

SENATE BILL No. 468

By Committee on Assessment and Taxation

2-6

1 AN ACT concerning property tax; relating to tax levy rates; prohibiting
2 cities and counties that grant or approve certain property tax
3 exemptions or tax increment financing from exceeding their revenue
4 neutral rates; amending K.S.A. 2023 Supp. 79-2988 and repealing the
5 existing section.
6

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

8 Section 1. K.S.A. 2023 Supp. 79-2988 is hereby amended to read as
9 follows: 79-2988. (a) On or before June 15 each year, the county clerk
10 shall calculate the revenue neutral rate for each taxing subdivision and
11 include such revenue neutral rate on the notice of the estimated assessed
12 valuation provided to each taxing subdivision for budget purposes. The
13 director of accounts and reports shall modify the prescribed budget
14 information form to show the revenue neutral rate.

15 (b) *Except as otherwise provided in this section*, no tax rate in excess
16 of the revenue neutral rate shall be levied by the governing body of any
17 taxing subdivision unless a resolution or ordinance has been approved by
18 the governing body according to the following procedure:

19 (1) At least 10 days in advance of the public hearing, the governing
20 body shall publish notice of its proposed intent to exceed the revenue
21 neutral rate by publishing notice:

22 (A) On the website of the governing body, if the governing body
23 maintains a website; and

24 (B) in a weekly or daily newspaper of the county having a general
25 circulation therein. The notice shall include, but not be limited to, its
26 proposed tax rate, its revenue neutral rate and the date, time and location
27 of the public hearing.

28 (2) On or before July 20, the governing body shall notify the county
29 clerk of its proposed intent to exceed the revenue neutral rate and provide
30 the date, time and location of the public hearing and its proposed tax rate.
31 For all tax years commencing after December 31, 2021, the county clerk
32 shall notify each taxpayer with property in the taxing subdivision, by mail
33 directed to the taxpayer's last known address, of the proposed intent to
34 exceed the revenue neutral rate at least 10 days in advance of the public
35 hearing. Alternatively, the county clerk may transmit the notice to the
36 taxpayer by electronic means at least 10 days in advance of the public

1 hearing, if such taxpayer and county clerk have consented in writing to
2 service by electronic means. The county clerk shall consolidate the
3 required information for all taxing subdivisions relevant to the taxpayer's
4 property on one notice. The notice shall be in a format prescribed by the
5 director of accounts and reports. The notice shall include, but not be
6 limited to:

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

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

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

16 (D) the percentage by which the proposed tax rate exceeds the
17 revenue neutral rate;

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

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

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

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

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

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

36 (3) The public hearing to consider exceeding the revenue neutral rate
37 shall be held not sooner than August 20 and not later than September 20.
38 The governing body shall provide interested taxpayers desiring to be heard
39 an opportunity to present oral testimony within reasonable time limits and
40 without unreasonable restriction on the number of individuals allowed to
41 make public comment. The public hearing may be conducted in
42 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,
43 and amendments thereto, if the governing body otherwise complies with

1 all requirements of this section. Nothing in this section shall be construed
2 to prohibit additional public hearings that provide additional opportunities
3 to present testimony or public comment prior to the public hearing
4 required by this section.

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

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

26 (2) Any taxpayer of the taxing subdivision that is the subject of the
27 complaint or such taxpayer's duly authorized representative may file a
28 complaint with the state board of tax appeals by filing a written complaint,
29 on a form prescribed by the board, that contains the facts that the
30 complaining party believes show that a governing body of a taxing
31 subdivision did not comply with the provisions of ~~subsection (b)~~ *this*
32 *section* and that a reduction or refund of taxes is appropriate. The
33 complaining party shall provide a copy of such complaint to the governing
34 body of the taxing subdivision making the levy that is the subject of the
35 complaint. Notwithstanding K.S.A. 74-2438a, and amendments thereto, no
36 filing fee shall be charged by the executive director of the state board of
37 tax appeals for a complaint filed pursuant to this paragraph. The governing
38 body of the taxing subdivision making the levy that is the subject of the
39 complaint shall be a party to the proceeding. Notice of any summary
40 proceeding or hearing shall be served upon such governing body, the
41 county clerk, the director of accounts and reports and the complaining
42 party. It shall be the duty of the governing body to initiate the production
43 of evidence to demonstrate, by a preponderance of the evidence, the

1 validity of such levy. If upon a summary proceeding or hearing, it shall be
2 made to appear to the satisfaction of the board that the governing body of
3 the taxing subdivision did not comply with ~~subsection (b)~~ *the provisions of*
4 *this section*, the state board of tax appeals shall order such governing body
5 to refund to taxpayers the amount of property taxes over collected or
6 reduce the taxes levied, if uncollected. The provisions of this paragraph
7 shall not be construed as prohibiting any other remedies available under
8 the law.

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

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

24 (2) If a governing body of a taxing subdivision did not comply with
25 the provisions of ~~subsection (b)~~ *this section* and certifies to the county
26 clerk an amount of ad valorem tax to be levied that would result in a tax
27 rate in excess of its revenue neutral rate, the county clerk shall reduce the
28 ad valorem tax to be levied to the amount resulting from such taxing
29 subdivision's revenue neutral rate.

30 (f) As used in this section:

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

33 (2) "Revenue neutral rate" means the tax rate for the current tax year
34 that would generate the same property tax revenue as levied the previous
35 tax year using the current tax year's total assessed valuation. To calculate
36 the revenue neutral rate, the county clerk shall divide the property tax
37 revenue for such taxing subdivision levied for the previous tax year by the
38 total of all taxable assessed valuation in such taxing subdivision for the
39 current tax year, and then multiply the quotient by 1,000 to express the rate
40 in mills. The revenue neutral rate shall be expressed to the third decimal
41 place.

42 (g) In the event that a county clerk incurred costs of printing and
43 postage that were not reimbursed pursuant to K.S.A. 2023 Supp. 79-2989,

1 and amendments thereto, such county clerk may seek reimbursement from
2 all taxing subdivisions required to send the notice. Such costs shall be
3 shared proportionately by all taxing subdivisions that were included on the
4 same notice based on the total property tax levied by each taxing
5 subdivision. Payment of such costs shall be due to the county clerk by
6 December 31.

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

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

24 (i) *On and after January 1, 2026, no tax rate in excess of the revenue*
25 *neutral rate shall be levied by the governing body of any city or county*
26 *when such city or county granted, approved or otherwise authorized*
27 *during the preceding calendar year: (1) Any property tax exemption*
28 *pursuant to the provisions of either: (A) Section 13 of article 11 of the*
29 *constitution of the state of Kansas; or (B) K.S.A. 12-1740 et seq., and 79-*
30 *201a Second or Twenty-Fourth, and amendments thereto, for any property*
31 *constructed or purchased with the proceeds of revenue bonds; or (2) any*
32 *tax increment financing pursuant to the provisions of: (A) Article 17 of*
33 *chapter 12 of the Kansas Statutes Annotated, and amendments thereto,*
34 *including, but not limited to, K.S.A. 12-1770 et seq., 12-17,114 et seq., 12-*
35 *17,121 et seq., and 12-17,160 et seq., and amendments thereto; or (B) any*
36 *other provision of law. For purposes of this subsection, a city or county*
37 *otherwise authorizing a property tax exemption or tax increment financing*
38 *includes, but is not limited to, adopting any resolution of intent, letter of*
39 *intent, inducement resolution, motion or other document to grant, approve*
40 *or authorize a property tax abatement, an exemption or tax increment*
41 *financing or authorizing the issuance of bonds. Such a governing body*
42 *shall be limited to generating the same amount of property tax revenue as*
43 *levied the previous tax year.*

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

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