding. Notice of any summary proceeding or  
33 hearing shall be served upon such governing body, the county clerk, the  
34 director of accounts and reports and the complaining party. It shall be the  
35 duty of the governing body to initiate the production of evidence to  
36 demonstrate, by a preponderance of the evidence, the validity of such levy.  
37 If upon a summary proceeding or hearing, it shall be made to appear to the  
38 satisfaction of the board that the governing body of the taxing subdivision  
39 did not comply with subsection (b), the state board of tax appeals shall  
40 order such governing body to refund to taxpayers the amount of property  
41 taxes over collected or reduce the taxes levied, if uncollected. The  
42 provisions of this paragraph shall not be construed as prohibiting any other  
43 remedies available under the law.

1 (d) On and after January 1, 2022, in the event that the tax levied by a  
2 school district pursuant to K.S.A. 72-5142, and amendments thereto,  
3 increases the property tax revenue generated for the purpose of calculating  
4 the revenue neutral rate from the previous tax year and such amount of  
5 increase in revenue generated from such tax levied is the only reason that  
6 the school district would exceed the total property tax revenue from the  
7 prior year, the school district shall be deemed to not have exceeded the  
8 revenue neutral rate in levying a tax rate in excess of the revenue neutral  
9 rate to take into account the increase in revenue from only such tax levied.

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

16 (2) If a governing body of a taxing subdivision did not comply with  
17 the provisions of subsection (b) and certifies to the county clerk an amount  
18 of ad valorem tax to be levied that would result in a tax rate in excess of its  
19 revenue neutral rate, the county clerk shall reduce the ad valorem tax to be  
20 levied to the amount resulting from such taxing subdivision's revenue  
21 neutral rate.

22 (f) As used in this section:

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

25 (2) "Revenue neutral rate" means the tax rate for the current tax year  
26 that would generate the same property tax revenue as levied the previous  
27 tax year using the current tax year's total assessed valuation. To calculate  
28 the revenue neutral rate, the county clerk shall divide the property tax  
29 revenue for such taxing subdivision levied for the previous tax year by the  
30 total of all taxable assessed valuation in such taxing subdivision for the  
31 current tax year, and then multiply the quotient by 1,000 to express the rate  
32 in mills. The revenue neutral rate shall be expressed to the third decimal  
33 place.

34 (g) In the event that a county clerk incurred costs of printing and  
35 postage that were not reimbursed pursuant to K.S.A. 2024 Supp. 79-2989,  
36 and amendments thereto, such county clerk may seek reimbursement from  
37 all taxing subdivisions required to send the notice. Such costs shall be  
38 shared proportionately by all taxing subdivisions that were included on the  
39 same notice based on the total property tax levied by each taxing  
40 subdivision. Payment of such costs shall be due to the county clerk by  
41 December 31.

42 (h) The department of administration or the director of accounts and  
43 reports shall make copies of adopted budgets, budget certificates, other



1 budget documents and revenue neutral rate documents available to the  
2 public on the department of administration's website on a permanently  
3 accessible web page that may be accessed via a conspicuous link to that  
4 web page placed on the front page of the department's website. The  
5 department of administration or the director of accounts and reports shall  
6 also make the following information for each tax year available on such  
7 website:

- 8 (1) A list of taxing subdivisions by county;
- 9 (2) whether each taxing subdivision conducted a hearing to consider  
10 exceeding its revenue neutral rate;
- 11 (3) the revenue neutral rate of each taxing subdivision;
- 12 (4) the tax rate resulting from the adopted budget of each taxing  
13 subdivision; and
- 14 (5) the percent change between the revenue neutral rate and the tax  
15 rate for each taxing subdivision.

16 (i) Notwithstanding any provisions to the contrary, in the event any  
17 governing body does not comply with the provisions of subsection (b)  
18 because such governing body did not intend to exceed its revenue neutral  
19 rate but the final taxable assessed valuation of such taxing subdivision  
20 used to calculate the actual tax levy is less than the estimated assessed  
21 valuation used to calculate the revenue neutral rate, such governing body  
22 shall be permitted to levy a tax rate that generates the same amount of  
23 property tax revenue as levied the previous year or less.

24 Sec. 4. K.S.A. 2024 Supp. 79-1801 and 79-2988 are hereby repealed.

25 Sec. 5. This act shall take effect and be in force from and after its  
26 publication in the statute book.