

House Local Government Committee

March 20, 2015

Department of Administration

Testimony in Support of SB 244

Good afternoon and thank you for the opportunity to present testimony in support of SB 244, that would make changes to the publication requirements of certain taxing subdivisions.

My name is Roger Basinger and I am a member of the Municipal Services Team in the Office of the Chief Financial Officer, which is part of the Department of Administration.

As you are aware, the Office of Repealer was established in 2011 by executive order with the purpose of identifying those laws, rules and regulations that were cumbersome, onerous or burdensome. The changes we have brought for your consideration fits that definition.

The proposed legislation is intended to reduce the publication requirements of multi-county taxing units to one newspaper within the municipality when coupled with additional publication via the official website of each county having territory in the municipality. The legislation should ease the administrative burden and cost for the multi-county municipalities while protecting the public involvement in the budget process.

A good example of this situation is the Central Kansas Library System which is based in Barton County. The system covers 16 counties and is required to have its Notice of Budget Hearing published in each of those counties at least 10 days prior to the budget hearing. If one newspaper fails to publish the notice in a timely manner, the possibility exists that the hearing will need to be rescheduled, and publication will need to occur in all 16 newspapers again resulting in additional expense to the library system and delays to the annual budget process.

In addition, in publishing the 2015 Notice of Budget Hearing, the Central Kansas Library System incurred almost \$1,300 in publication cost for an ad valorem tax levy of \$2,030,771. As a comparison, the City of Great Bend incurred a publication cost of \$62 for an ad valorem tax levy of \$4,607,812 in its 2015 budget.

This bill would also make consistent throughout the budget law the determination of newspaper for publication and establishes the timeframe – within 30 days of budget adoption - in which the Notice of Vote needs to be published.

With all due respect to the Senate, we are offering the attached amendments seeking to return the bill to its original intent. Our intent in seeking the legislation was to reduce the publication costs and administrative burden for municipalities that are located in multiple counties by allowing publication in one newspaper of the municipality and one internet publication on the official county website have the greatest valuation in the municipality. In the Senate, the bill

was amended to add the internet publication requirement in all counties in which the municipality has territory, and the department is in agreement with the amendment. However, the amendment which would reduce the publication requirement offered by the Senate; while well-meaning, interested in transparency, and public notice; would actually increase in the administrative burden for most multi-county municipalities, because very few municipalities would qualify for the publication exemption. The remaining multi-county municipalities would still be required to continue with newspaper publications in each county along with the new requirement of internet publication.

We believe that the one newspaper publication with the multi-county internet publication would improve the efficiency of the publication process for these multi-county jurisdictions while continuing to provide taxpayers with the appropriate level of notification concerning the budget process.

Thank you for this opportunity and I would be pleased to answer any questions.

{As Amended by Senate Committee of the Whole}

*As Amended by Senate Committee*

Session of 2015

SENATE BILL No. 244

By Committee on Ways and Means

2-17

AN ACT concerning municipalities; relating to approval of budgets; requiring certain notifications; amending K.S.A. 79-2929 and K.S.A. 2014 Supp. 79-2925b and repealing the existing sections.

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

Section 1. K.S.A. 2014 Supp. 79-2925b is hereby amended to read as follows: 79-2925b. (a) Without a majority vote so providing, the governing body of any municipality shall not approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year, 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. If the total tangible property valuation in any municipality increases from the next preceding year due to increases in the assessed valuation of existing tangible property and such increase exceeds changes in the consumer price index, the governing body shall lower the amount of ad valorem tax to be levied to the amount of ad valorem tax levied in the next preceding year, adjusted to reflect changes in the consumer price index. This subsection shall not apply to ad valorem taxes levied under K.S.A. 72-6431, 76-6b01 and 76-6b04, and amendments thereto, and any other ad valorem tax levy which was previously approved by the voters of such municipality. Notwithstanding the requirements of this subsection, nothing herein shall prohibit a municipality from increasing the amount of ad valorem tax to be levied if the municipality approves the increase with a majority vote of the governing body and publishes such vote as provided in subsection (c).

(b) Revenue that, in the current year, is produced and attributable to the taxation of:

- (1) New improvements to real property;
- (2) increased personal property valuation, other than increased valuation of oil and gas leaseholds and mobile homes;
- (3) property located within added jurisdictional territory; or
- (4) property which has changed in use shall not be considered when determining whether revenue produced from property has increased from the next preceding year.

(c) In the event the governing body votes to approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year as provided in subsection (a), notice of such vote and, **by yeas and {,} nays, {and passes} how each member of the governing body voted**, shall be published in the official county newspaper of the county where such municipality is located within 30 days following the adoption of such budget in a ~~{the official} a~~ weekly or daily newspaper of the county having a general circulation therein. A municipality located in more than one county shall publish notice of such vote in a ~~{an official} a~~ weekly or daily newspaper *of the municipality having a general circulation therein* ~~{in each county which contains at least 5% of the total appraised value of the real property in that municipality and in each county in which 15% of the total appraised value in the county is subject to the tax}~~ and for a period of not less than 10 days on the official website of

~~the each county of greatest valuation of~~ **having territory in the municipality or, in the absence thereof, on a website designated by the secretary of administration.**

(d) The provisions of this section shall be applicable to all fiscal and budget years commencing on and after the effective date of this act.

(e) The provisions of this section shall not apply to revenue received from property tax levied for the sole purpose of repayment of the principal of and interest upon bonded indebtedness, temporary notes and no-fund warrants.

(f) For purposes of this section, "municipality" means any political subdivision of the state which levies an ad valorem tax on property and includes, but is not limited to, any county, township, municipal university, school district, community college, drainage district or other taxing district. "Municipality" shall not include any such political subdivision or taxing district which receives \$1,000 or less in revenue from property taxes in the current year.

Sec. 2. K.S.A. 79-2929 is hereby amended to read as follows: 79- 2929. Prior to the filing of the adopted budget with the county clerk, the governing body of each taxing or political subdivision or municipality shall meet for the purpose of answering and hearing objections of taxpayers relating to the proposed budget and for the purpose of considering amendments to such proposed budget. The governing body shall give at least 10 days' notice of the time and place of the meeting by publication **in a {the official} a** weekly or daily newspaper of the county having a general circulation therein. *A taxing or political subdivision or municipality located in more than one county shall give at least 10 days' notice of the time and place of the meeting by publication in a {an official} a* weekly or daily newspaper of the municipality having general circulation therein and for a period of not less than 10 days on the official county website of ~~the each county of greatest valuation of~~ **having territory in the municipality or, in the absence thereof, on a website designated by the secretary of administration.** Such notice shall include the proposed budget and shall set out all essential items in the budget except such groupings as designated by the director of accounts and reports on a special publication form prescribed by the director of accounts and reports and furnished with the regular budget form. The notice of a governing body of any taxing subdivision or municipality having an annual expenditure of \$500 or less shall specify the time and place of the meeting required by this section but shall not be required to include the proposed budget of such taxing subdivision or municipality.

Sec. 3. K.S.A. 79-2929 and K.S.A. 2014 Supp. 79-2925b are hereby repealed.

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