

Senate Substitute for HOUSE BILL No. 2088

AN ACT concerning property taxation; amending K.S.A. 79-1466 and 79-1467 and K.S.A. 2015 Supp. 25-432, 79-5a27, 79-1801 and 79-2925b and repealing the existing sections; also repealing K.S.A. 13-907.

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

Section 1. K.S.A. 2015 Supp. 79-5a27 is hereby amended to read as follows: ~~79-5a27. On or before June 15, 1989, and~~ On or before June ~~15~~ ~~1~~ each year ~~thereafter~~, the director of property valuation shall certify to the county clerk of each county the amount of assessed valuation apportioned to each taxing unit therein for properties valued and assessed under K.S.A. 79-5a01 et seq., and amendments thereto. The county clerk shall include such assessed valuations in the applicable taxing districts with all other assessed valuations in those taxing districts and on or before ~~July 1~~ June 15 notify the appropriate officials of each taxing district within the county of the assessed valuation estimates to be utilized in the preparation of budgets for ad valorem tax purposes. If in any year the county clerk has not received the applicable valuations from the director of property valuation, the county clerk shall use the applicable assessed valuations of the preceding year as an estimate for such notification. If the public utility has filed an application for exemption of all or a portion of its property, the director shall notify the county clerk that the exemption application has been filed and the county clerk shall not be required to include such assessed valuation in the applicable taxing districts until such time as the application is denied by the state board of tax appeals or, if judicial review of the board's order is sought, until such time as judicial review is finalized.

Sec. 2. K.S.A. 79-1466 is hereby amended to read as follows: 79-1466. Commencing on January 1 of each year, the county or district appraiser shall transmit the taxable real property appraisals and the exempt real property appraisals to the county clerk continually upon the completion thereof.

Upon completion of transmission of such appraisals to the county clerk, on or before June ~~15~~ 1 of each year, the county or district appraiser shall deliver a document certifying that such appraisals constitute the complete appraisal rolls for real property.

The taxable real property appraisal roll shall consist of all real property appraisals which in aggregate list all taxable land and improvements located within the county.

The exempt real property appraisal roll shall consist of all real property appraisals which in aggregate list all exempt land and improvements located within the county.

All transmissions required by this section may be made electronically.

Sec. 3. K.S.A. 79-1467 is hereby amended to read as follows: 79-1467. Commencing on January 1 of each year, the county or district appraiser shall transmit the taxable personal property appraisals to the county clerk continually upon the completion thereof. Upon completion of transmission of such appraisals to the county clerk, on or before June ~~15~~ 1 each year, the county or district appraiser shall deliver a document certifying that such appraisals constitute the complete appraisal rolls for personal property except for personal property which may be subject to investigation and valuation pursuant to law or personal property which may have escaped appraisal in any year, in which cases the appraiser shall transmit to the clerk, upon completion, the appraisals of such property and the clerk shall add the same to the taxable personal property roll at such time.

The taxable personal property roll shall consist of all personal property appraisals completed by the county or district appraiser.

The exempt personal property roll shall include all personal property appraisals completed by the county or district appraiser on personal property that is exempt from ad valorem taxation and is required to be listed with the county or district appraiser.

All transmissions required by this section may be made electronically.

Sec. 4. K.S.A. 2015 Supp. 79-1801 is hereby amended to read as follows: 79-1801. (a) Except as provided by subsection (b), each year the governing body of any city, the trustees of any township, the board of education of any school district and the governing bodies of all other taxing subdivisions shall certify, on or before August 25, to the proper county clerk the amount of ad valorem tax to be levied. Thereupon, the county clerk shall place the tax upon the tax roll of the county, in the

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

~~(b) In 2005, the board of education of any school district shall certify, on or before September 7. If the governing body of a city or county must conduct an election for an increase in property tax to fund any appropriation or budget under section 7, and amendments thereto, the governing body of the city or county shall certify, on or before October 1, to the proper county clerk the amount of ad valorem tax to be levied.~~

Sec. 5. K.S.A. 2015 Supp. 79-2925b is hereby amended to read as follows: 79-2925b. (a) Without a majority vote so providing, the governing body of any municipality shall not approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year. If the total tangible property valuation in any municipality increases from the next preceding year due to increases in the assessed valuation of existing tangible property and such increase exceeds changes in the consumer price index, the governing body shall lower the amount of ad valorem tax to be levied to the amount of ad valorem tax levied in the next preceding year, adjusted to reflect changes in the consumer price index. This subsection shall not apply to ad valorem taxes levied under K.S.A. 76-6b01 and 76-6b04 and K.S.A. 2015 Supp. 72-6470, and amendments thereto, and any other ad valorem tax levy which was previously approved by the voters of such municipality. ~~Except as provided in subsection (g);~~ Notwithstanding the requirements of this subsection, nothing herein shall prohibit a municipality from increasing the amount of ad valorem tax to be levied if the municipality approves the *proposed* increase with a majority vote of the governing body by the adoption of a resolution and publishes ~~such its vote to approve the appropriation or budget including the increase~~ as provided in subsection (c).

(b) Revenue that, in the current year, is produced and attributable to the taxation of:

- (1) New improvements to real property;
- ~~(2) increased personal property valuation, other than increased valuation of oil and gas leaseholds and mobile homes;~~
- (3) property located within added jurisdictional territory; or
- (4) property which has changed in use shall not be considered when determining whether revenue produced from property has increased from the next preceding year.

(c) In the event the governing body votes to approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year as provided in subsection (a), notice of such vote shall be published in the official county newspaper of the county where such municipality is located.

(d) The provisions of this section shall be applicable to all fiscal and budget years commencing on and after the effective date of this act.

(e) The provisions of this section shall not apply to revenue received from property tax levied for the sole purpose of repayment of the principal of and interest upon bonded indebtedness, temporary notes and no-fund warrants.

(f) For purposes of this section: (1) "Municipality" means any political subdivision of the state which levies an ad valorem tax on property and includes, but is not limited to, ~~any county;~~ township, municipal university, school district, community college, drainage district or other taxing district; (2) "municipality" shall not include:

(A) Any such political subdivision or taxing district which receives \$1,000 or less in revenue from property taxes in the current year; or

(B) *any city or county.*

~~(g) On and after January 1, 2018: (1) In the case of cities and counties, any resolution by the governing body otherwise required by this section to adopt any appropriation or budget which provides for funding by prop-~~

erty tax revenue in an amount exceeding that of the next preceding year as adjusted pursuant to subsection (a) to reflect changes in the consumer price index, shall not become effective unless such resolution has been submitted to and approved by a majority of the qualified electors of the city or county voting at an election called and held thereon, except as otherwise provided. The election shall be called and held in the manner provided by K.S.A. 10-120, and amendments thereto, at the next regularly scheduled election to be held in August or November, or may be a mail ballot election, conducted in accordance with K.S.A. 25-431 et seq., and amendments thereto, or may be a special election called by the city or county. Nothing in this subsection shall prevent any city or county from holding more than one election in any year.

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

(A) The increase in the amount of ad valorem tax to be levied that is greater than the change in the consumer price index is due to:

(i) Costs for new infrastructure or improvements to existing infrastructure to support new improvements to property exempt from property taxation pursuant to the provisions of K.S.A. 79-201 et seq., and amendments thereto, such as hospitals, schools and churches, or exempt additions to or improvements to property so exempt from property taxation;

(ii) bond and interest payments;

(iii) an increase in property subject to taxation as the result of the expiration of any abatement of property from property tax;

(iv) increases in road construction costs when such construction has been once approved by a resolution of the governing body of the city or county;

(v) special assessments;

(vi) judgments levied against the city or county or expenses for legal counsel and for defense of legal actions against the city or county or officers of the city or county;

(vii) new expenditures that are specifically mandated by federal or state law; or

(viii) an increase in property subject to taxation as the result of new construction;

(B) the assessed valuation has declined in one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or

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

New Sec. 6. (a) (1) On and after January 1, 2017, the governing body of any city or county shall not approve any appropriation or budget which provides for funding by property tax revenues in an amount exceeding that of the next preceding year as adjusted to reflect the average changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding five calendar years, which shall not be less than zero, unless the city or county approves the appropriation or budget with the adoption of a resolution and such resolution has been submitted to and approved by a majority of the qualified electors of the city or county voting at an election called and held thereon, except as otherwise provided.

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

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

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

(C) may be a special election called by the city or county. Nothing in

this subsection shall prevent any city or county from holding more than one election in any year. The city or county requesting the election shall be responsible for paying all costs associated with conducting the election.

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

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

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

(B) increased personal property valuation;

(C) real property located within added jurisdictional territory;

(D) real property which has changed in use;

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

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

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

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

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

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

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

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

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

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

(4) The property tax revenues levied by the city or county have declined: (A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or

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

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

New Sec. 7. If the city or county elects to conduct the election required under section 6, and amendments thereto, using a mail ballot election, the city or county shall certify to the county clerk and the election officer for the county no later than July 1 that an election shall be necessary to approve the resolution. Upon notification from a city or county pursuant to section 6, and amendments thereto, the election officer for the county shall set the election to be conducted in accordance with K.S.A. 25-431 et seq., and amendments thereto, on the September 15 following the notification, or if September 15 is a Sunday, the next business day. The county board of canvassers shall conduct a canvass of the election no later than the 5th day following the date of the election.

Sec. 8. K.S.A. 2015 Supp. 25-432 is hereby amended to read as follows: 25-432. An election shall not be conducted under this act unless:

(a) Conducted on a date, mutually agreed upon by the governing body of the political or taxing subdivision and the county election officer, not later than 120 days following the date the request is submitted by the political or taxing subdivision;

(b) the secretary of state approves a written plan for conduct of the election, which shall include a written timetable for the conduct of the election, submitted by the county election officer;

(c) the election is nonpartisan;

(d) the election is not one at which any candidate is elected, retained or recalled;

(e) the election is not held on the same date as another election in which the qualified electors of that subdivision of government are eligible to cast ballots, *except this restriction shall not apply to mail ballot elections held under section 6, and amendments thereto*; and

(f) the election is a question submitted election at which all of the qualified electors of one of the following subdivisions of government are the only electors eligible to vote:

(1) Counties;

(2) cities;

(3) school districts, except in an election held pursuant to K.S.A. 72-7302 et seq., and amendments thereto;

(4) townships;

(5) benefit districts organized under K.S.A. 31-301, and amendments thereto;

(6) cemetery districts organized under K.S.A. 15-1013 or 17-1330, and amendments thereto;

(7) combined sewer districts organized under K.S.A. 19-27,169, and amendments thereto;

(8) community college districts organized under K.S.A. 71-1101 et seq., and amendments thereto;

(9) fire districts organized under K.S.A. 19-3601 or 80-1512, and amendments thereto;

(10) hospital districts;

(11) improvement districts organized under K.S.A. 19-2753, and amendments thereto;

(12) Johnson county park and recreation district organized under K.S.A. 19-2859, and amendments thereto;

(13) sewage disposal districts organized under K.S.A. 19-27,140, and amendments thereto;

(14) water districts organized under K.S.A. 19-3501 et seq., and amendments thereto;

(15) transportation development districts created pursuant to K.S.A. 2015 Supp. 12-17,140 et seq., and amendments thereto; or

(16) any tract of land annexed pursuant to K.S.A. ~~15-521~~ 12-521, and amendments thereto.

Sec. 9. K.S.A. 13-907, 79-1466 and 79-1467 and K.S.A. 2015 Supp. 25-432, 79-5a27, 79-1801 and 79-2925b are hereby repealed.

Sec. 10. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and was adopted by that body

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HOUSE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

SENATE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*