

## SENATE BILL No. 489

By Committee on Assessment and Taxation

2-5

AN ACT concerning property taxation; relating to exemptions; providing for a universal homestead exemption from ad valorem taxation; providing for state reimbursement to school districts; amending K.S.A. 2025 Supp. 79-2988 and repealing the existing section.

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

New Section 1. As used in this act:

(a) "Act" means the provisions of sections 1 through 8, and amendments thereto.

(b) "Homestead" means the dwelling and any connected buildings occupied as a residence by the owner, together with the land upon which such buildings are located, not exceeding one acre within the corporate limits of a city and 160 acres outside the corporate limits of a city.

(c) "Owner" means a person who holds legal or equitable title to a homestead and occupies such homestead as the person's primary residence on January 1 of the tax year.

(d) "Taxing subdivision" means any political subdivision of the state that levies ad valorem property taxes, including, but not limited to, counties, cities, townships, school districts, community colleges and special districts.

New Sec. 2. (a) Beginning on January 1, 2028, the first \$10,000 of appraised valuation of any homestead shall be exempt from all ad valorem property taxes levied by any taxing subdivision of this state.

(b) The exemption under this section shall be applied before the assessment percentage under K.S.A. 79-1439, and amendments thereto, is applied.

(c) No owner shall receive more than one exemption under this section in any tax year. An owner holding title to more than one homestead shall designate in writing to the county appraiser which property shall receive the exemption. In the absence of a timely designation, the exemption shall be applied to the property with the highest appraised valuation.

(d) The exemption under this section shall be in addition to and not in lieu of:

(1) The residential property tax exemption from the statewide school finance levy under K.S.A. 79-201x, and amendments thereto;

1 (2) the homestead property tax refund under K.S.A. 79-4501 et seq.,  
2 and amendments thereto; and

3 (3) any other exemption or refund to which the owner may be entitled  
4 under Kansas law.

5 (e) The exemption established by this section is hereby found and  
6 declared to have a public purpose and to promote the general welfare of  
7 the citizens of Kansas by providing property tax relief to homeowners,  
8 encouraging homeownership and promoting residential stability.

9 New Sec. 3. (a) *Application at closing.* For any sale or transfer of  
10 residential real property occurring on or after July 1, 2027, the closing  
11 agent shall present to the buyer a homestead exemption declaration form  
12 prescribed by the director of property valuation. If the buyer signs the  
13 declaration, the closing agent shall transmit the signed declaration to the  
14 county appraiser within 14 days of closing. Upon receipt of a valid  
15 declaration, the county appraiser shall apply the exemption beginning with  
16 the next tax year.

17 (b) *Required certifications.* The homestead exemption declaration  
18 form shall require the applicant to certify under penalty of perjury that:

19 (1) The property is or will be the applicant's primary residence;

20 (2) the applicant does not claim a homestead exemption, primary  
21 residence exemption or similar property tax benefit based on primary  
22 residence or domicile on any other property in Kansas;

23 (3) the applicant does not claim a homestead exemption, primary  
24 residence exemption or similar property tax benefit based on primary  
25 residence or domicile on any property in any other state, territory or  
26 jurisdiction; and

27 (4) the applicant will notify the county appraiser within 30 days if any  
28 of the foregoing certifications cease to be true.

29 (c) *Primary residence defined.* For purposes of this act, "primary  
30 residence" means the dwelling where the owner actually resides for the  
31 majority of the calendar year and that the owner considers to be the  
32 owner's true, fixed and permanent home to which the owner intends to  
33 return after any absence. An owner may have only one primary residence  
34 at any time. In determining primary residence, the county appraiser may  
35 consider factors, including, but not limited to, the address listed on the  
36 owner's driver's license or state identification, voter registration and  
37 vehicle registration, the address used for federal and state income tax  
38 returns and the location where the owner's spouse and dependents, if any,  
39 reside.

40 (d) *Alternative application.* An owner who did not complete a  
41 declaration at closing or who owned the property prior to July 1, 2027,  
42 may file an application for the exemption directly with the county  
43 appraiser on a form prescribed by the director of property valuation. Such

1 application shall include the certifications required by subsection (b) and  
2 shall be filed on or before April 1 of the tax year for which the exemption  
3 is first claimed.

4 (e) *Automatic renewal.* Once the exemption has been granted, such  
5 exemption shall automatically continue for subsequent tax years without  
6 additional application, unless:

- 7 (1) The property is sold or transferred;
- 8 (2) the owner ceases to occupy the property as a primary residence;
- 9 (3) the owner claims a homestead exemption or similar benefit in  
10 another state or jurisdiction; or
- 11 (4) the owner otherwise becomes ineligible.

12 (f) *Notice of change.* An owner receiving the exemption shall notify  
13 the county appraiser in writing within 30 days if the owner:

- 14 (1) Ceases to occupy the property as a primary residence without  
15 selling or transferring the property;
- 16 (2) converts the property to rental or other non-homestead use;
- 17 (3) establishes a primary residence in another state or jurisdiction; or
- 18 (4) claims a homestead exemption or similar benefit on a property in  
19 another state or jurisdiction. Upon sale or transfer of property receiving the  
20 exemption, the closing agent shall notify the county appraiser of the sale or  
21 transfer within 14 days of closing, and the exemption shall automatically  
22 terminate as of the date of transfer. No separate notice from the seller shall  
23 be required for a sale or transfer.

24 (g) *Closing agent duties.* As used in this section, "closing agent"  
25 means any title insurance company, title insurance agent, attorney or other  
26 person responsible for conducting the closing of a real estate transaction.  
27 The director of property valuation shall make the homestead exemption  
28 declaration form available to closing agents in both paper and electronic  
29 format. Closing agents shall not charge any separate fee for presenting the  
30 declaration form or transmitting such declaration form to the county  
31 appraiser.

32 (h) *Verification and information sharing.* The county appraiser may  
33 verify eligibility for the exemption and may request documentation,  
34 including proof of ownership and primary residence. The director of  
35 property valuation is authorized to enter into agreements with other states  
36 for the purpose of sharing information to identify persons who have  
37 claimed homestead exemptions or similar benefits in multiple states. The  
38 county appraiser may deny or revoke an exemption if the owner fails to  
39 provide the requested documentation within 30 days, such documentation  
40 does not support eligibility or the owner is found to have claimed a similar  
41 exemption in another state.

42 New Sec. 4. (a) *School district reimbursement.* School districts shall  
43 be reimbursed from the state general fund for revenues forgone as a result

1 of the exemption established in section 2, and amendments thereto, in the  
2 same manner and to the same extent as reimbursement is provided for the  
3 exemption under K.S.A. 79-201x, and amendments thereto.

4 (b) *Other taxing subdivisions.* Counties, cities, townships, community  
5 colleges and other taxing subdivisions, excluding school districts, shall not  
6 be reimbursed for revenues forgone as a result of the exemption  
7 established in section 2, and amendments thereto.

8 (c) *Certification.* On or before December 1 of each year, each county  
9 clerk shall certify to the state department of education, for each school  
10 district within the county:

- 11 (1) The number of homesteads receiving the exemption;
- 12 (2) the aggregate exemption amount for all such homesteads;
- 13 (3) the mill levy of the school district for the current tax year; and
- 14 (4) the revenue forgone by the school district, calculated as the  
15 aggregate exemption amount multiplied by the assessment ratio under  
16 K.S.A. 79-1439, and amendments thereto, multiplied by the school district  
17 mill levy.

18 (d) *Legislative intent.* It is the intent of the legislature that counties,  
19 cities and other nonschool taxing subdivisions absorb the cost of the  
20 exemption established in section 2, and amendments thereto. The  
21 legislature finds that significant increases in property valuations in recent  
22 years have resulted in substantial revenue growth for such taxing  
23 subdivisions and such subdivisions can accommodate this exemption  
24 without reduction in services or increase in mill levies.

25 New Sec. 5. (a) Beginning on January 1, 2030, and every two years  
26 thereafter, the director of property valuation shall adjust the exemption  
27 amount under section 2, and amendments thereto, based on the percentage  
28 change in the statewide average appraised value of residential property  
29 during the preceding two-year period.

30 (b) Any adjustment under subsection (a) shall be rounded to the  
31 nearest \$500. In no event shall the exemption amount be reduced below  
32 \$10,000.

33 (c) The director of property valuation shall publish the adjusted  
34 exemption amount on or before October 1 of each adjustment year to take  
35 effect on the following January 1.

36 New Sec. 6. (a) *Civil penalties.* Any person who knowingly makes a  
37 false statement or certification on an application or declaration for the  
38 exemption under section 2, and amendments thereto, or knowingly fails to  
39 notify the county appraiser of a change in eligibility as required by section  
40 3(f), and amendments thereto, shall be liable for:

- 41 (1) All taxes that would have been due without the exemption, plus  
42 interest at the rate prescribed by K.S.A. 79-2968, and amendments thereto;
- 43 (2) a civil penalty equal to 25% of the taxes improperly avoided; and

1 (3) reasonable costs of collection, including attorney fees.

2 (b) *Multi-state exemption fraud.* Any person who claims the  
3 exemption under section 2, and amendments thereto, while simultaneously  
4 claiming a homestead exemption, primary residence exemption or similar  
5 property tax benefit based on primary residence or domicile in another  
6 state, territory or jurisdiction shall be liable for:

7 (1) All taxes that would have been due without the exemption, for  
8 each year that the exemption was improperly claimed, plus interest;

9 (2) a civil penalty equal to 50% of the taxes improperly avoided; and

10 (3) reasonable costs of collection, including attorney fees.

11 (c) *Statute of limitations.* The county appraiser may assess back taxes,  
12 interest and penalties under this section for a period of not to exceed five  
13 years from the date that the exemption was improperly claimed.

14 (d) *Criminal penalties.* In addition to civil penalties, any person who  
15 knowingly makes a false certification under penalty of perjury on an  
16 application or declaration for the exemption under section 2, and  
17 amendments thereto, may be prosecuted for perjury under K.S.A. 21-5903,  
18 and amendments thereto.

19 New Sec. 7. The director of property valuation shall:

20 (a) Prescribe forms and procedures for the administration of this act;

21 (b) provide training and guidance to county appraisers regarding the  
22 homestead exemption;

23 (c) adopt rules and regulations necessary for the implementation of  
24 this act; and

25 (d) report annually to the legislature on the implementation and fiscal  
26 impact of this act, including the number of homesteads receiving the  
27 exemption, the total reimbursement amounts and any recommended  
28 changes.

29 New Sec. 8. If any provision of this act or the application thereof to  
30 any person or circumstance is held invalid, such invalidity shall not affect  
31 other provisions or applications of this act which can be given effect  
32 without the invalid provision or application, and to this end, the provisions  
33 of this act are severable.

34 Sec. 9. K.S.A. 2025 Supp. 79-2988 is hereby amended to read as  
35 follows: 79-2988. (a) On or before June 15 each year, the county clerk  
36 shall calculate the revenue neutral rate for each taxing subdivision and  
37 include such revenue neutral rate on the notice of the estimated assessed  
38 valuation provided to each taxing subdivision for budget purposes, except  
39 that for tax year 2024, the deadline shall be extended to July 1, 2024. The  
40 director of accounts and reports shall modify the prescribed budget  
41 information form to show the revenue neutral rate.

42 (b) Except as otherwise provided in this section, no tax rate in excess  
43 of the revenue neutral rate shall be levied by the governing body of any

1 taxing subdivision unless a resolution or ordinance has been approved by  
2 the governing body according to the following procedure:

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

6 (A) On the website of the governing body, if the governing body  
7 maintains a website; and

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

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

28 (A) The following heading:

29 "NOTICE OF PROPOSED PROPERTY TAX INCREASE AND  
30 PUBLIC HEARINGS

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

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

33 (B) the following statement:

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

43 (C) the appraised value and assessed value of the taxpayer's property

1 for the current year and the previous year;

2 (D) the mill levy and amount of property tax of each taxing  
3 subdivision on the taxpayer's property from the previous year's tax  
4 statement in a column titled: "[Previous year] Tax";

5 (E) the revenue neutral rate in mills and estimated amount of property  
6 tax for the current year of each taxing subdivision on the taxpayer's  
7 property based on the revenue neutral rate of each taxing subdivision in a  
8 column titled: "[Current year] Tax at Revenue Neutral Rate";

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

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

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

24 The columns described in subparagraphs (D) through (G) shall include  
25 a total of the amounts at the end of each column. For each taxing  
26 subdivision, the notice shall include the total amount of revenue from the  
27 property tax levy for the previous year, the proposed total amount of  
28 revenue from the property tax levy for the current year and the difference  
29 or change between such amounts, reflected in dollars and a percentage.  
30 Although the state of Kansas is not a taxing subdivision for purposes of  
31 this section, the notice shall include the previous year's tax amount and the  
32 estimate of the tax for the current year on the taxpayer's property based on  
33 the statutory mill levies.

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

1 to present testimony or public comment prior to the public hearing  
2 required by this section.

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

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

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



1 did not comply with subsection (b), the state board of tax appeals shall  
2 order such governing body to refund to taxpayers the amount of property  
3 taxes over collected or reduce the taxes levied, if uncollected. The  
4 provisions of this paragraph shall not be construed as prohibiting any other  
5 remedies available under the law.

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

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

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

27 (f) As used in this section:

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

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

39 (g) In the event that a county clerk incurred costs of printing and  
40 postage that were not reimbursed pursuant to K.S.A. 2025 Supp. 79-2989,  
41 and amendments thereto, such county clerk may seek reimbursement from  
42 all taxing subdivisions required to send the notice. Such costs shall be  
43 shared proportionately by all taxing subdivisions that were included on the

1 same notice based on the total property tax levied by each taxing  
2 subdivision. Payment of such costs shall be due to the county clerk by  
3 December 31.

4 (h) The department of administration or the director of accounts and  
5 reports shall make copies of adopted budgets, budget certificates, other  
6 budget documents and revenue neutral rate documents available to the  
7 public on the department of administration's website on a permanently  
8 accessible web page that may be accessed via a conspicuous link to that  
9 web page placed on the front page of the department's website. The  
10 department of administration or the director of accounts and reports shall  
11 also make the following information for each tax year available on such  
12 website:

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

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

29 (j) *On and after January 1, 2028, for purposes of calculating the*  
30 *revenue neutral rate under this section, the county clerk shall compute an*  
31 *adjusted total assessed valuation that excludes reductions in assessed*  
32 *valuation attributable to the universal homestead exemption under section*  
33 *2, and amendments thereto. A taxing subdivision shall not be deemed to*  
34 *have exceeded the revenue neutral rate solely as a result of the exemption*  
35 *established under section 2, and amendments thereto.*

36 Sec. 10. K.S.A. 2025 Supp. 79-2988 is hereby repealed.

37 Sec. 11. This act shall take effect and be in force from and after its  
38 publication in the statute book.