

SESSION OF 2025

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2396**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for HB 2396 would create a property tax funding limit in cases of successful protest petitions, provide for the delivery of notices for such protest petitions, and make changes to the form required to be used for revenue neutral rate notices.

Property Tax Funding Limit

The bill would limit, in cases of a successful protest petition, the amount of ad valorem property tax revenue used to fund a taxing jurisdiction's budget to an amount equal to or less than the amount from the prior year, as adjusted for inflation, new construction, and certain bond payments.

Specifically, allowable increases in excess of the prior year's budget would be limited to increases associated with:

- The annual percent increase of the Consumer Price Index for All Urban Consumers in the Midwest Region, as published by the Bureau of Labor Statistics of the U.S. Department of Labor or 3 percent, whichever is less;
- The construction of new structures or improvements or the remodeling or renovation of

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

existing structures or improvements, excluding ordinary maintenance and repair; and

- The payment of a bond issue approved at an election held on or after July 1, 2025.

Any taxing jurisdiction not adopting its budget in a timely fashion would be subject to the funding limit without the requirement of a successful protest petition.

The funding limit provisions would not apply to the State or to school districts.

Protest Petition

The bill would provide for the use of a protest petition to contest any taxing jurisdiction budget that provides for funding by property taxes in excess of the funding limit provided for by the bill.

The bill would require county treasurers to maintain protest petitions upon notification by county clerks that taxing jurisdictions approve a budget resulting in property taxes in excess of the allowed amounts. Protest petitions would be on standard forms provided by the Director of Accounts and Reports. The county treasurer would be required to post on the county website and social media, if such exists, the availability of protest petitions.

Qualified voters of a taxing jurisdiction would have 30 days following the date the governing body of a taxing jurisdiction certifies to the county clerk the amount of property tax to be levied to sign a protest petition. If qualified voters totaling at least 10 percent of the votes cast for the office of U.S. President in the most recent general election in the taxing district sign the protest petition, the taxing jurisdiction would be limited to a budget with property taxes from the prior year, as adjusted for inflation, new construction, and certain bond payments, as described above.

If a taxing jurisdiction is required to amend its budget pursuant to a successful protest petition, the governing body of such taxing jurisdiction would be required to certify the amount of property taxes to be levied to the county clerk by October 1.

Protest Petition Notices and Notification Costs Fund

The bill would require county clerks to provide protest petition notices to each taxpayer with property in taxing jurisdictions exceeding the funding limit provided for by the bill including:

- An explanation of the protest petition process, including the availability and location of protest petitions, the deadline for signatures, website information where the protest petition form is available, and a phone number to call and request a protest petition to be mailed, and the consequences of a successful protest petition;
- The appraised and assessed value of the taxpayer's property for the current and previous year;
- The tax rate and amount for each taxing jurisdiction from the previous year's tax statement;
- The proposed tax rate and estimated tax amount of all taxing jurisdictions related to the property for the current year; and
- A clear and conspicuous identification of any taxing jurisdiction whose budget is subject to a protest petition.

The bill would require the notice to be in a format prescribed by the Director of Accounts and Reports and mailed to taxpayers unless the taxpayer and county clerk

have each consented in writing to the notice being delivered by electronic means.

The bill would require the State to reimburse printing and postage costs incurred by county clerks for protest petition notices in 2025 and 2026 through payments from the Protest Petition Notification Costs Fund (Costs Fund) of the Department of Revenue, which would be created by the bill.

The bill would provide for transfers to be made from the State General Fund to the Costs Fund upon the certification of the amount of payments to be made from the Costs Fund.

The bill would require taxing jurisdictions included on the notice to reimburse any costs incurred by county clerks that are not reimbursed by the State.

Revenue Neutral Rate Notice Form Changes

The bill would also make changes to the form required to be used for such notices. The form would be required to:

- Include a column indicating the rate utilized in the calculation of:
 - The tax for the preceding year;
 - The tax for the current year based on the revenue neutral rate; and
 - The amount of tax proposed for the current year;
- Include a row indicating the total amounts of:
 - The tax for the preceding year;
 - The tax for the current year based on the revenue neutral rate; and
 - The amount of tax proposed for the current year; and

- Refer to amounts of tax to be levied by a taxing subdivision in the current year as “Proposed Tax” rather than “Maximum Tax” as in current law.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative A. Smith.

House Committee on Taxation

At the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Association of Counties, Kansas Association of School Boards, Kansas Farm Bureau, Kansas School Superintendents’ Association, and United School Administrators of Kansas. The proponents generally stated the bill would eliminate revenue neutral provisions, which sometimes confuse taxpayers, and provide for property tax relief based on payments to local governments and the ability for taxpayers to protest certain tax increases by petition.

Written-only proponent testimony was provided by representatives of the Johnson County Board of County Commissioners, Kansas Legislative Policy Group, and National Federation of Independent Business.

Neutral testimony was provided by a representative of the League of Kansas Municipalities.

Written-only neutral testimony was provided by a representative of the Saline County Board of County Commissioners.

Written-only opponent testimony was provided by a representative of the City of Overland park, generally stating the bill would enable a minority of the citizens of a taxing

jurisdiction to block a budget that might be approved by a majority of the citizens.

No other testimony was provided.

The House Committee amended the bill to:

- Change the protest petition threshold from 10 percent of the votes cast in the most recent Secretary of State general election to 10 percent of votes cast in the most recent general election for U.S. President;
- Exclude property tax revenues dedicated to paying bond issues approved after July 1, 2025, from the calculation of property taxes triggering the protest petition opportunity and excluding the taxing jurisdiction from payments from the Acknowledging Stewardship of Tax Revenue and Appropriations (ASTRA) Fund;
- Require annual reporting from the State Treasurer of a list of cities and counties receiving and not receiving payments from the ASTRA Fund;
- Require the Director of Accounts and Reports to provide a standard protest petition form; and
- Require protest petition availability to be posted on existing county social media.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Representative A. Smith and representatives of the Kansas Association of Counties, Kansas Association of School Boards, Kansas Farm Bureau, and Sedgwick County Board of County Commissioners. The proponents generally stated the bill would provide incentives for taxing jurisdictions

to limit increases to property taxes and provide taxpayers an opportunity to prevent certain property tax increases.

Written-only proponent testimony was provided by a representative of the Kansas Legislative Policy Group.

Neutral testimony was provided by a representative of the League of Kansas Municipalities.

Written-only neutral testimony was provided by representatives of Americans for Prosperity-Kansas and the cities of Overland Park and Wichita.

Opponent testimony was provided by Representative Poetter Parshall and representatives of the Kansas Policy Institute and the city of Bel Aire. Opponents generally stated the bill would eliminate property tax transparency provisions that have served to prevent property tax increases and would confuse taxpayers.

Written-only opponent testimony was provided by a private citizen.

No other testimony was provided.

The Senate Committee amended the bill to:

- Eliminate a repeal of the revenue neutral rate process;
- Modify the notice form for revenue neutral rate notices;
- Include a 3 percent ceiling on property tax increases not generating a protest petition opportunity;
- Eliminate a provision creating the ASTRA fund making payments to counties and cities adopting

property tax levels below the amount provided for in the bill; and

- Establishing the Costs Fund and providing for the mailing of protest petition notices and the reimbursement of costs thereof.

The Senate Committee recommended a substitute bill be created incorporating the amendments of the Senate Committee.

Fiscal Information

A fiscal note on the substitute bill was not immediately available.

Taxation; property tax; protest petition; notice