

SENATE BILL No. 294

By Senators Tyson, Alley, Braun, Estes, Goddard, Hilderbrand, Kerschen,
Longbine, Lynn, Masterson, Olson, Petersen, Thompson, Wagle and Wilborn

1-22

1 AN ACT concerning property taxation; relating to tax rates; truth in
2 taxation; establishing notice and public hearing requirements prior to
3 approval to exceed certified tax *revenue neutral* rate; *discontinuing*
4 *the city and county tax lid; amending K.S.A. 79-2925c and repealing*
5 *the existing section.*
6

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

8 *New* Section 1. (a) ~~On or before July 1 each year, the governing body~~
9 ~~of each taxing subdivision or taxing district shall calculate its certified tax~~
10 ~~rate. The certified tax rate is the tax rate for the current year that would~~
11 ~~generate the same property tax revenue as levied the previous year using~~
12 ~~the current year's total assessed valuation. The purpose of the certified tax~~
13 ~~rate is to promote truth in taxation. To calculate the certified tax rate, each~~
14 ~~governing body shall divide the property tax revenue for such taxing~~
15 ~~subdivision or taxing district levied for the previous year by the total of all~~
16 ~~taxable assessed valuations in such taxing subdivision or taxing district~~
17 ~~provided by the county clerk pursuant to K.S.A. 79-5a27, and amendments~~
18 ~~thereto, for the current year, and then multiply the quotient by 1,000 to~~
19 ~~express the rate in mills. The certified tax rate shall be expressed to the~~
20 ~~third decimal place.~~

21 (b) ~~On or before July 1 each year, the governing body of each taxing~~
22 ~~subdivision or taxing district shall submit its calculated certified tax rate~~
23 ~~and supporting documentation to the director of accounts and reports on~~
24 ~~forms approved by the director of accounts and reports. The director of~~
25 ~~accounts and reports shall review the calculated certified tax rate and~~
26 ~~supporting documentation for compliance and accuracy and notify the~~
27 ~~governing body of the results of such review before August 1 of each year.~~
28 ~~The director of accounts and reports shall make copies of submissions and~~
29 ~~notifications pursuant to subsections (b) and (c) available to the public on~~
30 ~~the website of the Kansas department of administration no later than~~
31 ~~September 1 each year.~~

32 (c) ~~On or before August 1 each year, the governing body of each~~
33 ~~taxing subdivision or taxing district shall submit its certified tax rate to the~~
34 ~~director of accounts and reports and report its certified tax rate and the~~
35 ~~calculations used to compute the certified tax rate on its proposed budget~~

1 forms prepared pursuant to K.S.A. 79-2927, and amendments thereto. ***On***
2 ***or before June 15 each year, the county clerk shall calculate the revenue***
3 ***neutral rate for each taxing subdivision and include such revenue***
4 ***neutral rate on the notice of the estimated assessed valuation provided to***
5 ***each taxing subdivision for budget purposes. The director of accounts***
6 ***and reports shall modify the prescribed budget information form to show***
7 ***the revenue neutral rate.***

8 ~~(d)~~**(b)** No tax rate in excess of the certified tax ***revenue neutral*** rate
9 shall be levied by the governing body of any taxing subdivision ~~or taxing~~
10 ~~district~~ unless a resolution or ordinance has been approved by the
11 governing body according to the following procedure:

12 (1) The governing body shall publish notice of its proposed intent to
13 exceed the ~~certified tax~~ ***revenue neutral*** rate in the official county
14 newspaper of the county where the taxing subdivision ~~or taxing district~~ is
15 located and on the website of the governing body, if the governing body
16 maintains a website, at least 10 days in advance of the public hearing. ***The***
17 ***notice shall include, but not be limited to, its proposed tax rate, its***
18 ***revenue neutral rate and the date, time and location of the public***
19 ***hearing.***

20 (2) On or before ~~August 1~~ ***July 15***, the governing body shall notify
21 the county clerk of its proposed intent to exceed the ~~certified tax~~ ***revenue***
22 ***neutral rate and provide the date, time and location of the public hearing***
23 ***and its proposed tax rate.*** The county clerk shall notify each taxpayer with
24 property in the taxing subdivision ~~or taxing district~~, by mail directed to the
25 taxpayer's last known address, of the proposed intent to exceed the
26 certified tax rate at least 10 days in advance of the public hearing.

27 Alternatively, the county clerk may transmit the notice to the taxpayer by
28 electronic means at least 10 days in advance of the public hearing, if such
29 taxpayer and county clerk have consented in writing to service by
30 electronic means. Costs associated with the notice shall be borne by the
31 taxing subdivision ~~or taxing district~~. ***The county clerk may consolidate***
32 ***the required information for all taxing subdivisions relevant to the***
33 ***taxpayer's property on one notice.*** The notice shall include, but not be
34 limited to:

35 (A) ~~The certified tax rate and calculations used to compute the~~
36 ~~certified tax~~ ***revenue neutral*** rate;

37 (B) the proposed property tax revenue needed to fund the proposed
38 budget;

39 (C) the proposed tax rate based upon the proposed budget and the
40 current year's total assessed valuation;

41 (D) the tax rate and property tax of the taxing subdivision ~~or taxing~~
42 ~~district~~ on the taxpayer's property from the previous year's tax statement;

43 (E) the proposed percent change in the tax rate between the previous

1 year's tax rate and the proposed tax rate for the current year;

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

4 (G) the estimates of the tax for the current tax year on the taxpayer's
5 property based on the ~~certified tax~~ **revenue neutral** rate and the proposed
6 tax rate; and

7 (H) the date, time and location of the public hearing.

8 (3) The public hearing to consider exceeding the ~~certified tax~~
9 **revenue neutral** rate shall be held on or before September 15. The
10 governing body shall provide interested taxpayers desiring to be heard an
11 opportunity to present oral testimony within reasonable time limits and
12 without unreasonable restriction on the number of individuals allowed to
13 make public comment. ~~The public hearing shall not be scheduled at the~~
14 ~~same time as a public hearing of another taxing subdivision or taxing~~
15 ~~district in the county scheduled for purposes of this section.~~ The public
16 hearing may be conducted in conjunction with the proposed budget
17 hearing pursuant to K.S.A. 79-2929, and amendments thereto, if the
18 governing body otherwise complies with all requirements of this section.

19 (4) A majority vote of the governing body, by the adoption of a
20 resolution or ordinance to approve exceeding the ~~certified tax~~ **revenue**
21 **neutral** rate, shall be required prior to adoption of a proposed budget that
22 will result in a tax rate in excess of the ~~certified tax~~ **revenue neutral** rate.
23 Such vote of the governing body shall be conducted at the public hearing
24 after the governing body has heard from interested taxpayers.

25 ~~(e)~~(c) Any governing body subject to the provisions of this section
26 that does not comply with subsection ~~(d)~~ (b) shall refund to taxpayers any
27 property taxes over-collected based on the amount of the levy that was in
28 excess of the ~~certified tax~~ **revenue neutral** rate. The provisions of this
29 subsection shall not be construed as prohibiting any other remedies
30 available under the law.

31 ~~(f)~~(d) The provisions of subsection ~~(d)~~ shall not apply if the increased
32 property tax revenue for the current year is the result of property tax levied
33 pursuant to K.S.A. 72-5142, and amendments thereto **this section shall**
34 **not apply to school districts organized and operating under the laws of**
35 **this state.**

36 ~~(g)~~(e) Notwithstanding the provisions of K.S.A. 79-1801, and
37 amendments thereto, if the governing body of a taxing subdivision ~~or~~
38 ~~taxing district~~ must conduct a public hearing to approve exceeding the
39 ~~certified tax~~ **revenue neutral** rate under this section, the governing body of
40 the taxing subdivision ~~or taxing district~~ shall certify, on or before ~~October~~
41 ~~±~~ **September 20**, to the proper county clerk the amount of ad valorem tax
42 to be levied.

43 ~~(h)~~(f) The provisions of this section shall not apply to any taxing

1 subdivision ~~or taxing district~~ that receives ~~\$5,000~~ **\$20,000** or less in
2 revenue from property taxes in the current year.

3 **(g) As used in this section:**

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

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

15 **(h) The provisions of this section shall take effect and be in force**
16 **from and after January 1, 2021.**

17 **Sec. 2. K.S.A. 79-2925c is hereby amended to read as follows: 79-**
18 **2925c. (a) (1) On and after January 1, 2017, and prior to January 1,**
19 **2021, the governing body of any city or county shall not approve any**
20 **appropriation or budget which provides for funding by property tax**
21 **revenues in an amount exceeding that of the next preceding year as**
22 **adjusted to reflect the average changes in the consumer price index for**
23 **all urban consumers as published by the United States department of**
24 **labor for the preceding five calendar years, which shall not be less than**
25 **zero, unless the city or county approves the appropriation or budget with**
26 **the adoption of a resolution and such resolution has been submitted to**
27 **and approved by a majority of the qualified electors of the city or county**
28 **voting at an election called and held thereon, except as otherwise**
29 **provided.**

30 **(2) The election shall be called and held in the manner provided by**
31 **K.S.A. 10-120, and amendments thereto, and may be:**

32 **(A) Held at the next regularly scheduled election to be held in**
33 **August or November;**

34 **(B) may be a mail ballot election, conducted in accordance with**
35 **K.S.A. 25-431 et seq., and amendments thereto; or**

36 **(C) may be a special election called by the city or county. Nothing**
37 **in this subsection shall prevent any city or county from holding more**
38 **than one election in any year. The city or county requesting the election**
39 **shall be responsible for paying all costs associated with conducting the**
40 **election.**

41 **(b) A resolution by the governing body of a city or county otherwise**
42 **required by the provisions of this section shall not be required to be**
43 **approved by an election required by subsection (a) under the following**

1 *circumstances:*

2 *(1) Increased property tax revenues that, in the current year, are*
3 *produced and attributable to the taxation of:*

4 *(A) The construction of any new structures or improvements or the*
5 *remodeling or renovation of any existing structures or improvements on*
6 *real property, which shall not include any ordinary maintenance or*
7 *repair of any existing structures or improvements on the property;*

8 *(B) increased personal property valuation;*

9 *(C) real property located within added jurisdictional territory;*

10 *(D) real property which has changed in use;*

11 *(E) expiration of any abatement of property from property tax; or*

12 *(F) expiration of a tax increment financing district, rural housing*
13 *incentive district, neighborhood revitalization area or any other similar*
14 *property tax rebate or redirection program.*

15 *(2) Increased property tax revenues that will be spent on:*

16 *(A) Bond, temporary notes, no fund warrants, state infrastructure*
17 *loans and interest payments not exceeding the amount of ad valorem*
18 *property taxes levied in support of such payments, and payments made to*
19 *a public building commission and lease payments but only to the extent*
20 *such payments were obligations that existed prior to July 1, 2016;*

21 *(B) payment of special assessments not exceeding the amount of ad*
22 *valorem property taxes levied in support of such payments;*

23 *(C) court judgments or settlements of legal actions against the city*
24 *or county and legal costs directly related to such judgments or*
25 *settlements;*

26 *(D) expenditures of city or county funds that are specifically*
27 *mandated by federal or state law with such mandates becoming effective*
28 *on or after July 1, 2015, and loss of funds from federal sources after*
29 *January 1, 2017, where the city or county is contractually obligated to*
30 *provide a service;*

31 *(E) expenses relating to a federal, state or local disaster or federal,*
32 *state or local emergency, including, but not limited to, a financial*
33 *emergency, declared by a federal or state official. The board of county*
34 *commissioners may request the governor to declare such disaster or*
35 *emergency; or*

36 *(F) increased costs above the consumer price index for law*
37 *enforcement, fire protection or emergency medical services.*

38 *(3) Any increased property tax revenues generated for law*
39 *enforcement, fire protection or emergency medical services shall be*
40 *expended exclusively for these purposes but shall not be used for the*
41 *construction or remodeling of buildings.*

42 *(4) The property tax revenues levied by the city or county have*
43 *declined:*

1 (A) *In one or more of the next preceding three calendar years and*
2 *the increase in the amount of funding for the budget or appropriation*
3 *from revenue produced from property taxes does not exceed the average*
4 *amount of funding from such revenue of the next preceding three*
5 *calendar years, adjusted to reflect changes in the consumer price index*
6 *for all urban consumers as published by the United States department of*
7 *labor for the preceding calendar year; or*

8 (B) *the increase in the amount of ad valorem tax to be levied is less*
9 *than the change in the consumer price index plus the loss of assessed*
10 *property valuation that has occurred as the result of legislative action,*
11 *judicial action or a ruling by the board of tax appeals.*

12 (5) *Whenever a city or county is required by law to levy taxes for*
13 *the financing of the budget of any political or governmental subdivision*
14 *of this state that is not authorized by law to levy taxes on its own behalf,*
15 *and the governing body of such city or county is not authorized or*
16 *empowered to modify or reduce the amount of taxes levied therefore, the*
17 *tax levies of the political or governmental subdivision shall not be*
18 *included in or considered in computing the aggregate limitation upon*
19 *the property tax levies of the city or county.*

20 (6) *Any tax levy increase as a result of another taxing entity being*
21 *dissolved and all powers, responsibilities, duties and liabilities of the*
22 *taxing entity have been transferred to a city located in the county in*
23 *which the taxing entity is located, or to the county in which the taxing*
24 *entity is located, to carry on the function and responsibilities of the*
25 *dissolved taxing entity, so long as the levy increase does not exceed the*
26 *levy of the dissolved taxing entity.*

27 Sec. 3. *K.S.A. 79-2925c is hereby repealed.*

28 ~~Sec. 2.~~ 4. This act shall take effect and be in force from and after its
29 publication in the statute book.