

HOUSE BILL No. 2573

By Representative Proctor

1-24

1 AN ACT concerning property taxation; relating to tax levy rates; requiring
2 certain libraries that have budgets approved by taxing subdivisions to
3 be subject to the revenue neutral rate independent of the taxing
4 subdivision; amending K.S.A. 2023 Supp. 79-2988 and repealing the
5 existing section.
6

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

8 Section 1. K.S.A. 2023 Supp. 79-2988 is hereby amended to read as
9 follows: 79-2988. (a) On or before June 15 of each year, the county clerk
10 shall calculate the revenue neutral rate for each taxing subdivision and
11 include such revenue neutral rate on the notice of the estimated assessed
12 valuation provided to each taxing subdivision for budget purposes. The
13 director of accounts and reports shall modify the prescribed budget
14 information form to show the revenue neutral rate.

15 (b) No tax rate in excess of the revenue neutral rate shall be levied by
16 the governing body of any taxing subdivision unless a resolution or
17 ordinance has been approved by the governing body according to the
18 following procedure:

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

22 (A) On the website of the governing body, if the governing body
23 maintains a website; and

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

28 (2) On or before July 20, the governing body shall notify the county
29 clerk of its proposed intent to exceed the revenue neutral rate and provide
30 the date, time and location of the public hearing and its proposed tax rate.
31 For all tax years commencing after December 31, 2021, the county clerk
32 shall notify each taxpayer with property in the taxing subdivision, by mail
33 directed to the taxpayer's last known address, of the proposed intent to
34 exceed the revenue neutral rate at least 10 days in advance of the public
35 hearing. Alternatively, the county clerk may transmit the notice to the
36 taxpayer by electronic means at least 10 days in advance of the public

1 hearing, if such taxpayer and county clerk have consented in writing to
2 service by electronic means. The county clerk shall consolidate the
3 required information for all taxing subdivisions relevant to the taxpayer's
4 property on one notice. The notice shall be in a format prescribed by the
5 director of accounts and reports. The notice shall include, but not be
6 limited to:

7 (A) The revenue neutral rate of each taxing subdivision relevant to
8 the taxpayer's property;

9 (B) the proposed property tax revenue needed to fund the proposed
10 budget of the taxing subdivision, if the taxing subdivision notified the
11 county clerk of its proposed intent to exceed its revenue neutral rate;

12 (C) the proposed tax rate based upon the proposed budget and the
13 current year's total assessed valuation of the taxing subdivision, if the
14 taxing subdivision notified the county clerk of its proposed intent to
15 exceed its revenue neutral rate;

16 (D) the percentage by which the proposed tax rate exceeds the
17 revenue neutral rate;

18 (E) the tax rate and property tax of each taxing subdivision on the
19 taxpayer's property from the previous year's tax statement;

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

22 (G) the estimates of the tax for the current tax year on the taxpayer's
23 property based on the revenue neutral rate of each taxing subdivision and
24 any proposed tax rates that exceed the revenue neutral rates;

25 (H) the difference between the estimates of tax based on the proposed
26 tax rate and the revenue neutral rate on the taxpayer's property described in
27 subparagraph (G) for any taxing subdivision that has a proposed tax rate
28 that exceeds its revenue neutral rate; and

29 (I) the date, time and location of the public hearing of the taxing
30 subdivision, if the taxing subdivision notified the county clerk of its
31 proposed intent to exceed its revenue neutral rate.

32 Although the state of Kansas is not a taxing subdivision for purposes of
33 this section, the notice shall include a statement of the statutory mill levies
34 imposed by the state and the estimate of the tax for the current year on the
35 taxpayer's property based on such levies.

36 (3) The public hearing to consider exceeding the revenue neutral rate
37 shall be held not ~~sooner~~ *earlier* than August 20 and not later than
38 September 20. The governing body shall provide interested taxpayers
39 desiring to be heard an opportunity to present oral testimony within
40 reasonable time limits and without unreasonable restriction on the number
41 of individuals allowed to make public comment. The public hearing may
42 be conducted in conjunction with the proposed budget hearing pursuant to
43 K.S.A. 79-2929, and amendments thereto, if the governing body otherwise

1 complies with all requirements of this section. Nothing in this section shall
2 be construed to prohibit additional public hearings that provide additional
3 opportunities to present testimony or public comment prior to the public
4 hearing required by this section.

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

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

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

1 If upon a summary proceeding or hearing, it shall be made to appear to the
2 satisfaction of the board that the governing body of the taxing subdivision
3 did not comply with subsection (b), the state board of tax appeals shall
4 order such governing body to refund to taxpayers the amount of property
5 taxes over collected or reduce the taxes levied, if uncollected. The
6 provisions of this paragraph shall not be construed as prohibiting any other
7 remedies available under the law.

8 (d) On and after January 1, 2022, in the event that the 20 mills levied
9 by a school district pursuant to K.S.A. 72-5142, and amendments thereto,
10 increases the property tax revenue generated for the purpose of calculating
11 the revenue neutral rate from the previous tax year and such amount of
12 increase in revenue generated from the 20 mills is the only reason the
13 school district would exceed the total property tax revenue from the prior
14 year, the school district shall be deemed to not have exceeded the revenue
15 neutral rate in levying a tax rate in excess of the revenue neutral rate to
16 take into account the increase in revenue from only the 20 mills.

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

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

29 (f) As used in this section:

30 (1) "Taxing subdivision" means any political subdivision of the state
31 that levies an ad valorem tax on property, *except that a library that is*
32 *required to have its budget approved by another taxing subdivision shall*
33 *be considered a separate taxing subdivision for purposes of this section.*

34 (2) "Revenue neutral rate" means the tax rate for the current tax year
35 that would generate the same property tax revenue as levied the previous
36 tax year using the current tax year's total assessed valuation. To calculate
37 the revenue neutral rate, the county clerk shall divide the property tax
38 revenue for such taxing subdivision levied for the previous tax year by the
39 total of all taxable assessed valuation in such taxing subdivision for the
40 current tax year, and then multiply the quotient by 1,000 to express the rate
41 in mills. The revenue neutral rate shall be expressed to the third decimal
42 place. *A taxing subdivision that is required to approve a budget for a*
43 *library shall not include the library budget in determining the revenue*

1 *neutral rate of the taxing subdivision. The revenue neutral rate of such*
2 *library shall be calculated separately.*

3 (g) In the event that a county clerk incurred costs of printing and
4 postage that were not reimbursed pursuant to K.S.A. 2023 Supp. 79-2989,
5 and amendments thereto, such county clerk may seek reimbursement from
6 all taxing subdivisions required to send the notice. Such costs shall be
7 shared proportionately by all taxing subdivisions that were included on the
8 same notice based on the total property tax levied by each taxing
9 subdivision. Payment of such costs shall be due to the county clerk by
10 December 31.

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

- 20 (1) A list of taxing subdivisions by county;
- 21 (2) whether each taxing subdivision conducted a hearing to consider
22 exceeding its revenue neutral rate;
- 23 (3) the revenue neutral rate of each taxing subdivision;
- 24 (4) the tax rate resulting from the adopted budget of each taxing
25 subdivision; and
- 26 (5) the percent change between the revenue neutral rate and the tax
27 rate for each taxing subdivision.

28 Sec. 2. K.S.A. 2023 Supp. 79-2988 is hereby repealed.

29 Sec. 3. This act shall take effect and be in force from and after its
30 publication in the statute book.