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300 SW TENTH AVENUE ■ SUITE 24-E ■ TOPEKA, KS 66612 ■ (785) 296-2321

MEMORANDUM

To: Madam Chair and Members of the Committee on Assessment and Taxation

From: Amelia Kovar-Donohue, Assistant Revisor

Date: February 7, 2020

Subject: Senate Bill No. 294

Summary

Senate Bill No. 294 relates to property taxation and establishes new notice and public hearing requirements prior to approval by a governing body of a taxing subdivision or taxing district to exceed the certified tax rate as defined by the bill.

Subsection (a) provides that, on or before July 1 each year, the governing body of each taxing subdivision or taxing district shall calculate its certified tax rate. The certified tax rate is the tax rate for the current year that would generate the same property tax revenue as levied the previous year using the current year's total assessed valuation. The certified tax rate would be expressed in mills.

$$\text{Certified Tax Rate} = \frac{\text{Previous year's property tax revenue for such taxing subdivision}}{\text{Current year's total taxable assessed valuation in such taxing subdivision}}$$

Subsection (b) requires the governing body to submit its calculated certified tax rate and supporting documentation to the director of accounts and reports on or before July 1 each year, and the director of accounts and reports to review it for accuracy and notify the governing body of the results of its review before August 1. The director would also make copies available to the public on the Kansas department of administration website no later than September 1.

Subsection (c) requires the governing body to submit its certified tax rate to the director of accounts and reports on or before August 1 each year and to report its certified tax rate and the calculations on its proposed budget forms prepared pursuant to K.S.A. 79-2927, and amendments thereto.

Subsection (d) provides that no tax rate in excess of the certified tax rate shall be levied by the governing body of any taxing subdivision or taxing district unless a resolution or ordinance has been approved by the governing body according to the procedure enumerated. There are four general steps to the procedure:

- (1) The governing body shall publish notice of its intent to exceed its certified tax rate in the official county newspaper and on its website, if it maintains a website, at least 10 days in advance of the public hearing.

- (2) The governing body shall notify the county clerk on or before August 1 of its intent to exceed its certified tax rate. The county clerk shall notify each taxpayer with property in the taxing subdivision or taxing district of the intent of the governing body to exceed its certified tax rate, by mail or by electronic means, at least 10 days prior to the public hearing. Costs associated with the notice shall be borne by the taxing subdivision or taxing district. The notice shall include, but not be limited to:
 - (A) The certified tax rate and calculations used to compute the certified tax rate;
 - (B) the proposed property tax revenue needed to fund the proposed budget;
 - (C) the proposed tax rate based upon the proposed budget and the current year's total assessed valuation;
 - (D) the tax rate and property tax of the taxing subdivision or taxing district on the taxpayer's property from the previous year's tax statement;
 - (E) the proposed percent change in the tax rate between the previous year's tax rate and the current year's proposed tax rate;
 - (F) the current year's appraised value and assessed value of the taxpayer's property;
 - (G) the estimates of the tax for the current tax year on the taxpayer's property based on the certified tax rate and the proposed tax rate; and
 - (H) the date, time and location of the public hearing.

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(3) The public hearing to consider exceeding the certified tax rate shall be held on or before September 15. Interested taxpayers shall be provided an opportunity to present oral testimony within reasonable time limits and without unreasonable restricts on the number of individuals allowed to make public comment. The public hearing shall not be scheduled at the same time as a public hearing of another taxing subdivision or taxing district in the county scheduled for purposes of this section. The public hearing may be conducted in conjunction with the proposed budget hearing, if the governing body otherwise complies with the requirement of this section.

(4) A majority vote of the governing body to approve exceeding the certified tax rate, by the adoption of a resolution or ordinance, shall be required prior to adoption of a proposed budget that will result in a tax rate in excess of the certified tax rate. The vote shall be conducted at the public hearing after hearing interested taxpayers.

Subsection (e) provides that any governing body subject to the provisions of this section that does not comply with subsection (d), the notice and hearing requirements, shall refund to taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the certified tax rate.

Subsection (f) provides that the provisions of subsection (d), the notice and hearing requirements, do not apply if the increased property tax revenue for the current year is the result of the property tax levied pursuant to K.S.A. 72-5142, and amendments thereto, the 20 mill statewide school levy.

Subsection (g) provides that the governing body of a taxing subdivision or taxing district that must conduct public hearing to approve exceeding the certified tax rate under this section shall certify its amount of ad valorem tax to be levied to the county clerk on or before October 1.

Subsection (h) provides that the provisions of the section do not apply to any taxing subdivision or taxing district that receives \$5,000 or less in revenue from property taxes in the current year.

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