

SENATE BILL No. 452

By Committee on Assessment and Taxation

2-11

1 AN ACT concerning property taxation; relating to taxing subdivisions,
2 approval of budgets, resolution and election requirements; amending
3 K.S.A. 2015 Supp. 79-2925b and repealing the existing section.
4

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

6 Section 1. K.S.A. 2015 Supp. 79-2925b is hereby amended to read as
7 follows: 79-2925b. (a) Without a majority vote so providing, the governing
8 body of any municipality shall not approve any appropriation or budget, as
9 the case requires, which may be funded by revenue produced from
10 property taxes, and which provides for funding with such revenue in an
11 amount exceeding that of the next preceding year, adjusted to reflect
12 changes in the ~~consumer price index for all urban consumers as published~~
13 ~~by the United States department of labor~~ *municipal cost index* for the
14 preceding calendar year. If the total tangible property valuation in any
15 municipality increases from the next preceding year due to increases in the
16 assessed valuation of existing tangible property and such increase exceeds
17 changes in the ~~consumer price~~ *municipal cost index*, the governing body
18 shall lower the amount of ad valorem tax to be levied to the amount of ad
19 valorem tax levied in the next preceding year, adjusted to reflect changes
20 in the ~~consumer price~~ *municipal cost index*. This subsection shall not apply
21 to ad valorem taxes levied under K.S.A. 76-6b01 and 76-6b04 and K.S.A.
22 2015 Supp. 72-6470, and amendments thereto, and any other ad valorem
23 tax levy which was previously approved by the voters of such
24 municipality. Except as provided in subsection (g), notwithstanding the
25 requirements of this subsection, nothing herein shall prohibit a
26 municipality from increasing the amount of ad valorem tax to be levied if
27 the municipality approves the increase with a majority vote of the
28 governing body by the adoption of a resolution and publishes such vote as
29 provided in subsection (c).

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

- 32 (1) New improvements to real property;
33 (2) increased personal property valuation, other than increased
34 valuation of oil and gas leaseholds and mobile homes;
35 (3) property located within added jurisdictional territory; or
36 (4) property which has changed in use shall not be considered when

1 determining whether revenue produced from property has increased from
2 the next preceding year.

3 (c) In the event the governing body votes to approve any
4 appropriation or budget, as the case requires, which may be funded by
5 revenue produced from property taxes, and which provides for funding
6 with such revenue in an amount exceeding that of the next preceding year
7 as provided in subsection (a), notice of such vote shall be published in the
8 official county newspaper of the county where such municipality is
9 located.

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

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

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

23 (g) On and after January 1, 2018: (1) In the case of cities and
24 counties, any resolution by the governing body otherwise required by this
25 section to adopt any appropriation or budget which provides for funding
26 by property tax revenue in an amount exceeding that of the next preceding
27 year as adjusted pursuant to subsection (a) to reflect changes in the
28 ~~consumer price municipal cost~~ index, shall not become effective ~~unless~~
29 ~~such resolution has been submitted to and approved by a majority of the~~
30 ~~qualified electors of the city or county voting at an election called and held~~
31 ~~thereon, except as otherwise provided. The~~ *if a petition calling for an*
32 *election is submitted and signed by not less than 10% of the electors of the*
33 *city or county. If such a petition is submitted, then an election shall be*
34 *called and held in the manner provided by K.S.A. 10-120, and*
35 *amendments thereto, at the next regularly scheduled election to be held in*
36 *August or November, or may be a mail ballot election, conducted in*
37 *accordance with K.S.A. 25-431 et seq., and amendments thereto, or may*
38 *be a special election called by the city or county. Nothing in this*
39 *subsection shall prevent any city or county from holding more than one*
40 *election in any year.*

41 (2) A resolution by the governing body of a city or county otherwise
42 required by the provisions of this section shall not be required to be
43 approved by an election required by subsection (g)(1) under the following

1 circumstances:

2 (A) The increase in the amount of ad valorem tax to be levied that is
3 greater than the change in the ~~consumer price~~ *municipal cost* index is due
4 to:

5 ~~(i) Costs for new infrastructure or improvements to existing~~
6 ~~infrastructure to support new improvements to property exempt from~~
7 ~~property taxation pursuant to the provisions of K.S.A. 79-201 et seq., and~~
8 ~~amendments thereto, such as hospitals, schools and churches, or exempt~~
9 ~~additions to or improvements to property so exempt from property~~
10 ~~taxation~~ *Principal and interest upon state infrastructure loans, bonds,*
11 *temporary notes, no-fund warrants, payments made to a public building*
12 *commission and lease payments;*

13 (ii) bond and interest payments;

14 (iii) an increase in property subject to taxation as the result of the
15 expiration of any abatement of property from property tax;

16 (iv) increases in road construction costs when such construction has
17 been once approved by a resolution of the governing body of the city or
18 county;

19 (v) special assessments;

20 (vi) judgments levied against the city or county or expenses for legal
21 counsel and for defense of legal actions against the city or county or
22 officers of the city or county;

23 (vii) ~~new~~ expenditures that are specifically mandated by federal or
24 state law *after July 1, 2015*; ~~or~~

25 (viii) an increase in property subject to taxation as the result of new
26 construction;

27 (ix) *an increase in property tax revenues as a result of the expiration*
28 *of a tax increment financing district, rural housing incentive district,*
29 *neighborhood revitalization area or any other similar property tax rebate*
30 *or redirection program;*

31 (x) *employer contributions for social security, workers compensation,*
32 *unemployment insurance, health care costs and employee retirement and*
33 *pension programs;*

34 (xi) *expenses incurred by counties for district court operations and*
35 *expenses incurred by counties for the detention of juveniles;*

36 (xii) *expenses for which tax levies are authorized or required under*
37 *K.S.A. 12-11a01, 12-1617h, 19-4004, 19-4011, 19-4102, 19-4443 and 65-*
38 *6113, and amendments thereto; or*

39 (xiii) *expenses relating to a federal, state or local disaster or a*
40 *federal, state or local emergency declared by a federal official, state*
41 *official or municipal governing body;*

42 (B) the assessed valuation has declined in one or more of the next
43 preceding three calendar years and the increase in the amount of funding

1 for the budget or appropriation from revenue produced from property taxes
2 does not exceed the average amount of funding from such revenue of the
3 next preceding three calendar years, adjusted to reflect changes in the
4 ~~consumer price index for all urban consumers as published by the United~~
5 ~~States department of labor~~ *municipal cost index* for the preceding calendar
6 year; or

7 (C) the increase in the amount of ad valorem tax to be levied is less
8 than the change in the ~~consumer price~~ *municipal cost index* plus the loss of
9 assessed property valuation that has occurred as the result of legislative
10 action, judicial action or a ruling by the board of tax appeals.

11 (3) *Whenever a city or county is required by law to levy taxes for the*
12 *financing of the budget of any political or governmental subdivision of this*
13 *state that is not authorized by law to levy taxes on its own behalf, and the*
14 *governing body of such city or county is not authorized or empowered to*
15 *modify or reduce the amount of taxes levied therefore, the tax levies of*
16 *such political or governmental subdivision shall not be included in or*
17 *considered in computing the aggregate limitation upon the property tax*
18 *levies of the city or county.*

19 (4) *The governing body of any city or county may elect to use home*
20 *rule powers in the manner and subject to the limitations prescribed by*
21 *section 4 of article 12 of the constitution of the state of Kansas and other*
22 *laws of this state to exempt such city or county from subsection (g).*

23 Sec. 2. K.S.A. 2015 Supp. 79-2925b is hereby repealed.

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