

{As Amended by House Committee of the Whole}

As Amended by House Committee

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; **requiring the director of accounts
8 and reports to include revenue neutral rate on regular budget
9 form; eliminating certain requirements for budget approval for
10 select taxing subdivisions; {providing for payment of county
11 printing and postage notification costs; establishing the taxpayer
12 notification costs fund;} amending K.S.A. 79-1460, 79-1801, 79-2024
13 ~~and~~, 79-2925c and 79-2929 and repealing the existing sections; **also
14 repealing K.S.A. 79-2925b.****

15

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

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

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

27 (1) **At least 10 days in advance of the public hearing,** the
28 governing body shall publish notice of its proposed intent to exceed the
29 revenue neutral rate **by publishing notice: (A)** On the website of the
30 governing body, if the governing body maintains a website, ~~at least 10~~
31 ~~days in advance of the public hearing; and~~

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

5 (2) On or before July 15, the governing body shall notify the county
6 clerk of its proposed intent to exceed the revenue neutral rate and provide
7 the date, time and location of the public hearing and its proposed tax rate.

8 **For all tax years commencing after December 31, 2021,** the county
9 clerk shall notify each taxpayer with property in the taxing subdivision, by
10 mail directed to the taxpayer's last known address, of the proposed intent
11 to exceed the revenue neutral rate at least 10 days in advance of the public
12 hearing. Alternatively, the county clerk may transmit the notice to the
13 taxpayer by electronic means at least 10 days in advance of the public
14 hearing, if such taxpayer and county clerk have consented in writing to
15 service by electronic means. ~~Costs associated with *of printing and*~~
16 ~~*postage for the notice shall be borne by the taxing subdivisions proposing*~~
17 ~~*intent to exceed the revenue neutral rate with payment due to the county*~~
18 ~~*clerk by December 31. The cost borne by a taxing subdivision proposing*~~
19 ~~*intent to exceed its revenue neutral rate shall be based on the costs*~~
20 ~~*associated with **of printing and postage mailing needed for** the notices*~~
21 ~~*for property in such taxing subdivision, which shall be shared equally*~~
22 ~~*proportionally by all taxing subdivisions based on the total property tax*~~
23 ~~*levied by each jurisdiction proposing intent to exceed the revenue neutral*~~
24 ~~*rate included on the same notices for such property, unless otherwise*~~
25 ~~*agreed.*~~ The county clerk shall consolidate the required information for all
26 taxing subdivisions relevant to the taxpayer's property on one notice. The
27 notice shall be in a format prescribed by the director of accounts and
28 reports. The notice shall include, but not be limited to:

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

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

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

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

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

42 (F) the estimates of the tax for the current tax year on the taxpayer's
43 property based on the revenue neutral rate of each taxing subdivision and

1 any proposed tax rates that exceed the revenue neutral rates;

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

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

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

13 (3) The public hearing to consider exceeding the revenue neutral rate
14 shall be held ~~on or before~~ **not sooner than August 10 and not later than**
15 September 10. The governing body shall provide interested taxpayers
16 desiring to be heard an opportunity to present oral testimony within
17 reasonable time limits and without unreasonable restriction on the number
18 of individuals allowed to make public comment. The public hearing may
19 be conducted in conjunction with the proposed budget hearing pursuant to
20 K.S.A. 79-2929, and amendments thereto, if the governing body otherwise
21 complies with all requirements of this section. Nothing in this section shall
22 be construed to prohibit additional public hearings that provide additional
23 opportunities to present testimony or public comment prior to the public
24 hearing required by this section.

25 (4) A majority vote of the governing body, by the adoption of a
26 resolution or ordinance to approve exceeding the revenue neutral rate,
27 shall be required prior to adoption of a proposed budget that will result in a
28 tax rate in excess of the revenue neutral rate. Such vote of the governing
29 body shall be conducted at the public hearing after the governing body has
30 heard from interested taxpayers. If the governing body approves exceeding
31 the revenue neutral rate, the governing body shall not adopt a budget that
32 results in a tax rate in excess of its proposed tax rate as stated in the notice
33 provided pursuant to this section.

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

39 ~~(d) The provisions of this section shall not apply to school districts or~~
40 ~~municipal universities organized and operating under the laws of this~~
41 ~~state. Notwithstanding the foregoing sentence, the county clerk shall~~
42 ~~provide school district and municipal university information when~~
43 ~~complying with county clerk responsibilities pursuant to this section~~

1 ~~including, but not limited to, providing the revenue neutral rate of the~~
2 ~~school district and municipal university on the notice prescribed in~~
3 ~~subsection (b)(2). Such notice shall also include an explanation that the~~
4 ~~provisions of this section do not apply to school districts or municipal~~
5 ~~universities organized and operating under the laws of this state.~~

6 (e)—If the governing body of a taxing subdivision must conduct a
7 public hearing to approve exceeding the revenue neutral rate under this
8 section, the governing body of the taxing subdivision shall certify, on or
9 before September 20, to the proper county clerk the amount of ad valorem
10 tax to be levied.

11 ~~(f)}~~**{(e)}** As used in this section:

12 (1) "Taxing subdivision" means ~~any political subdivision of the state~~
13 ~~that levies an ad valorem tax on property~~ **any of the following that levy**
14 **an ad valorem tax on property:**

15 ~~(A) A city;~~

16 ~~(B) a county; or~~

17 ~~(C) any other political subdivision of the state, if such other~~
18 ~~political subdivision receives \$100,000 or more in revenue from~~
19 ~~property taxes in the current year~~ **{any political subdivision of the**
20 **state that levies an ad valorem tax on property}.**

21 (2) "Revenue neutral rate" means the tax rate for the current tax year
22 that would generate the same property tax revenue as levied the previous
23 tax year using the current tax year's total assessed valuation. To calculate
24 the revenue neutral rate, the county clerk shall divide the property tax
25 revenue for such taxing subdivision levied for the previous tax year by the
26 total of all taxable assessed valuation in such taxing subdivision for the
27 current tax year, and then multiply the quotient by 1,000 to express the rate
28 in mills. The revenue neutral rate shall be expressed to the third decimal
29 place.

30 **{(f) In the event that a county clerk incurred costs of printing and**
31 **postage that were not reimbursed pursuant to section 7, and**
32 **amendments thereto, such county clerk may seek reimbursement from**
33 **all taxing subdivisions required to send the notice. Such costs shall be**
34 **shared proportionately by all taxing subdivisions that were included**
35 **on the same notice based on the total property tax levied by each**
36 **taxing subdivision. Payment of such costs shall be due to the county**
37 **clerk by December 31.}**

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

40 Sec. 2. On and after July 1, 2021, K.S.A. 79-1460 is hereby amended
41 to read as follows: 79-1460. (a) The county appraiser shall notify each
42 taxpayer in the county annually on or before March 1 for real property and
43 May 1 for personal property, by mail directed to the taxpayer's last known

1 address, of the classification and appraised valuation of the taxpayer's
2 property, except that, the valuation for all real property shall not be
3 increased unless the record of the latest physical inspection was reviewed
4 by the county or district appraiser, and documentation exists to support
5 such increase in valuation in compliance with the directives and
6 specifications of the director of property valuation, and such record and
7 documentation is available to the affected taxpayer. *The valuation for all*
8 *real property also shall not be increased solely as the result of normal*
9 *repair, replacement or maintenance of existing structures, equipment or*
10 *improvements on the property. For purposes of this section, "normal*
11 *repair, replacement or maintenance" does not include new construction as*
12 *defined in this section. For the next two taxable years following the taxable*
13 *year that the valuation for commercial real property has been reduced due*
14 *to a final determination made pursuant to the valuation appeals process,*
15 *the county appraiser shall review the computer-assisted mass-appraisal of*
16 *the property and if the valuation in either of those two years exceeds the*
17 *value of the previous year by more than 5%, excluding new construction,*
18 *change in use or change in classification, the county appraiser shall either:*
19 *(1) Adjust the valuation of the property based on the information provided*
20 *in the previous appeal; or (2) order an independent fee simple appraisal of*
21 *the property to be performed by a Kansas certified real property appraiser.*
22 *As used in this section, "new construction" means the construction of any*
23 *new structure or improvements or the remodeling or renovation of any*
24 *existing structures or improvements on real property. When the valuation*
25 *for real property has been reduced due to a final determination made*
26 *pursuant to the valuation appeals process for the prior year, and the county*
27 *appraiser has already certified the appraisal rolls for the current year to the*
28 *county clerk pursuant to K.S.A. 79-1466, and amendments thereto, the*
29 *county appraiser may amend the appraisal rolls and certify the changes to*
30 *the county clerk to implement the provisions of this subsection and reduce*
31 *the valuation of the real property to the prior year's final determination,*
32 *except that such changes shall not be made after October 31 of the current*
33 *year. For the purposes of this section and in the case of real property, the*
34 *term "taxpayer" shall be deemed to be the person in ownership of the*
35 *property as indicated on the records of the office of register of deeds or*
36 *county clerk and, in the case where the real property or improvement*
37 *thereon is the subject of a lease agreement, such term shall also be deemed*
38 *to include the lessee of such property if the lease agreement has been*
39 *recorded or filed in the office of the register of deeds. Such notice shall*
40 *specify separately both the previous and current appraised and assessed*
41 *values for each property class identified on the parcel. Such notice shall*
42 *also contain the uniform parcel identification number prescribed by the*
43 *director of property valuation. Such notice shall also contain a statement of*

1 the taxpayer's right to appeal, the procedure to be followed in making such
2 appeal and the availability without charge of the guide devised pursuant to
3 subsection (b). Such notice may, and if the board of county commissioners
4 so require, shall provide the parcel identification number, address and the
5 sale date and amount of any or all sales utilized in the determination of
6 appraised value of residential real property. In any year in which no
7 change in appraised valuation of any real property from its appraised
8 valuation in the next preceding year is determined, an alternative form of
9 notification which has been approved by the director of property valuation
10 may be utilized by a county. Failure to timely mail or receive such notice
11 shall in no way invalidate the classification or appraised valuation as
12 changed. The secretary of revenue shall adopt rules and regulations
13 necessary to implement the provisions of this section.

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

26 Sec. 3. K.S.A. 79-1801 is hereby amended to read as follows: 79-
27 1801. (a) Except as provided by subsection (b), each year the governing
28 body of any city, the trustees of any township, the board of education of
29 any school district and the governing bodies of all other taxing
30 subdivisions shall certify, on or before August 25, to the proper county
31 clerk the amount of ad valorem tax to be levied. Thereupon, the county
32 clerk shall place the tax upon the tax roll of the county, in the manner
33 prescribed by law, and the tax shall be collected by the county treasurer.
34 The county treasurer shall distribute the proceeds of the taxes levied by
35 each taxing subdivision in the manner provided by K.S.A. 12-1678a, and
36 amendments thereto.

37 (b) *Prior to January 1, 2021*, if the governing body of a city or
38 county must conduct an election for an increase in property tax to fund any
39 appropriation or budget under K.S.A. 2020 Supp. 25-433a, and
40 amendments thereto, the governing body of the city or county shall certify,
41 on or before October 1, to the proper county clerk the amount of ad
42 valorem tax to be levied. *On and after January 1, 2021, if the governing*
43 *body of a taxing subdivision must conduct a public hearing to approve*

1 *exceeding the revenue neutral rate under section 1, and amendments*
2 *thereto, the governing body of the taxing subdivision shall certify, on or*
3 *before September 20, to the proper county clerk the amount of ad valorem*
4 *tax to be levied.*

5 Sec. 4. K.S.A. 79-2024 is hereby amended to read as follows: 79-
6 2024. Notwithstanding any other provision of law to the contrary, the
7 county treasurer of every county may accept partial payment—~~of~~ *or*
8 *establish a payment plan for delinquent or nondelinquent* real property tax
9 or personal property tax in accordance with payment guidelines
10 established therefor by the county treasurer. Nothing in this section shall
11 be construed to modify any consequences of untimely payment.

12 Sec. 5. K.S.A. 79-2925c is hereby amended to read as follows: 79-
13 2925c. (a) (1) On and after January 1, 2017, *and prior to January 1, 2021,*
14 the governing body of any city or county shall not approve any
15 appropriation or budget which provides for funding by property tax
16 revenues in an amount exceeding that of the next preceding year as
17 adjusted to reflect the average changes in the consumer price index for all
18 urban consumers as published by the United States department of labor for
19 the preceding five calendar years, which shall not be less than zero, unless
20 the city or county approves the appropriation or budget with the adoption
21 of a resolution and such resolution has been submitted to and approved by
22 a majority of the qualified electors of the city or county voting at an
23 election called and held thereon, except as otherwise provided.

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

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

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

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

34 (b) A resolution by the governing body of a city or county otherwise
35 required by the provisions of this section shall not be required to be
36 approved by an election required by subsection (a) under the following
37 circumstances:

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

40 (A) The construction of any new structures or improvements or the
41 remodeling or renovation of any existing structures or improvements on
42 real property, which shall not include any ordinary maintenance or repair
43 of any existing structures or improvements on the property;

- 1 (B) increased personal property valuation;
- 2 (C) real property located within added jurisdictional territory;
- 3 (D) real property which has changed in use;
- 4 (E) expiration of any abatement of property from property tax; or
- 5 (F) expiration of a tax increment financing district, rural housing
- 6 incentive district, neighborhood revitalization area or any other similar
- 7 property tax rebate or redirection program.

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

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

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

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

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

- 23 (E) expenses relating to a federal, state or local disaster or federal,
- 24 state or local emergency, including, but not limited to, a financial
- 25 emergency, declared by a federal or state official. The board of county
- 26 commissioners may request the governor to declare such disaster or
- 27 emergency; or

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

30 (3) Any increased property tax revenues generated for law

31 enforcement, fire protection or emergency medical services shall be

32 expended exclusively for these purposes but shall not be used for the

33 construction or remodeling of buildings.

34 (4) The property tax revenues levied by the city or county have

35 declined:

- 36 (A) In one or more of the next preceding three calendar years and the
- 37 increase in the amount of funding for the budget or appropriation from
- 38 revenue produced from property taxes does not exceed the average amount
- 39 of funding from such revenue of the next preceding three calendar years,
- 40 adjusted to reflect changes in the consumer price index for all urban
- 41 consumers as published by the United States department of labor for the
- 42 preceding calendar year; or

- 43 (B) the increase in the amount of ad valorem tax to be levied is less

1 than the change in the consumer price index plus the loss of assessed
2 property valuation that has occurred as the result of legislative action,
3 judicial action or a ruling by the board of tax appeals.

4 (5) Whenever a city or county is required by law to levy taxes for the
5 financing of the budget of any political or governmental subdivision of this
6 state that is not authorized by law to levy taxes on its own behalf, and the
7 governing body of such city or county is not authorized or empowered to
8 modify or reduce the amount of taxes levied therefore, the tax levies of the
9 political or governmental subdivision shall not be included in or
10 considered in computing the aggregate limitation upon the property tax
11 levies of the city or county.

12 (6) Any tax levy increase as a result of another taxing entity being
13 dissolved and all powers, responsibilities, duties and liabilities of the
14 taxing entity have been transferred to a city located in the county in which
15 the taxing entity is located, or to the county in which the taxing entity is
16 located, to carry on the function and responsibilities of the dissolved
17 taxing entity, so long as the levy increase does not exceed the levy of the
18 dissolved taxing entity.

19 **Sec. 6. K.S.A. 79-2929 is hereby amended to read as follows: 79-**
20 **2929. Prior to the filing of the adopted budget with the county clerk,**
21 **the governing body of each taxing or political subdivision or**
22 **municipality shall meet for the purpose of answering and hearing**
23 **objections of taxpayers relating to the proposed budget and for the**
24 **purpose of considering amendments to such proposed budget. The**
25 **governing body shall give at least 10 days' notice of the time and place**
26 **of the meeting by publication in a weekly or daily newspaper of the**
27 **county having a general circulation therein. Such notice shall include**
28 **the proposed budget and shall set out all essential items in the budget**
29 **except such groupings as designated by the director of accounts and**
30 **reports on a special publication form prescribed by the director of**
31 **accounts and reports and furnished with the regular budget form.**
32 *Such form shall also include the revenue neutral rate as provided in*
33 *section 1, and amendments thereto. The notice of a governing body of*
34 *any taxing subdivision or municipality having an annual expenditure*
35 *of \$500 or less shall specify the time and place of the meeting required*
36 *by this section but shall not be required to include the proposed*
37 *budget of such taxing subdivision or municipality.*

38 {New Sec. 7. (a) For calendar years 2022 and 2023, if a county
39 clerk has printing or postage costs pursuant to section 1, and
40 amendments thereto, the county clerk shall notify and provide
41 documentation of such costs to the secretary of revenue. The secretary
42 of revenue shall certify the amount of moneys attributable to such
43 costs and shall transmit a copy of such certification to the director of

1 accounts and reports. Upon such receipt of such certification, the
2 director of accounts and reports shall transfer an amount of moneys
3 equal to such certified amount from the state general fund to the
4 taxpayer notification costs fund of the department of revenue. The
5 secretary of revenue shall transmit a copy of each such certification to
6 the director of legislative research and the director of the budget.

7 (b) There is hereby established in the state treasury the taxpayer
8 notification costs fund that shall be administered by the secretary of
9 revenue. All expenditures from the taxpayer notification costs fund
10 shall be for the purpose of paying county printing and postage costs
11 pursuant to section 1, and amendments thereto. All expenditures from
12 such fund shall be made in accordance with appropriations acts upon
13 warrants of the director of accounts and reports issued pursuant to
14 vouchers approved by the secretary of revenue or the secretary's
15 designee.}

16 Sec. ~~6-7~~, {8.} K.S.A. 79-1801, 79-2024~~and~~, 79-2925b, 79-2925c
17 and 79-2929 are hereby repealed.

18 Sec. ~~7-8~~, {9.} On and after July 1, 2021, K.S.A. 79-1460 is hereby
19 repealed.

20 Sec. ~~8-9~~, {10.} This act shall take effect and be in force from and
21 after its publication in the Kansas register.