

SENATE BILL No. 482

By Committee on Ways and Means

2-7

1 AN ACT concerning property taxation; relating to tax levy rates; providing
2 that county clerks are not required to send revenue neutral rate notices
3 to property owners of exempt property; **modifying and prescribing the**
4 **contents of the revenue neutral rate public hearing notice; permitting**
5 **a tax levy that generates the same amount of revenue as the previous**
6 **year when the final assessed valuation decreases compared to the**
7 **estimated assessed valuation; requiring that the governing body's**
8 **vote be conducted on the same day as the commencement of the**
9 **public hearing;** amending K.S.A. 2023 Supp. 79-2988 and repealing
10 the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

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

20 (b) **Except as otherwise provided in this section,** no tax rate in excess
21 of the revenue neutral rate shall be levied by the governing body of any
22 taxing subdivision unless a resolution or ordinance has been approved by
23 the governing body according to the following procedure:

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

27 (A) On the website of the governing body, if the governing body
28 maintains a website; and

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

33 (2) On or before July 20, the governing body shall notify the county
34 clerk of its proposed intent to exceed the revenue neutral rate and provide
35 the date, time and location of the public hearing and its proposed tax rate.
36 For all tax years commencing after December 31, 2021, the county clerk

1 shall notify each taxpayer with property in the taxing subdivision, by mail
2 directed to the taxpayer's last known address, of the proposed intent to
3 exceed the revenue neutral rate at least 10 days in advance of the public
4 hearing. Alternatively, the county clerk may transmit the notice to the
5 taxpayer by electronic means at least 10 days in advance of the public
6 hearing, if such taxpayer and county clerk have consented in writing to
7 service by electronic means. *The county clerk is not required to send a*
8 *notice to a property owner of property that is exempt from ad valorem*
9 *taxation.* The county clerk shall consolidate the required information for
10 all taxing subdivisions relevant to the taxpayer's property on one notice.
11 The notice shall be in a format prescribed by the director of accounts and
12 reports. The notice shall include, but not be limited to:

13 ~~(A) The revenue neutral rate of each taxing subdivision relevant to~~
14 ~~the taxpayer's property;~~

15 ~~(B) the proposed property tax revenue needed to fund the proposed~~
16 ~~budget of the taxing subdivision, if the taxing subdivision notified the~~
17 ~~county clerk of its proposed intent to exceed its revenue neutral rate;~~

18 ~~(C) the proposed tax rate based upon the proposed budget and the~~
19 ~~current year's total assessed valuation of the taxing subdivision, if the~~
20 ~~taxing subdivision notified the county clerk of its proposed intent to~~
21 ~~exceed its revenue neutral rate;~~

22 ~~(D) the percentage by which the proposed tax rate exceeds the~~
23 ~~revenue neutral rate;~~

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

26 ~~(F) the appraised value and assessed value of the taxpayer's property~~
27 ~~for the current year;~~

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

31 ~~(H) the difference between the estimates of tax based on the proposed~~
32 ~~tax rate and the revenue neutral rate on the taxpayer's property described in~~
33 ~~subparagraph (G) for any taxing subdivision that has a proposed tax rate~~
34 ~~that exceeds its revenue neutral rate; and~~

35 ~~(I) the date, time and location of the public hearing of the taxing~~
36 ~~subdivision, if the taxing subdivision notified the county clerk of its~~
37 ~~proposed intent to exceed its revenue neutral rate~~
38 *The following heading:*

39 ***NOTICE OF PROPOSED PROPERTY TAX INCREASE AND***
PUBLIC HEARINGS

40 ***[Current year] [County name] County Revenue Neutral Rate Notice***

41 ***This is NOT a bill. Do not remit payment. "***

42 ***(B) the following statement:***

43 ***"This notice contains estimates of the tax on your property and***

1 *proposed property tax increases. THE ACTUAL TAX ON YOUR*
 2 *PROPERTY MAY INCREASE OR DECREASE FROM THESE*
 3 *ESTIMATES. Governing bodies of taxing subdivisions must vote in*
 4 *order to exceed the Revenue Neutral Rate to increase the total property*
 5 *taxes collected. Governing bodies will vote at public hearings at the*
 6 *dates, times and locations listed. Taxpayers may attend and comment at*
 7 *the hearings. Property tax statements will be issued after mill rates are*
 8 *finalized and taxes are calculated.";*

9 (C) *the appraised value and assessed value of the taxpayer's*
 10 *property for the current year and the previous year;*

11 (D) *the amount of property tax of each taxing subdivision on the*
 12 *taxpayer's property from the previous year's tax statement in a column*
 13 *titled: "[Previous year] Tax";*

14 (E) *the estimated amount of property tax for the current year of*
 15 *each taxing subdivision on the taxpayer's property based on the revenue*
 16 *neutral rate of each taxing subdivision in a column titled: "[Current*
 17 *year] Tax at Revenue Neutral Rate";*

18 (F) *the estimated amount of property tax for the current year of*
 19 *each taxing subdivision on the taxpayer's property based on either: (i)*
 20 *The revenue neutral rate for a taxing subdivision that does not intend to*
 21 *exceed its revenue neutral rate; or (ii) the proposed tax rate provided by*
 22 *the taxing subdivision, if the taxing subdivision notified the county clerk*
 23 *of its proposed intent to exceed its revenue neutral rate in a column*
 24 *titled: "[Current year] Maximum Tax";*

25 (G) *the difference between the amount of the current year's*
 26 *maximum tax and the previous year's tax, reflected in dollars and a*
 27 *percentage, for each taxing subdivision in a column titled: "[Current*
 28 *year] Maximum Tax Exceeding [Previous year] Tax";*

29 (H) *the date, time and location of the public hearing of each taxing*
 30 *subdivision that notified the county clerk of its proposed intent to exceed*
 31 *its revenue neutral rate in a column titled: "Date, Time and Location of*
 32 *Public Hearing"; and*

33 (I) *for each taxing subdivision public hearing listed pursuant to*
 34 *subparagraph (H), the difference between the current year's maximum*
 35 *tax and the estimated amount of property tax based on the revenue*
 36 *neutral rate of such taxing subdivision in a column titled: "[Current*
 37 *year] Maximum Tax Exceeding Tax at Revenue Neutral Rate".*

38 Although the state of Kansas is not a taxing subdivision for purposes of
 39 this section, the notice shall include a statement of the statutory mill levies
 40 imposed by the state *the previous year's tax amount* and the estimate of
 41 the tax for the current year on the taxpayer's property based on ~~such~~ *the*
 42 *statutory mill* levies.

43 (3) The public hearing to consider exceeding the revenue neutral rate

1 shall be held not sooner than August 20 and not later than September 20.
2 The governing body shall provide interested taxpayers desiring to be heard
3 an opportunity to present oral testimony within reasonable time limits and
4 without unreasonable restriction on the number of individuals allowed to
5 make public comment. The public hearing may be conducted in
6 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,
7 and amendments thereto, if the governing body otherwise complies with
8 all requirements of this section. Nothing in this section shall be construed
9 to prohibit additional public hearings that provide additional opportunities
10 to present testimony or public comment prior to the public hearing
11 required by this section.

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

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

33 (2) Any taxpayer of the taxing subdivision that is the subject of the
34 complaint or such taxpayer's duly authorized representative may file a
35 complaint with the state board of tax appeals by filing a written complaint,
36 on a form prescribed by the board, that contains the facts that the
37 complaining party believes show that a governing body of a taxing
38 subdivision did not comply with the provisions of subsection (b) and that a
39 reduction or refund of taxes is appropriate. The complaining party shall
40 provide a copy of such complaint to the governing body of the taxing
41 subdivision making the levy that is the subject of the complaint.
42 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee
43 shall be charged by the executive director of the state board of tax appeals

1 for a complaint filed pursuant to this paragraph. The governing body of the
2 taxing subdivision making the levy that is the subject of the complaint
3 shall be a party to the proceeding. Notice of any summary proceeding or
4 hearing shall be served upon such governing body, the county clerk, the
5 director of accounts and reports and the complaining party. It shall be the
6 duty of the governing body to initiate the production of evidence to
7 demonstrate, by a preponderance of the evidence, the validity of such levy.
8 If upon a summary proceeding or hearing, it shall be made to appear to the
9 satisfaction of the board that the governing body of the taxing subdivision
10 did not comply with subsection (b), the state board of tax appeals shall
11 order such governing body to refund to taxpayers the amount of property
12 taxes over collected or reduce the taxes levied, if uncollected. The
13 provisions of this paragraph shall not be construed as prohibiting any other
14 remedies available under the law.

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

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

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

36 (f) As used in this section:

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

39 (2) "Revenue neutral rate" means the tax rate for the current tax year
40 that would generate the same property tax revenue as levied the previous
41 tax year using the current tax year's total assessed valuation. To calculate
42 the revenue neutral rate, the county clerk shall divide the property tax
43 revenue for such taxing subdivision levied for the previous tax year by the

1 total of all taxable assessed valuation in such taxing subdivision for the
2 current tax year, and then multiply the quotient by 1,000 to express the rate
3 in mills. The revenue neutral rate shall be expressed to the third decimal
4 place.

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

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

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

30 ***(i) Notwithstanding any provisions to the contrary, in the event any***
31 ***governing body does not comply with the provisions of subsection (b)***
32 ***because such governing body did not intend to exceed its revenue***
33 ***neutral rate but the final taxable assessed valuation of such taxing***
34 ***subdivision used to calculate the actual tax levy is less than the estimated***
35 ***assessed valuation used to calculate the revenue neutral rate, such***
36 ***governing body shall be permitted to levy a tax rate that generates the***
37 ***same amount of property tax revenue as levied the previous year or less.***

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

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