

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 writing to service by electronic means. Costs associated with the notice
2 shall be borne by the taxing subdivisions proposing intent to exceed the
3 revenue neutral rate with payment due to the county clerk by December
4 31. The cost borne by a taxing subdivision proposing intent to exceed its
5 revenue neutral rate shall be based on the costs associated with the notices
6 for property in such taxing subdivision, which shall be shared equally by
7 all taxing subdivisions proposing intent to exceed the revenue neutral rate
8 included on the same notices for such property, unless otherwise agreed.
9 The county clerk shall consolidate the required information for all taxing
10 subdivisions relevant to the taxpayer's property on one notice. The notice
11 shall be in a format prescribed by the director of accounts and reports. The
12 notice shall include, but not be limited to:

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

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

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

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

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

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

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

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

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

40 (3) The public hearing to consider exceeding the revenue neutral rate
41 shall be held on or before September 10. The governing body shall provide
42 interested taxpayers desiring to be heard an opportunity to present oral
43 testimony within reasonable time limits and without unreasonable

1 restriction on the number of individuals allowed to make public comment.
2 The public hearing may be conducted in conjunction with the proposed
3 budget hearing pursuant to K.S.A. 79-2929, and amendments thereto, if
4 the governing body otherwise complies with all requirements of this
5 section. Nothing in this section shall be construed to prohibit additional
6 public hearings that provide additional opportunities to present testimony
7 or public comment prior to the public hearing required by this section.

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

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

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

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

36 (f) As used in this section:

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

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

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

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

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

1 term "taxpayer" shall be deemed to be the person in ownership of the
2 property as indicated on the records of the office of register of deeds or
3 county clerk and, in the case where the real property or improvement
4 thereon is the subject of a lease agreement, such term shall also be deemed
5 to include the lessee of such property if the lease agreement has been
6 recorded or filed in the office of the register of deeds. Such notice shall
7 specify separately both the previous and current appraised and assessed
8 values for each property class identified on the parcel. Such notice shall
9 also contain the uniform parcel identification number prescribed by the
10 director of property valuation. Such notice shall also contain a statement of
11 the taxpayer's right to appeal, the procedure to be followed in making such
12 appeal and the availability without charge of the guide devised pursuant to
13 subsection (b). Such notice may, and if the board of county commissioners
14 so require, shall provide the parcel identification number, address and the
15 sale date and amount of any or all sales utilized in the determination of
16 appraised value of residential real property. In any year in which no
17 change in appraised valuation of any real property from its appraised
18 valuation in the next preceding year is determined, an alternative form of
19 notification which has been approved by the director of property valuation
20 may be utilized by a county. Failure to timely mail or receive such notice
21 shall in no way invalidate the classification or appraised valuation as
22 changed. The secretary of revenue shall adopt rules and regulations
23 necessary to implement the provisions of this section.

24 (b) For all taxable years commencing after December 31, 1999, there
25 shall be provided to each taxpayer, upon request, a guide to the property
26 tax appeals process. The director of the division of property valuation shall
27 devise and publish such guide, and shall provide sufficient copies thereof
28 to all county appraisers. Such guide shall include but not be limited to: (1)
29 A restatement of the law which pertains to the process and practice of
30 property appraisal methodology, including the contents of K.S.A. 79-503a
31 and 79-1460, and amendments thereto; (2) the procedures of the appeals
32 process, including the order and burden of proof of each party and time
33 frames required by law; and (3) such other information deemed necessary
34 to educate and enable a taxpayer to properly and competently pursue an
35 appraisal appeal.

36 Sec. 3. K.S.A. 79-1801 is hereby amended to read as follows: 79-
37 1801. (a) Except as provided by subsection (b), each year the governing
38 body of any city, the trustees of any township, the board of education of
39 any school district and the governing bodies of all other taxing
40 subdivisions shall certify, on or before August 25, to the proper county
41 clerk the amount of ad valorem tax to be levied. Thereupon, the county
42 clerk shall place the tax upon the tax roll of the county, in the manner
43 prescribed by law, and the tax shall be collected by the county treasurer.

1 The county treasurer shall distribute the proceeds of the taxes levied by
2 each taxing subdivision in the manner provided by K.S.A. 12-1678a, and
3 amendments thereto.

4 (b) *Prior to January 1, 2021*, if the governing body of a city or
5 county must conduct an election for an increase in property tax to fund any
6 appropriation or budget under K.S.A. 2020 Supp. 25-433a, and
7 amendments thereto, the governing body of the city or county shall certify,
8 on or before October 1, to the proper county clerk the amount of ad
9 valorem tax to be levied. *On and after January 1, 2021, if the governing*
10 *body of a taxing subdivision must conduct a public hearing to approve*
11 *exceeding the revenue neutral rate under section 1, and amendments*
12 *thereto, the governing body of the taxing subdivision shall certify, on or*
13 *before September 20, to the proper county clerk the amount of ad valorem*
14 *tax to be levied.*

15 Sec. 4. K.S.A. 79-2024 is hereby amended to read as follows: 79-
16 2024. Notwithstanding any other provision of law to the contrary, the
17 county treasurer of every county may accept partial payment ~~of or~~
18 *establish a payment plan for delinquent or nondelinquent* real property tax
19 or personal property tax in accordance with payment guidelines
20 established therefor by the county treasurer. Nothing in this section shall
21 be construed to modify any consequences of untimely payment.

22 Sec. 5. K.S.A. 79-2925c is hereby amended to read as follows: 79-
23 2925c. (a) (1) On and after January 1, 2017, *and prior to January 1, 2021*,
24 the governing body of any city or county shall not approve any
25 appropriation or budget which provides for funding by property tax
26 revenues in an amount exceeding that of the next preceding year as
27 adjusted to reflect the average changes in the consumer price index for all
28 urban consumers as published by the United States department of labor for
29 the preceding five calendar years, which shall not be less than zero, unless
30 the city or county approves the appropriation or budget with the adoption
31 of a resolution and such resolution has been submitted to and approved by
32 a majority of the qualified electors of the city or county voting at an
33 election called and held thereon, except as otherwise provided.

34 (2) The election shall be called and held in the manner provided by
35 K.S.A. 10-120, and amendments thereto, and may be:

36 (A) Held at the next regularly scheduled election to be held in August
37 or November;

38 (B) may be a mail ballot election, conducted in accordance with
39 K.S.A. 25-431 et seq., and amendments thereto; or

40 (C) may be a special election called by the city or county. Nothing in
41 this subsection shall prevent any city or county from holding more than
42 one election in any year. The city or county requesting the election shall be
43 responsible for paying all costs associated with conducting the election.

1 (b) A resolution by the governing body of a city or county otherwise
2 required by the provisions of this section shall not be required to be
3 approved by an election required by subsection (a) under the following
4 circumstances:

5 (1) Increased property tax revenues that, in the current year, are
6 produced and attributable to the taxation of:

7 (A) The construction of any new structures or improvements or the
8 remodeling or renovation of any existing structures or improvements on
9 real property, which shall not include any ordinary maintenance or repair
10 of any existing structures or improvements on the property;

11 (B) increased personal property valuation;

12 (C) real property located within added jurisdictional territory;

13 (D) real property which has changed in use;

14 (E) expiration of any abatement of property from property tax; or

15 (F) expiration of a tax increment financing district, rural housing
16 incentive district, neighborhood revitalization area or any other similar
17 property tax rebate or redirection program.

18 (2) Increased property tax revenues that will be spent on:

19 (A) Bond, temporary notes, no fund warrants, state infrastructure
20 loans and interest payments not exceeding the amount of ad valorem
21 property taxes levied in support of such payments, and payments made to a
22 public building commission and lease payments but only to the extent such
23 payments were obligations that existed prior to July 1, 2016;

24 (B) payment of special assessments not exceeding the amount of ad
25 valorem property taxes levied in support of such payments;

26 (C) court judgments or settlements of legal actions against the city or
27 county and legal costs directly related to such judgments or settlements;

28 (D) expenditures of city or county funds that are specifically
29 mandated by federal or state law with such mandates becoming effective
30 on or after July 1, 2015, and loss of funds from federal sources after
31 January 1, 2017, where the city or county is contractually obligated to
32 provide a service;

33 (E) expenses relating to a federal, state or local disaster or federal,
34 state or local emergency, including, but not limited to, a financial
35 emergency, declared by a federal or state official. The board of county
36 commissioners may request the governor to declare such disaster or
37 emergency; or

38 (F) increased costs above the consumer price index for law
39 enforcement, fire protection or emergency medical services.

40 (3) Any increased property tax revenues generated for law
41 enforcement, fire protection or emergency medical services shall be
42 expended exclusively for these purposes but shall not be used for the
43 construction or remodeling of buildings.

1 (4) The property tax revenues levied by the city or county have
2 declined:

3 (A) In one or more of the next preceding three calendar years and the
4 increase in the amount of funding for the budget or appropriation from
5 revenue produced from property taxes does not exceed the average amount
6 of funding from such revenue of the next preceding three calendar years,
7 adjusted to reflect changes in the consumer price index for all urban
8 consumers as published by the United States department of labor for the
9 preceding calendar year; or

10 (B) the increase in the amount of ad valorem tax to be levied is less
11 than the change in the consumer price index plus the loss of assessed
12 property valuation that has occurred as the result of legislative action,
13 judicial action or a ruling by the board of tax appeals.

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

22 (6) Any tax levy increase as a result of another taxing entity being
23 dissolved and all powers, responsibilities, duties and liabilities of the
24 taxing entity have been transferred to a city located in the county in which
25 the taxing entity is located, or to the county in which the taxing entity is
26 located, to carry on the function and responsibilities of the dissolved
27 taxing entity, so long as the levy increase does not exceed the levy of the
28 dissolved taxing entity.

29 Sec. 6. K.S.A. 79-1801, 79-2024 and 79-2925c are hereby repealed.

30 Sec. 7. On and after July 1, 2021, K.S.A. 79-1460 is hereby repealed.

31 Sec. 8. This act shall take effect and be in force from and after its
32 publication in the Kansas register.