

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

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

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

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

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

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

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

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

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

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

41 (3) The public hearing to consider exceeding the revenue neutral rate
42 shall be held on or before September 10. The governing body shall provide
43 interested taxpayers desiring to be heard an opportunity to present oral

1 testimony within reasonable time limits and without unreasonable
2 restriction on the number of individuals allowed to make public comment.
3 The public hearing may be conducted in conjunction with the proposed
4 budget hearing pursuant to K.S.A. 79-2929, and amendments thereto, if
5 the governing body otherwise complies with all requirements of this
6 section. Nothing in this section shall be construed to prohibit additional
7 public hearings that provide additional opportunities to present testimony
8 or public comment prior to the public hearing required by this section.

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

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

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

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

37 (f) As used in this section:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

41 (C) may be a special election called by the city or county. Nothing in
42 this subsection shall prevent any city or county from holding more than
43 one election in any year. The city or county requesting the election shall be

1 responsible for paying all costs associated with conducting the election.
2 (b) A resolution by the governing body of a city or county otherwise
3 required by the provisions of this section shall not be required to be
4 approved by an election required by subsection (a) under the following
5 circumstances:

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

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

12 (B) increased personal property valuation;

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

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

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

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

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

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

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

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

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

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

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

1 construction or remodeling of buildings.

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

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

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

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

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

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

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

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