

**As Amended by House Committee**

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*Session of 2022*

**HOUSE BILL No. 2724**

By Committee on Taxation

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1 AN ACT concerning property taxation; relating to tax levy rate; excluding  
2 the required 20 mills for school districts from the notice and public  
3 hearing requirements to exceed the revenue neutral rate for property tax  
4 purposes; amending K.S.A. 2021 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. 2021 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) No tax rate in excess of the revenue neutral rate shall be levied by  
16 the governing body of any taxing subdivision unless a resolution or  
17 ordinance has been approved by the governing body according to the  
18 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 tax rate and property tax of each taxing subdivision on the  
17 taxpayer's property from the previous year's tax statement;

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

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

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

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

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

34 (3) The public hearing to consider exceeding the revenue neutral rate  
35 shall be held not sooner than August 20 and not later than September 20.  
36 The governing body shall provide interested taxpayers desiring to be heard  
37 an opportunity to present oral testimony within reasonable time limits and  
38 without unreasonable restriction on the number of individuals allowed to  
39 make public comment. The public hearing may be conducted in  
40 conjunction with the proposed budget hearing pursuant to K.S.A. 79-2929,  
41 and amendments thereto, if the governing body otherwise complies with  
42 all requirements of this section. Nothing in this section shall be construed  
43 to prohibit additional public hearings that provide additional opportunities

1 to present testimony or public comment prior to the public hearing  
2 required by this section.

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

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

17 (d) ~~On and after January 1, 2022, the provisions of this section shall~~  
18 ~~not apply to the 20 mills levied by a school district pursuant to K.S.A. 72-~~  
19 ~~5142, and amendments thereto~~ **in the event that the 20 mills levied by a**  
20 **school district pursuant to K.S.A. 72-5142, and amendments thereto,**  
21 **increases the property tax revenue generated for the purpose of**  
22 **calculating the revenue neutral rate from the previous tax year and**  
23 **such amount of increase in revenue generated from the 20 mills is the**  
24 **only reason the school district would exceed the total property tax**  
25 **revenue from the prior year, the school district shall be deemed to not**  
26 **have exceeded the revenue neutral rate in levying a tax rate in excess**  
27 **of the revenue neutral rate to take into account the increase in revenue**  
28 **from only the 20 mills.**

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

35 (e)(f) As used in this section:

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

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

1 current tax year, and then multiply the quotient by 1,000 to express the rate  
2 in mills. The revenue neutral rate shall be expressed to the third decimal  
3 place.

4 ~~(f)~~(g) In the event that a county clerk incurred costs of printing and  
5 postage that were not reimbursed pursuant to K.S.A. 2021 Supp. 79-2989,  
6 and amendments thereto, such county clerk may seek reimbursement from  
7 all taxing subdivisions required to send the notice. Such costs shall be  
8 shared proportionately by all taxing subdivisions that were included on the  
9 same notice based on the total property tax levied by each taxing  
10 subdivision. Payment of such costs shall be due to the county clerk by  
11 December 31.

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

14 Sec. 2. K.S.A. 2021 Supp. 79-2988 is hereby repealed.

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