

As Amended by Senate Committee

Session of 2021

SENATE BILL No. 13

By Senators Tyson, Alley, Baumgardner, Erickson, Fagg, Hilderbrand, Kerschen,
Longbine, Peck, Steffen, Thompson and Warren

1-8

1 AN ACT concerning property taxation; relating to tax levy rates,
2 establishing notice and public hearing requirements prior to approval
3 by a governing body to exceed its revenue neutral rate and
4 discontinuing the city and county tax lid; prohibiting valuation increase
5 of real property solely as the result of normal repair, replacement or
6 maintenance; establishment of a payment plan for the payment of
7 delinquent or nondelinquent taxes; amending K.S.A. 79-1460, 79-1801,
8 79-2024 and 79-2925c and repealing the existing sections.
9

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

11 New Section 1. (a) On or before June 15 each year, the county clerk
12 shall calculate the revenue neutral rate for each taxing subdivision and
13 include such revenue neutral rate on the notice of the estimated assessed
14 valuation provided to each taxing subdivision for budget purposes. The
15 director of accounts and reports shall modify the prescribed budget
16 information form to show the revenue neutral rate.

17 (b) No tax rate in excess of the revenue neutral rate shall be levied by
18 the governing body of any taxing subdivision unless a resolution or
19 ordinance has been approved by the governing body according to the
20 following procedure:

21 (1) The governing body shall publish notice of its proposed intent to
22 exceed the revenue neutral rate on the website of the governing body, if the
23 governing body maintains a website, at least 10 days in advance of the
24 public hearing. The notice shall include, but not be limited to, its proposed
25 tax rate, its revenue neutral rate and the date, time and location of the
26 public hearing.

27 (2) On or before July 15, the governing body shall notify the county
28 clerk of its proposed intent to exceed the revenue neutral rate and provide
29 the date, time and location of the public hearing and its proposed tax rate.
30 The county clerk shall notify each taxpayer with property in the taxing
31 subdivision, by mail directed to the taxpayer's last known address, of the
32 proposed intent to exceed the revenue neutral rate at least 10 days in
33 advance of the public hearing. Alternatively, the county clerk may transmit
34 the notice to the taxpayer by electronic means at least 10 days in advance
35 of the public hearing, if such taxpayer and county clerk have consented in

1 testimony within reasonable time limits and without unreasonable
 2 restriction on the number of individuals allowed to make public comment.
 3 The public hearing may be conducted in conjunction with the proposed
 4 budget hearing pursuant to K.S.A. 79-2929, and amendments thereto, if
 5 the governing body otherwise complies with all requirements of this
 6 section. Nothing in this section shall be construed to prohibit additional
 7 public hearings that provide additional opportunities to present testimony
 8 or public comment prior to the public hearing required by this section.

9 (4) A majority vote of the governing body, by the adoption of a
 10 resolution or ordinance to approve exceeding the revenue neutral rate,
 11 shall be required prior to adoption of a proposed budget that will result in a
 12 tax rate in excess of the revenue neutral rate. Such vote of the governing
 13 body shall be conducted at the public hearing after the governing body has
 14 heard from interested taxpayers. If the governing body approves exceeding
 15 the revenue neutral rate, the governing body shall not adopt a budget that
 16 results in a tax rate in excess of its proposed tax rate as stated in the notice
 17 provided pursuant to this section.

18 (c) Any governing body subject to the provisions of this section that
 19 does not comply with subsection (b) shall refund to taxpayers any property
 20 taxes over-collected based on the amount of the levy that was in excess of
 21 the revenue neutral rate. The provisions of this subsection shall not be
 22 construed as prohibiting any other remedies available under the law.

23 (d) The provisions of this section shall not apply to school districts
 24 organized and operating under the laws of this state. Notwithstanding the
 25 foregoing sentence, the county clerk shall provide school district
 26 information when complying with county clerk responsibilities pursuant to
 27 this section including, but not limited to, providing the revenue neutral rate
 28 of the school district on the notice prescribed in subsection (b)(2). Such
 29 notice shall also include an explanation that the provisions of this section
 30 do not apply to school districts organized and operating under the laws of
 31 this state.

32 (e) If the governing body of a taxing subdivision must conduct a
 33 public hearing to approve exceeding the revenue neutral rate under this
 34 section, the governing body of the taxing subdivision shall certify, on or
 35 before September 20, to the proper county clerk the amount of ad valorem
 36 tax to be levied.

37 (f) As used in this section:

38 (1) "Taxing subdivision" means any political subdivision of the state
 39 that levies an ad valorem tax on property.

40 (2) "Revenue neutral rate" means the tax rate for the current tax year
 41 that would generate the same property tax revenue as levied the previous
 42 tax year using the current tax year's total assessed valuation. To calculate
 43 the revenue neutral rate, the county clerk shall divide the property tax

, except as otherwise provided

1 revenue for such taxing subdivision levied for the previous tax year by the
 2 total of all taxable assessed valuation in such taxing subdivision for the
 3 current tax year, and then multiply the quotient by 1,000 to express the rate
 4 in mills. The revenue neutral rate shall be expressed to the third decimal
 5 place.

, excluding the assessed valuation attributable to new growth

6 (g) The provisions of this section shall take effect and be in force
 7 from and after January 1, 2021.

8 Sec. 2. On and after July 1, 2021, K.S.A. 79-1460 is hereby amended
 9 to read as follows: 79-1460. (a) The county appraiser shall notify each
 10 taxpayer in the county annually on or before March 1 for real property and
 11 May 1 for personal property, by mail directed to the taxpayer's last known
 12 address, of the classification and appraised valuation of the taxpayer's
 13 property, except that, the valuation for all real property shall not be
 14 increased unless the record of the latest physical inspection was reviewed
 15 by the county or district appraiser, and documentation exists to support
 16 such increase in valuation in compliance with the directives and
 17 specifications of the director of property valuation, and such record and
 18 documentation is available to the affected taxpayer. *The valuation for all*
 19 *real property also shall not be increased solely as the result of normal*
 20 *repair, replacement or maintenance of existing structures, equipment or*
 21 *improvements on the property. For purposes of this section, "normal*
 22 *repair, replacement or maintenance" does not include new construction as*
 23 *defined in this section.* For the next two taxable years following the taxable
 24 year that the valuation for commercial real property has been reduced due
 25 to a final determination made pursuant to the valuation appeals process,
 26 the county appraiser shall review the computer-assisted mass-appraisal of
 27 the property and if the valuation in either of those two years exceeds the
 28 value of the previous year by more than 5%, excluding new construction,
 29 change in use or change in classification, the county appraiser shall either:
 30 (1) Adjust the valuation of the property based on the information provided
 31 in the previous appeal; or (2) order an independent fee simple appraisal of
 32 the property to be performed by a Kansas certified real property appraiser.
 33 As used in this section, "new construction" means the construction of any
 34 new structure or improvements or the remodeling or renovation of any
 35 existing structures or improvements on real property. When the valuation
 36 for real property has been reduced due to a final determination made
 37 pursuant to the valuation appeals process for the prior year, and the county
 38 appraiser has already certified the appraisal rolls for the current year to the
 39 county clerk pursuant to K.S.A. 79-1466, and amendments thereto, the
 40 county appraiser may amend the appraisal rolls and certify the changes to
 41 the county clerk to implement the provisions of this subsection and reduce
 42 the valuation of the real property to the prior year's final determination,
 43 except that such changes shall not be made after October 31 of the current

(3) "New growth" means:
 (A) The construction of any new structures or improvements on real property;
 (B) real property located within added jurisdictional territory;
 (C) real property that has changed in use;
 (D) the expiration of any abatement of property from property tax; and
 (E) the expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.