

**HOUSE BILL No. 2795**

By Committee on Taxation

Requested by Representative Eplee

2-9

1 AN ACT concerning property taxation; relating to tax levy rates; requiring  
2 notices to be sent on forms provided by the director of accounts and  
3 reports; granting taxing subdivisions the option to hold hearings on  
4 the same day and at the same location as other taxing subdivisions within a  
5 county; excluding the state mandated 20 mills levied by a school  
6 district from the revenue neutral rate; amending K.S.A. 2023 Supp. 79-  
7 2988 and repealing the existing section.  
8

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

10 Section 1. K.S.A. 2023 Supp. 79-2988 is hereby amended to read as  
11 follows: 79-2988. (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) At least 10 days in advance of the public hearing, the governing  
22 body shall publish notice of its proposed intent to exceed the revenue  
23 neutral rate by publishing notice:

24 (A) On the website of the governing body, if the governing body  
25 maintains a website; ~~and~~ or

26 (B) in a weekly or daily newspaper of the county having a general  
27 circulation therein.

28 The notice shall include, but not be limited to, its proposed tax rate, its  
29 revenue neutral rate and the date, time and location of the public hearing.

30 (2) On or before July 20, the governing body shall notify the county  
31 clerk of its proposed intent to exceed the revenue neutral rate and provide  
32 the date, time and location of the public hearing and its proposed tax rate.  
33 ~~For all tax years commencing after December 31, 2021,~~ The county clerk  
34 shall notify each taxpayer with property in the taxing subdivision, by mail  
35 directed to the taxpayer's last known address, of the proposed intent to

1 exceed the revenue neutral rate at least 10 days in advance of the public  
2 hearing. Alternatively, the county clerk may transmit the notice to the  
3 taxpayer by electronic means at least 10 days in advance of the public  
4 hearing, if such taxpayer and county clerk have consented in writing to  
5 service by electronic means. The county clerk shall consolidate the  
6 required information for all taxing subdivisions relevant to the taxpayer's  
7 property on one notice. The notice shall be ~~in~~ *on a format prescribed form*  
8 *provided* by the director of accounts and reports. The notice shall include,  
9 but not be limited to:

10 (A) The revenue neutral rate of each taxing subdivision relevant to  
11 the taxpayer's property;

12 (B) the proposed property tax revenue needed to fund the proposed  
13 budget of the taxing subdivision, if the taxing subdivision notified the  
14 county clerk of its proposed intent to exceed its revenue neutral rate;

15 (C) the proposed tax rate based upon the proposed budget and the  
16 current year's total assessed valuation of the taxing subdivision, if the  
17 taxing subdivision notified the county clerk of its proposed intent to  
18 exceed its revenue neutral rate;

19 (D) the percentage by which the proposed tax rate exceeds the  
20 revenue neutral rate;

21 (E) the tax rate and property tax of each taxing subdivision on the  
22 taxpayer's property from the previous year's tax statement;

23 (F) the appraised value and assessed value of the taxpayer's property  
24 for the current year;

25 (G) the estimates of the tax for the current tax year on the taxpayer's  
26 property based on the revenue neutral rate of each taxing subdivision and  
27 any proposed tax rates that exceed the revenue neutral rates;

28 (H) the difference between the estimates of tax based on the proposed  
29 tax rate and the revenue neutral rate on the taxpayer's property described in  
30 subparagraph (G) for any taxing subdivision that has a proposed tax rate  
31 that exceeds its revenue neutral rate; and

32 (I) the date, time and location of the public hearing of the taxing  
33 subdivision, if the taxing subdivision notified the county clerk of its  
34 proposed intent to exceed its revenue neutral rate.

35 Although the state of Kansas is not a taxing subdivision for purposes of  
36 this section, the notice shall include a statement of the statutory mill levies  
37 imposed by the state and the estimate of the tax for the current year on the  
38 taxpayer's property based on such levies.

39 (3) The public hearing to consider exceeding the revenue neutral rate  
40 shall be held not sooner than August 20 and not later than September 20.  
41 The governing body shall provide interested taxpayers desiring to be heard  
42 an opportunity to present oral testimony within reasonable time limits and  
43 without unreasonable restriction on the number of individuals allowed to

1 make public comment. The public hearing may be conducted in  
2 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,  
3 and amendments thereto, if the governing body otherwise complies with  
4 all requirements of this section. *Taxing subdivisions may hold public*  
5 *hearings on the same date and at the same location as other taxing*  
6 *subdivisions within a county.* Nothing in this section shall be construed to  
7 prohibit additional public hearings that provide additional opportunities to  
8 present testimony or public comment prior to the public hearing required  
9 by this section.

10 (4) A majority vote of the governing body, by the adoption of a  
11 resolution or ordinance to approve exceeding the revenue neutral rate,  
12 shall be required prior to adoption of a proposed budget that will result in a  
13 tax rate in excess of the revenue neutral rate. Such vote of the governing  
14 body shall be conducted at the public hearing after the governing body has  
15 heard from interested taxpayers and shall be a roll call vote. If the  
16 governing body approves exceeding the revenue neutral rate, the  
17 governing body shall not adopt a budget that results in a tax rate in excess  
18 of its proposed tax rate as stated in the notice provided pursuant to this  
19 section. A copy of the resolution or ordinance to approve exceeding the  
20 revenue neutral rate and a certified copy of any roll call vote reporting, at a  
21 minimum, the name and vote of each member of the governing body  
22 related to exceeding the revenue neutral rate, whether approved or not,  
23 shall be included with the adopted budget, budget certificate and other  
24 budget forms filed with the county clerk and the director of accounts and  
25 reports and shall be published on the website of the department of  
26 administration.

27 (c) (1) Any governing body subject to the provisions of this section  
28 that does not comply with subsection (b) shall refund to taxpayers any  
29 property taxes over-collected based on the amount of the levy that was in  
30 excess of the revenue neutral rate.

31 (2) Any taxpayer of the taxing subdivision that is the subject of the  
32 complaint or such taxpayer's duly authorized representative may file a  
33 complaint with the state board of tax appeals by filing a written complaint,  
34 on a form prescribed by the board, that contains the facts that the  
35 complaining party believes show that a governing body of a taxing  
36 subdivision did not comply with the provisions of subsection (b) and that a  
37 reduction or refund of taxes is appropriate. The complaining party shall  
38 provide a copy of such complaint to the governing body of the taxing  
39 subdivision making the levy that is the subject of the complaint.  
40 Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee  
41 shall be charged by the executive director of the state board of tax appeals  
42 for a complaint filed pursuant to this paragraph. The governing body of the  
43 taxing subdivision making the levy that is the subject of the complaint

1 shall be a party to the proceeding. Notice of any summary proceeding or  
2 hearing shall be served upon such governing body, the county clerk, the  
3 director of accounts and reports and the complaining party. It shall be the  
4 duty of the governing body to initiate the production of evidence to  
5 demonstrate, by a preponderance of the evidence, the validity of such levy.  
6 If upon a summary proceeding or hearing, it shall be made to appear to the  
7 satisfaction of the board that the governing body of the taxing subdivision  
8 did not comply with subsection (b), the state board of tax appeals shall  
9 order such governing body to refund to taxpayers the amount of property  
10 taxes over collected or reduce the taxes levied, if uncollected. The  
11 provisions of this paragraph shall not be construed as prohibiting any other  
12 remedies available under the law.

13 (d) On and after January 1, ~~2022~~ 2025, ~~in the event that~~ the 20 mills  
14 levied by a school district pursuant to K.S.A. 72-5142, and amendments  
15 thereto, ~~increases the property tax revenue generated for the purpose of~~  
16 ~~calculating the revenue neutral rate from the previous tax year and such~~  
17 ~~amount of increase in revenue generated from the 20 mills is the only~~  
18 ~~reason the school district would exceed the total property tax revenue from~~  
19 ~~the prior year, the school district shall be deemed to not have exceeded~~  
20 ~~shall be excluded when calculating the revenue neutral rate in levying a~~  
21 ~~tax rate in excess of the revenue neutral rate to take into account the~~  
22 ~~increase in revenue from only the 20 mills.~~

23 (e) (1) Notwithstanding any other provision of law to the contrary, if  
24 the governing body of a taxing subdivision must conduct a public hearing  
25 to approve exceeding the revenue neutral rate under this section, the  
26 governing body of the taxing subdivision shall certify, on or before  
27 October 1, to the proper county clerk the amount of ad valorem tax to be  
28 levied.

29 (2) If a governing body of a taxing subdivision did not comply with  
30 the provisions of subsection (b) and certifies to the county clerk an amount  
31 of ad valorem tax to be levied that would result in a tax rate in excess of its  
32 revenue neutral rate, the county clerk shall reduce the ad valorem tax to be  
33 levied to the amount resulting from such taxing subdivision's revenue  
34 neutral rate.

35 (f) As used in this section:

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

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

1 current tax year, and then multiply the quotient by 1,000 to express the rate  
2 in mills. The revenue neutral rate shall be expressed to the third decimal  
3 place.

4 (g) In the event that a county clerk incurred costs of printing and  
5 postage that were not reimbursed pursuant to K.S.A. 2023 Supp. 79-2989,  
6 and amendments thereto, such county clerk may seek reimbursement from  
7 all taxing subdivisions required to send the notice. Such costs shall be  
8 shared proportionately by all taxing subdivisions that were included on the  
9 same notice based on the total property tax levied by each taxing  
10 subdivision. Payment of such costs shall be due to the county clerk by  
11 December 31.

12 (h) The department of administration or the director of accounts and  
13 reports shall make copies of adopted budgets, budget certificates, other  
14 budget documents and revenue neutral rate documents available to the  
15 public on the department of administration's website on a permanently  
16 accessible web page that may be accessed via a conspicuous link to that  
17 web page placed on the front page of the department's website. The  
18 department of administration or the director of accounts and reports shall  
19 also make the following information for each tax year available on such  
20 website:

- 21 (1) A list of taxing subdivisions by county;
- 22 (2) whether each taxing subdivision conducted a hearing to consider  
23 exceeding its revenue neutral rate;
- 24 (3) the revenue neutral rate of each taxing subdivision;
- 25 (4) the tax rate resulting from the adopted budget of each taxing  
26 subdivision; and
- 27 (5) the percent change between the revenue neutral rate and the tax  
28 rate for each taxing subdivision.

29 Sec. 2. K.S.A. 2023 Supp. 79-2988 is hereby repealed.

30 Sec. 3. This act shall take effect and be in force from and after  
31 January 1, 2025, and its publication in the statute book.