

HOUSE BILL No. 2396

By Committee on Taxation

Requested by Representative A. Smith

2-27

1 AN ACT concerning property taxation; relating to property tax revenues of
2 taxing jurisdictions; authorizing the use of a protest petition to limit
3 funding of a taxing jurisdiction by property tax revenues above a
4 certain amount; establishing the acknowledging stewardship of tax
5 revenue and appropriations (ASTRA) fund and authorizing certain
6 transfers from the state general fund to qualifying cities and counties;
7 eliminating the revenue neutral rate requirements by taxing
8 subdivisions and the taxpayer notification costs fund; amending K.S.A.
9 2024 Supp. 72-5137, 79-1801 and 79-2929 and repealing the existing
10 sections; also repealing K.S.A. 2024 Supp. 79-2988 and 79-2989.

11

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

13 New Section 1. (a) (1) The governing body of any taxing jurisdiction
14 that approves any appropriation or budget that provides for funding by
15 property tax revenues in excess of the amount provided in subsection (b)
16 may have such appropriation or budget subject to a protest petition and a
17 reduction in the amount of property tax revenues allowed to be levied by
18 the taxing jurisdiction. A protest petition contesting the increase in
19 property tax revenues for the taxing jurisdiction may be submitted to the
20 county clerk within 30 days, or the next business day after if the 30th day
21 falls on a weekend or county holiday, following the date that the governing
22 body of a taxing jurisdiction certifies to the county clerk the amount of ad
23 valorem tax to be levied pursuant to K.S.A. 79-1801, and amendments
24 thereto. If a taxing jurisdiction fails to timely certify the amount of ad
25 valorem tax to be levied pursuant to K.S.A. 79-1801, and amendments
26 thereto, the taxing jurisdiction shall be limited to funding by property tax
27 revenues at the maximum amount provided in subsection (b).

28 (2) The county clerk shall notify the county treasurer of all taxing
29 jurisdictions that approve any appropriation or budget that provides for
30 funding by property tax revenues in excess of the amount provided in
31 subsection (b). The county treasurer's office shall post on its website, if
32 such website exists, and post in the county treasurer's office whether any
33 protest petitions are available for any taxing jurisdiction within the county.
34 The county treasurer shall also make available in the county treasurer's
35 office during business hours a copy of each protest petition with the

1 signature page in order to obtain signatures. The requirements set forth in
2 K.S.A. 25-3602, and amendments thereto, relating to the filing of petitions
3 at one time all in one group and the petition circulator and signature
4 requirements shall not apply to protest petitions maintained by a county
5 treasurer. In the event that a protest petition is signed by at least 10% of
6 the qualified voters of the votes cast for the office of secretary of state at
7 the last general election in such taxing jurisdiction, and is filed within 30
8 days with the county clerk of the county, the taxing jurisdiction shall be
9 limited to funding by property tax revenues at the maximum amount
10 provided in subsection (b). Upon the finding that a petition protesting the
11 increase in funding by property tax revenues was signed by less than the
12 required number of voters, the taxing jurisdiction shall proceed with the
13 increases in funding by property tax revenues. The provisions of this
14 subsection shall not apply in the event the transfer provided in section
15 2(b), and amendments thereto, is not provided.

16 (b) A taxing jurisdiction shall be limited in its budget to a total
17 amount of ad valorem tax to be levied in an amount that is equal to or less
18 than the total amount of ad valorem tax levied for the preceding tax year,
19 increased by an amount that is equal to or less than such ad valorem tax
20 when the following are included:

21 (1) An increase of not more than the amount of the annual percentage
22 of consumer price index for all urban consumers in the midwest region as
23 published by the bureau of labor statistics of the United States department
24 of labor multiplied by the total amount of ad valorem tax levied for the
25 preceding tax year; and

26 (2) increased property tax revenues that, in the current year, are
27 produced and attributable to the taxation of the construction of any new
28 structures or improvements or the remodeling or renovation of any
29 existing structures or improvements on real property, excluding any
30 ordinary maintenance or repair of any existing structures or improvements
31 on the property. The director of property valuation shall provide to the
32 state treasurer any information required under this paragraph.

33 (c) The provisions of this section shall not apply to the state of
34 Kansas or a school district.

35 New Sec. 2. (a) There is hereby created the acknowledging
36 stewardship of tax revenue and appropriations (ASTRA) fund. All moneys
37 transferred or credited to such fund under the provisions of this act or any
38 other law shall be apportioned and distributed in the manner provided
39 herein.

40 (b) On July 15 of each year, or as soon thereafter as moneys are
41 available, \$60,000,000 shall be transferred by the director of accounts and
42 reports from the state general fund to the acknowledging stewardship of
43 tax revenue and appropriations (ASTRA) fund. All transfers made in

1 accordance with the provisions of this section shall be considered to be
2 demand transfers from the state general fund. Commencing with the
3 transfer on July 15, 2026, the amount to be transferred pursuant to this
4 subsection shall be increased by 2% from the prior year's transfer.

5 (c) The state treasurer shall calculate the apportionment for each
6 county based on the following: (1) 65% of the amount to be distributed
7 shall be apportioned on the basis of the population figures of the counties
8 certified to the secretary of state pursuant to K.S.A. 11-201, and
9 amendments thereto, on July 1 of the preceding year; and (2) 35% of such
10 amount shall be apportioned on the basis of the equalized assessed tangible
11 valuations on the tax rolls of the counties on November 1 of the preceding
12 year as certified by the director of property valuation. The county and each
13 city contained therein, if eligible pursuant to subsection (d), shall receive a
14 proportion of such apportionment based on the ratio of the property taxes
15 levied of the county and the property taxes levied of any cities located
16 within the county. The state treasurer shall send notice to every county and
17 city by August 1 with the maximum amount of ad valorem tax to be levied
18 to qualify pursuant to section 1(b), and amendments thereto, and the
19 amount of payment from the acknowledging stewardship of tax revenue
20 and appropriations (ASTRA) fund. The director of property valuation shall
21 provide to the state treasurer any information required under this
22 paragraph.

23 (d) The director of property valuation shall certify to the state
24 treasurer on or before November 15, the amount of ad valorem tax to be
25 levied pursuant to K.S.A. 79-1801, and amendments thereto, whether the
26 county's or any city's budget provides for a total amount of ad valorem tax
27 to be levied in an amount that is less than or equal to the amount of ad
28 valorem tax levied for the preceding year increased by an amount that is
29 equal to or less than the amount provided in section 1(b), and amendments
30 thereto.

31 (e) On or before January 15th following the transfer provided in
32 subsection (b), the state treasurer shall pay the amount specified in
33 subsection (c) to each eligible county and city. Such funds shall only be
34 used for services, including, but not limited to, roads and bridges, law
35 enforcement, elections, public health and safety or any other services
36 mandated by law

37 (f) If it is determined a county or city received payment and was not
38 entitled to the payment, the county or city shall return or remit such
39 payment to the state treasurer. Upon receipt of each such remittance, the
40 state treasurer shall deposit the entire amount in the state treasury to the
41 credit of the state general fund.

42 (g) Any amounts that are not transferred because a city or county did
43 not comply with the provisions of this act shall be deposited by the state

1 treasurer in the state treasury to the credit of the state general fund.

2 Sec. 3. K.S.A. 2024 Supp. 72-5137 is hereby amended to read as
3 follows: 72-5137. On or before October 10 of each school year, the clerk
4 or superintendent of each school district shall certify under oath to the
5 state board a report showing the total enrollment of the school district by
6 grades maintained in the schools of the school district and such other
7 reports as the state board may require. Each such report shall show
8 postsecondary education enrollment, career technical education
9 enrollment, special education enrollment, bilingual education enrollment,
10 at-risk student enrollment and virtual school enrollment in such detail and
11 form as is specified by the state board. Upon receipt of such reports, the
12 state board shall examine the reports and if the state board finds any errors
13 in any such report, the state board shall consult with the school district
14 officer furnishing the report and make any necessary corrections in the
15 report. On or before August 25 of each year, each such clerk or
16 superintendent shall also certify to the state board a copy of the budget
17 adopted by the school district, ~~except when a school district must conduct~~
18 ~~a public hearing to approve exceeding the revenue neutral rate under~~
19 ~~K.S.A. 2024 Supp. 79-2988, and amendments thereto, a copy of such~~
20 ~~budget shall be certified to the state board on or before September 20.~~

21 Sec. 4. K.S.A. 2024 Supp. 79-1801 is hereby amended to read as
22 follows: 79-1801. (a) Except as provided by subsection (b), each year the
23 governing body of any city, the trustees of any township, the board of
24 education of any school district and the governing bodies of all other
25 taxing subdivisions shall certify, on or before August 25, to the proper
26 county clerk the amount of ad valorem tax to be levied. Thereupon, the
27 county clerk shall place the tax upon the tax roll of the county, in the
28 manner prescribed by law, and the tax shall be collected by the county
29 treasurer. The county treasurer shall distribute the proceeds of the taxes
30 levied by each taxing subdivision in the manner provided by K.S.A. 12-
31 1678a, and amendments thereto.

32 (b) ~~Prior to January 1, 2021, if the governing body of a city or county~~
33 ~~must conduct an election for an increase in property tax to fund any~~
34 ~~appropriation or budget under K.S.A. 25-433a, and amendments thereto,~~
35 ~~the governing body of the city or county shall certify, on or before October~~
36 ~~1, to the proper county clerk the amount of ad valorem tax to be levied. On~~
37 ~~and after January 1, 2021 2025, if the governing body of a taxing~~
38 ~~subdivision must conduct a public hearing to approve exceeding the~~
39 ~~revenue neutral rate amend its budget pursuant to a successful protest~~
40 ~~petition under K.S.A. 2024 Supp. 79-2988 section 1, and amendments~~
41 ~~thereto, the governing body of the taxing subdivision shall certify, on or~~
42 ~~before October 1, to the proper county clerk the amount of ad valorem tax~~
43 ~~to be levied.~~

1 Sec. 5. K.S.A. 2024 Supp. 79-2929 is hereby amended to read as
2 follows: 79-2929. Prior to the filing of the adopted budget with the county
3 clerk, the governing body of each taxing or political subdivision or
4 municipality shall meet for the purpose of answering and hearing
5 objections of taxpayers relating to the proposed budget and for the purpose
6 of considering amendments to such proposed budget. The governing body
7 shall give at least 10 days' notice of the time and place of the meeting by
8 publication in a weekly or daily newspaper of the county having a general
9 circulation therein. Such notice shall include the proposed budget and shall
10 set out all essential items in the budget except such groupings as
11 designated by the director of accounts and reports on a special publication
12 form prescribed by the director of accounts and reports and furnished with
13 the regular budget form. ~~Such form shall also include the revenue neutral~~
14 ~~rate as provided in K.S.A. 2024 Supp. 79-2988, and amendments thereto.~~
15 The notice of a governing body of any taxing subdivision or municipality
16 having an annual expenditure of \$500 or less shall specify the time and
17 place of the meeting required by this section but shall not be required to
18 include the proposed budget of such taxing subdivision or municipality.

19 Sec. 6. K.S.A. 2024 Supp. 72-5137, 79-1801, 79-2929, 79-2988 and
20 79-2989 are hereby repealed.

21 Sec. 7. This act shall take effect and be in force from and after its
22 publication in the statute book.