

SESSION OF 2021

SUPPLEMENTAL NOTE ON SENATE BILL NO. 13

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 13, as amended, would repeal the property tax lid law applicable to cities and counties, establish notice and public hearing requirements for any taxing subdivision seeking to collect property taxes in excess of the subdivision's revenue-neutral rate, prohibit valuation increases resulting solely from normal maintenance of existing structures, and expand the allowed acceptance of partial payments or payment plans for property taxes.

The bill would be in effect upon publication in the *Kansas Register*.

Tax Lid Repeal

The bill would eliminate, effective January 1, 2021, the property tax lid that currently requires a public vote for certain property tax increases by cities and counties.

Notice and Public Hearing Requirements

The bill would establish new notification and public hearing requirements for taxing subdivisions seeking to increase property taxes above those provided for by their "revenue-neutral rate." A taxing subdivision would be prohibited from levying taxes exceeding its revenue-neutral

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

rate without first approving a resolution or ordinance in accordance with the procedure provided by the bill.

The bill would require county clerks to notify taxing subdivisions of their revenue-neutral rate by June 15. The revenue-neutral rate would mean the tax rate for the current tax year that would generate the same amount of property tax revenue as levied the previous tax year, using the current tax year's total assessed valuation.

Governing bodies of taxing subdivisions would be required to publish notice of their intent to exceed the revenue-neutral rate and the date, time, and location of a public hearing on the resolution or ordinance providing for the levy on their websites at least ten days in advance of the hearing and notify county clerks by July 15 of their intent to exceed the revenue-neutral rate, including information concerning the hearing.

County clerks would be required to mail notification of the intent of the taxing subdivision to each taxpayer with property within the taxing subdivision at least ten days in advance of the public hearing. County clerks would be required to consolidate the information for all taxing subdivisions relevant to each piece of property on one notice. Notifications could be sent by electronic means with the consent of the taxpayer.

The costs for printing and mailing the notifications would be borne equally by the taxing subdivisions proposing to exceed their revenue-neutral rates.

The bill would require the notifications to contain:

- The revenue-neutral rate for each relevant taxing subdivision;
- The proposed tax rate and amount of tax revenue to be levied by each taxing subdivision seeking to exceed its revenue-neutral rate;

- The tax rate and amount of tax from each taxing subdivision for the property from the previous year's tax statement;
- The appraised value and assessed value for the taxpayer's property for the current year;
- The estimated amount of tax for the current year for each subdivision based on the revenue-neutral rate and any tax rate in excess of the revenue-neutral rate and the difference between such amounts for any taxing subdivision seeking to exceed its revenue-neutral rate;
- The date, time, and location of the public hearing for each taxing subdivision seeking to exceed its revenue-neutral rate; and
- Information concerning statutory mill levies imposed by the state of Kansas.

The bill would require the hearing on the resolution or ordinance providing for a taxing subdivision to exceed its revenue-neutral rate to be held by September 10 and to include an opportunity for interested taxpayers to present testimony within reasonable limits and without unreasonable restrictions on the number of individuals allowed to comment. The governing body of each taxing subdivision would be required to approve exceeding the revenue neutral rate by a majority vote at the public hearing.

Taxing subdivisions failing to comply with the notice and hearing procedures would be required to refund any property taxes collected in excess of the revenue-neutral rate.

School districts would not be subject to the notice and hearing procedures, but county clerks would be required to provide information concerning school district property taxes in the notifications sent to taxpayers, including an explanation

that school districts are not subject to the notice and hearing procedures.

Prohibited Valuation Increases

The bill would prohibit an increase in the appraised value of real property solely as a result of normal repair, replacement, or maintenance of existing structures, equipment, or other improvements on the property.

Partial Payments and Payment Plans

The bill would authorize county treasurers to accept partial payments and establish payment plans for all property taxes. Current law allows treasurers to accept partial payments for delinquent property taxes.

Background

The bill was introduced by Senators Tyson, Alley, Baumgardner, Erickson, Fagg, Hilderbrand, Kerschen, Longbine, Peck, Steffen, Thompson, and Warren.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing on January 12, 2020, representatives of the Kansas Chamber of Commerce, Kansas Policy Institute, and National Federation of Independent Business-Kansas testified as **proponents**, stating the bill's provisions would improve property tax transparency and clarity.

A representative of the League of Kansas Municipalities offered neutral testimony, specifically recommending amendments clarifying portions of the bill and adjusting deadlines within the bill.

A representative of the Sierra Club offered testimony in **opposition** to the bill, stating opposition to the time frame between the hearing on the bill and the notice of the public hearing for the bill.

Written-only **proponent** testimony was provided by representatives of the Kansas Association of Realtors and Americans for Prosperity Kansas. Written-only testimony in support of the bill with certain suggested amendments was provided by a representative of Sedgwick County.

A representative of the City of Topeka provided neutral written-only testimony with suggested amendments.

The Senate Committee amended the bill to clarify that the costs to be borne by taxing subdivisions for the notices were limited to printing and mailing costs.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, the provisions of the bill would have no fiscal effect on state revenues and the costs for the state to implement the bill would be negligible and could be absorbed within existing state resources. The Kansas Association of Counties and League of Kansas Municipalities indicate the notice and hearing provisions of the bill would require substantial administrative costs for local governments to implement.

Taxation; property tax