

REPORTS OF STANDING COMMITTEES

MADAM PRESIDENT:

The Committee on **Assessment and Taxation** recommends **SB 294** be amended on page 1, in line 6, before "Section" by inserting "New"; also in line 6, by striking all after "(a)"; by striking all in lines 7 through 34 and inserting "On or before June 15 each year, the county clerk shall calculate the revenue neutral rate for each taxing subdivision and include such revenue neutral rate on the notice of the estimated assessed valuation provided to each taxing subdivision for budget purposes. The director of accounts and reports shall modify the prescribed budget information form to show the revenue neutral rate."; in line 35, by striking "certified tax" and inserting "revenue neutral";

On page 2, in line 1, by striking "or taxing district"; in line 5, by striking "certified tax" and inserting "revenue neutral"; in line 6, by striking "or taxing district"; in line 8, after the period by inserting "The notice shall include, but not be limited to, its proposed tax rate, its revenue neutral rate and the date, time and location of the public hearing."; in line 9, by striking "August 1" and inserting "July 15"; in line 10, by striking "certified tax" and inserting "revenue neutral"; also in line 10, after "rate" by inserting "and provide the date, time and location of the public hearing and its proposed tax rate"; in line 11, by striking "or"; in line 12, by striking "taxing district"; in line 18, by striking "or taxing district"; also in line 18, after the period by inserting "The county clerk may consolidate the required information for all taxing subdivisions relevant to the taxpayer's property on one notice."; in line 20, by striking all after the first "The"; in line 21, by striking "certified tax" and inserting "revenue neutral"; in line 26, by striking all after "subdivision"; in line 27, by striking "district"; in line 33, by striking "certified tax" and inserting

"revenue neutral"; in line 35, by striking "certified tax" and inserting "revenue neutral"; by striking all in lines 40 and 41; in line 42, by striking all before "The";

On page 3, in line 4, by striking "certified tax" and inserting "revenue neutral"; in line 6, by striking "certified tax" and inserting "revenue neutral"; in line 10, by striking "(d)" and inserting "(b)"; in line 12, by striking "certified tax" and inserting "revenue neutral"; in line 14, by striking all after "of" ; by striking all in line 15; in line 16, by striking all before the period and inserting "this section shall not apply to school districts organized and operating under the laws of this state"; in line 18, by striking "or"; in line 19, by striking all before "must"; in line 20, by striking all before "rate" and inserting "revenue neutral"; in line 21, by striking "or taxing district"; also in line 21, by striking "October 1" and inserting "September 20"; in line 24, by striking "or taxing district"; also in line 24, by striking "\$5,000" and inserting "\$20,000";

Also on page 3, following line 25, by inserting:

"(g) As used in this section:

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

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

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

Sec. 2. K.S.A. 79-2925c is hereby amended to read as follows: 79-2925c. (a) (1) On and after

January 1, 2017, and prior to January 1, 2021, the governing body of any city or county shall not approve any appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the next preceding year as adjusted to reflect the average changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding five calendar years, which shall not be less than zero, unless the city or county approves the appropriation or budget with the adoption of a resolution and such resolution has been submitted to and approved by a majority of the qualified electors of the city or county voting at an election called and held thereon, except as otherwise provided.

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

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

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

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

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

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

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

- (B) increased personal property valuation;
- (C) real property located within added jurisdictional territory;
- (D) real property which has changed in use;
- (E) expiration of any abatement of property from property tax; or

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

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

(A) Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property 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, 2016;

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

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

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

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

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

- (3) Any increased property tax revenues generated for law enforcement, fire protection or

emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.

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

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

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

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

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

Sec. 3. K.S.A. 79-2925c is hereby repealed.";

And by redesignating sections, subsections, paragraphs, subparagraphs and clauses accordingly;

On page 1, in the title, in line 3, by striking "certified tax" and inserting "revenue neutral"; also in line 3, after "rate" by inserting "; discontinuing the city and county tax lid; amending K.S.A. 79-2925c and repealing the existing section"; and the bill be passed as amended.

_____Chairperson