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MEMORANDUM

To: Senate Committee on Assessment and Taxation

From: Office of Revisor of Statutes

Date: March 17, 2025

Subject: House Bill No. 2396, As Amended by House Committee

Summary

House Bill No. 2396, as amended by the House Committee on Taxation, authorizes the use of a protest petition to limit funding of a taxing jurisdiction by property tax revenues above a certain amount, establishes the acknowledging stewardship of tax revenue and appropriations (ASTRA) fund and authorizes certain transfers from the state general fund to qualifying cities and counties, and eliminates the revenue neutral rate requirements by taxing subdivisions and the taxpayer notification costs fund.

Protest Petition

New Section 1 provides that all taxing jurisdictions, except for school districts and the State of Kansas, would be subject to a protest petition if the governing body adopted an appropriation or budget whereby the property tax revenues exceed the prior year's plus the CPI, any revenue attributed to new construction or improvements and any revenue dedicated to paying for bonds approved by a vote of electors on and after July 1, 2025.

In the event that 10% or more of the voters of the votes cast for the office of U.S. President from the prior election sign the protest petition, the taxing jurisdiction would be limited to property tax revenues equal to the prior year plus the CPI, new construction property tax revenue and any revenue dedicated to paying for bonds approved by a vote of electors on and after July 1, 2025. If the protest petition fails to garner the sufficient number of signatures, the taxing jurisdiction would be able to levy the property tax revenues sought. Copies of any available protest petitions would be available in the County Treasurer for all taxing jurisdictions located in the County.

The protest petition provisions would not apply for any year in which the $60,000,000 transfer provided in Section 2(b) was not made.

ASTRA Fund

New Section 2 provides a yearly transfer from the state general fund of $60,000,000 to the acknowledging stewardship of tax revenue and appropriations (ASTRA) fund created in the bill. There would also be an increase in the transfer amount of 2% per year after the first year. Cities and counties in the state would be eligible for a disbursement from the fund if their budget does not exceed the tax revenues from the prior year plus the CPI, any revenue attributed to new construction or improvements and any revenue dedicated to paying for bonds approved by a vote of electors on and after July 1, 2025. First, the state treasurer will calculate an apportionment for each county based on:

> (1) 65% of the amount to be distributed shall be apportioned on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201, and amendments thereto, on July 1 of the preceding year; and
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> (2) 35% of such amount shall be apportioned on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property valuation.

If eligible, the county and each city contained therein would then receive a part of the apportionment based on the ratio of property taxes levied by the county and the property taxes levied by any cities located within the county. Any amounts not transferred would be returned to the state general fund.

The funds shall only be used for services, including, but not limited to, roads and bridges, law enforcement, elections, public health and safety or any other services mandated by law.

The state treasurer would also annually provide a list of the counties and cities that received a transfer from the fund, and a list of those that did not, to the House Committee on Taxation and Senate Committee on Assessment and Taxation.

Revenue Neutral Rate Repeal

Sections 3 through 5 and the Repealer would remove and eliminate the provisions and requirements of the revenue neutral rate. K.S.A. 2024 Supp. 79-2988 and 79-2989 would be repealed.

The bill would take effect from and after its publication in the statute book.

The bill passed the House on March 7, 2025, on a vote of 115-6.