

SESSION OF 2026

## SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2745

As Amended by House Committee of the Whole

### **Brief\***

HB 2745, as amended, would create a property tax funding limit in cases of successful protest petitions and repeal the revenue neutral rate notice and hearing requirements for taxing jurisdictions.

The bill would be in effect upon publication in the *Kansas Register*.

### **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 no more than 103 percent of the amount from the prior year, excluding allowable increases associated with:

- The addition of jurisdictional territory, change in use of real property, expiration of a property tax abatement, and expiration of a tax increment financing district or similar district;
- The construction of new structures or improvements or the remodeling or renovation of existing structures or improvements, excluding ordinary maintenance and repair; and
- The payment of bonds, temporary notes, no-fund warrants, state infrastructure loans and interest

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\*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/>

payments not exceeding the amount of taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2026.

Any taxing jurisdiction adopting a budget to exceed the property tax limit would be required to make its initial adoption by August 15 and complete verification of protest petitions and final adoption by October 1.

The funding limit provisions would not apply 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 protest petitions would be required to be maintained by county treasurers 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.

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 5 percent of the votes cast for the office of Secretary of State 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 allowable increases, 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.

***Revenue Neutral Rate Repeal and Creation of Property Tax Estimate Notices***

The bill would repeal the revenue neutral rate provisions requiring county clerks to send notices to taxpayers and taxing subdivisions to hold hearings and vote on budgets requiring a greater amount of property tax to be levied than the previous year.

The bill would require county clerks to annually provide each taxpayer within the county a property tax estimate notice containing information on the property's assessed value and taxes, including the property tax limit for each taxing jurisdiction levying a tax on the property expressed in both mills and an estimated amount of property tax for the current year based on the property tax limit.

The bill would also repurpose the Taxpayer Notification Costs Fund, which is currently used to pay county printing and postage expenses associated with revenue neutral rate taxpayer notices, to pay county printing and postage expenses associated with Property Tax Estimate Notices. The bill would make the transfer from the SGF to the Taxpayer Notification Costs Fund permanent.

**Background**

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

### ***House Committee on Taxation***

In the House Committee hearing, **proponent** testimony was provided by representatives of the City of Bel Aire, Kansas Action for Children, Kansas Association of School Boards, Kansas Farm Bureau, and Kansas Livestock Association. The proponents generally stated the bill afforded broad-based property tax relief without unduly burdening taxing entities.

**Opponent** testimony was provided by representatives of the League of Kansas Municipalities, Kansas Municipal Utilities, and the cities of Derby, Dodge City, El Dorado, Merriam, Mission, Overland Park, Prairie Village, Roeland Park, Seneca, Topeka, and Westwood Hills. The opponents generally stated the bill would destabilize municipal finance and impose administrative burdens on local governments without addressing underlying causes of rising property taxes.

Written-only opponent testimony was provided by representatives of Columbia Capital, Kansas Association of Chiefs of Police, Kansas State Association of Fire Chiefs, McPherson Police Department, Reno County Board of County Commissioners, Southwest Kansas Coalition, and the cities of Abilene, Andover, Arkansas City, Augusta, Basehor, Bonner Springs, Caldwell, Clay Center, Colby, Columbus, Cunningham, Ellsworth, Fort Scott, Garnett, Goddard, Haysville, Independence, Junction City, Kechi, Larned, Lawrence, Leawood, McPherson, Mulvane, Newton, Oberlin, Olathe, Olsburg, Park City, Wichita, and Winfield.

**Neutral** testimony was provided by representatives of the Kansas Association of Counties, Kansas Chamber of Commerce, Kansas County Commissioners Association, and Kansas Policy Institute.

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

No other testimony was provided.

The House Committee amended the bill to:

- Replace an election requirement with the protest petition provisions;
- Provide for the funds in the Property Tax Relief Fund to be distributed to all eligible taxing jurisdictions rather than only county governments;
- Expand the categories of property tax revenues that are not subject to the limit provided by the bill; and
- Make a technical amendment.

#### ***House Committee of the Whole***

The House Committee of the Whole amended the bill to:

- Eliminate the creation of the Property Tax Relief Fund, which would have provided payments to taxing jurisdictions staying below the limit established by the bill and been financed by a \$60.0 million demand transfer from the SGF;
- Change the protest petition threshold from 10 percent of the most recent election for U.S. President to 5 percent of the most recent election for Kansas Secretary of State; and
- Make technical amendments.

#### **Fiscal Information**

A revised fiscal note on the amended bill was not immediately available.

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of

Revenue estimates enactment of the bill would reduce SGF receipts by \$1.5 million in FY 2028 and future years to account for the transfer to the Taxpayer Notification Costs Fund.

[Note: The Department also estimates the Property Tax Relief Fund transfer provisions of the bill, as introduced, would increase expenditures from the SGF by \$60.0 million in FY 2027, \$61.2 million in FY 2028, and \$62.4 million in FY 2029, as demand transfers are treated as expenditures for budgetary purposes. The demand transfer was eliminated by an amendment by the House Committee of the Whole.]

The Department of Revenue, Office of the State Treasurer, and Department of Administration indicate the costs to implement the provisions of the bill would be negligible and could be absorbed within existing resources.

Any fiscal effect associated with the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Taxation; property tax; protest petition; revenue neutral rate