

**SECOND CONFERENCE COMMITTEE REPORT BRIEF
SENATE BILL NO. 82**

As Agreed to April 10, 2025

Brief*

SB 82 would create a local government property tax funding limit, except in cases of certain super majority votes of governing bodies; establish the Advancing Stewardship of Tax Revenue and Appropriations (ASTRA) Fund to provide payments to taxing jurisdictions not exceeding levels specified by the bill; and provide for transfers from the State General Fund (SGF) to the ASTRA Fund.

The bill would be in effect upon publication in the *Kansas Register*.

Property Tax Funding Limit

The bill would limit, unless approved by a vote of at least 80 percent of the members of the governing body of a taxing jurisdiction, the amount of ad valorem property tax revenue used to fund a taxing jurisdiction's budget.

The limit would be the amount from the prior year and tax increases associated with the construction of new structures or improvements or the remodeling or renovation of existing structures or improvements, excluding ordinary maintenance and repair and the lesser of:

- 3 percent; or
- The combination of:
 - The annual percentage increase of the Consumer Price Index for All Urban Consumers in the Midwest Region, as published by the Bureau of Labor Statistics of the U.S. Department of Labor; and
 - The payment of a bond issue approved at an election held on or after July 1, 2025.

The funding limit would not apply to the State or to school districts.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <https://klrd.gov/>

ASTRA Transfers and Payments

The bill would create the ASTRA Fund. Under the bill, any city or county adopting a budget financed with property taxes equal to or less than the funding limit established by the bill would receive payments from the ASTRA Fund.

The bill would provide for \$60.0 million to be transferred to the ASTRA Fund from the SGF by a demand transfer on or before July 15. The transfer amount would increase by 2 percent per year in future years.

The amount transferred to the ASTRA Fund would be apportioned across the counties, with 65 percent distributed according to county population and 35 percent distributed according to county assessed valuation.

The county government and each city government within the county would be assigned, on or before January 15 following the transfer from the SGF to the ASTRA Fund, a proportion of the county's apportionment based on the county or city's total assessed valuations used to calculate property taxes levied in the preceding year.

Counties and cities adopting a budget with property taxes that do not exceed their revenue neutral rate would receive 100 percent of their assigned ASTRA Fund amount. Counties and cities adopting a budget with property taxes that do not exceed the midpoint between their revenue neutral rate amount and the property tax limit established by the bill would receive 75 percent of their assigned ASTRA Fund amount. Counties and cities adopting a budget with property taxes that do not exceed the property tax limit established by the bill would receive 50 percent of their assigned ASTRA Fund amount.

Counties and cities exceeding the property tax limit established by the bill, or those attempting to exceed such limit, but failing to do so by virtue of not achieving an 80 percent vote of the governing body of the taxing jurisdiction, would not receive funds from the ASTRA Fund. The Office of the State Treasurer would be authorized to request and receive any records necessary to confirm that a county or city is eligible to receive funds from the ASTRA Fund.

The bill would require funds paid to cities and counties to 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.

Any amounts not paid to cities or counties by virtue of the taxing jurisdiction adopting property taxes in excess of the allowed amount would be deposited in the State Treasury to the credit of the ASTRA Fund. Transfers from the SGF to the ASTRA Fund in future years would be reduced by any amount remaining in the ASTRA Fund.

The State Treasurer would be required to report to the House Committee on Taxation and the Senate Committee on Assessment and Taxation a list of cities and counties receiving and not receiving payments from the ASTRA Fund by January 31 of each year.

The bill would also contain provisions appropriating the ASTRA Fund within the budget of the State Treasurer.

Conference Committee Action

The second Conference Committee agreed to remove the contents of SB 82, regarding rural emergency hospitals, and insert the property tax funding limit and ASTRA Fund provisions of SB 35, as passed by the House, and further amending those provisions to:

- Replace the protest petition with an 80 percent super majority vote requirement;
- Add a 3 percent plus new construction ceiling to the property tax funding limit; and
- Modify the provisions related to the payment amounts from the ASTRA Fund and modify the name of the Fund.

[*Note:* The second Conference Committee did not insert the provisions of SB 35, as passed by the House, regarding the repeal of the revenue neutral rate law or the reauthorization of the statewide school finance mill levy.]

Background

The second Conference Committee Report contains amended provisions from SB 35. Background information for SB 35 is provided below.

SB 35 (Property Tax Limit and ASTRA Fund)

The House Committee of the Whole removed the contents of the bill, regarding the elimination of state mill levies for certain state building funds and the replacement of revenue for those funds with transfers from the SGF, and inserted the provisions of HB 2396, as amended by the House Committee on Taxation, with further amendments:

- Establishing the Costs Fund and providing for the mailing of protest petition notices and the reimbursement of costs thereof;
- Providing for the payments from the ASTRA Fund to cities and counties to be based on taxable valuation within the tax districts rather than the amount of tax levied by the districts;
- Requiring a roll call vote by taxing jurisdictions in the adoption of a budget exceeding the funding limit established by the bill; and
- Reauthorizing the statewide school finance mill levy.

[*Note:* The Conference Committee retained the amendment related to the basis for payments from the ASTRA Fund. The Conference Committee did not retain the amendments reauthorizing the statewide school finance mill levy, establishing the Costs Fund, and requiring roll call votes.]

The bill was introduced by the House Committee on Taxation at the request of Representative A. Smith.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Association of Counties, Kansas Association of School Boards, Kansas Farm Bureau, Kansas School Superintendents' Association, and United School Administrators of Kansas. The proponents generally stated the bill would eliminate revenue neutral provisions, which sometimes confuse taxpayers, and provide for property tax relief based on payments to local governments and the ability for taxpayers to protest certain tax increases by petition.

Written-only proponent testimony was provided by representatives of the Johnson County Board of County Commissioners, Kansas Legislative Policy Group, and National Federation of Independent Business.

Neutral testimony was provided by a representative of the League of Kansas Municipalities.

Written-only neutral testimony was provided by a representative of the Saline County Board of County Commissioners.

Written-only opponent testimony was provided by a representative of the City of Overland park, generally stating the bill would enable a minority of the citizens of a taxing jurisdiction to block a budget that might be approved by a majority of the citizens.

No other testimony was provided.

The House Committee amended the bill to:

- Change the protest petition threshold from 10 percent of the number of votes cast in the most recent Secretary of State general election to 10 percent of the number of the votes cast in the most recent general election for U.S. President;
- Exclude property tax revenues dedicated to paying bond issues approved after July 1, 2025, from the calculation of property taxes triggering the protest petition opportunity and excluding the taxing jurisdiction from payments from the ASTRA Fund;
- Require annual reporting from the State Treasurer of a list of cities and counties receiving and not receiving payments from the ASTRA Fund;
- Require the Director of Accounts and Reports to provide a standard protest petition form; and
- Require protest petition availability to be posted on existing county social media.

[*Note:* The Conference Committee retained the amendments related to bond issues and annual reporting from the State Treasurer. The Conference Committee did not retain the amendments related to protest petitions.]

[*Note:* Senate Sub. for HB 2396, as recommended by the Senate Committee on Assessment and Taxation, would create a property tax funding limit in cases of successful protest petitions, provide for the delivery of notices for such protest petitions, and make changes to the form required to be used for revenue neutral rate notices.]

Fiscal Information

According to the fiscal note on HB 2396, as introduced, the bill would increase SGF expenditures by \$60.0 million in FY 2026, \$61.2 million in FY 2027, and \$62.4 million in FY 2028. For budgetary purposes, demand transfers are considered expenditures from the fund from which moneys are being transferred out.

The Department of Revenue and State Treasurer indicate the costs of implementation of HB 2396, as introduced, are negligible and could be absorbed within existing resources.

The Kansas Association of Counties and League of Kansas Municipalities indicate enactment of the bill would have an indeterminate fiscal effect on local governments.

Taxation; property tax; transfers; ASTRA Fund; super majority

ccrb_sb82_02_410pm.odt