

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Assessment and Taxation** recommends **HB 2002** be amended on page 1, following line 6, by inserting:

"New Section 1. Adverse influences not sufficiently accounted for in the agricultural use valuation formula for land devoted to agricultural use shall be addressed by the director of property valuation and the county appraiser. Adverse influences include, but are not limited to, canopy cover, salinity and alkalinity, water table fluctuation and newly constructed drainage and flood control areas. The county appraiser shall address canopy cover, salinity and alkalinity, water table fluctuation and newly constructed drainage and flood control areas as follows:

(a) For canopy cover, the county appraiser shall:

(1) View the parcel;

(2) delineate the area impacted on a map;

(3) determine the appropriate reduction from actual inspection and make the

appropriate reduction as follows:

(A) 0 to 25% cover = no reduction;

(B) 25% to 50% cover = 20% reduction;

(C) 50% to 75% cover = 30% reduction; and

(D) 75% to 100% cover = 50% reduction; and

(4) establish an adverse influence file for the parcel;

(b) for salinity and alkalinity, the county appraiser shall:

(1) Request that the taxpayer provide soil analysis from a crop consulting service;

- (2) delineate the area impacted on a map;
 - (3) reduce the value as indicated by the report;
 - (4) establish an adverse influence file for the parcel; and
 - (5) notify the local United States department of agriculture natural resources conservation service (NRCS) office of the change;
- (c) for water table fluctuation, the county appraiser shall:
- (1) Delineate the area impacted on a map;
 - (2) contact the local NRCS office and request verification;
 - (3) contact the division of property valuation for assistance;
 - (4) obtain a temporary influence amount from the division of property valuation to use until the NRCS review is complete; and
 - (5) establish an adverse influence file for the parcel; and
- (d) for newly constructed drainage and flood control areas, the county appraiser shall:
- (1) View the parcel;
 - (2) delineate the area impacted on a map;
 - (3) contact the division of property valuation for assistance;
 - (4) receive an adverse influence amount from the division of property valuation after the division contacts the responsible agency; and
 - (5) establish an adverse influence file for the parcel.

Sec. 2. K.S.A. 2022 Supp. 79-1460 is hereby amended to read as follows: 79-1460. (a) (1) The county appraiser shall notify each taxpayer in the county annually on or before March 1 for real property and May 1 for personal property, by mail directed to the taxpayer's last known address, of the classification and appraised valuation of the taxpayer's property, except that, the valuation for all real property shall not be increased unless the record of the latest physical

inspection was reviewed by the county or district appraiser, and documentation exists to support such increase in valuation in compliance with the directives and specifications of the director of property valuation, and such record and documentation is available to the affected taxpayer. The valuation for all real property also shall not be increased solely as the result of normal repair, replacement or maintenance of existing structures, equipment or improvements on the property. ~~For purposes of this section, "normal repair, replacement or maintenance" does not include new construction as defined in this section.~~ For the next two taxable years following the taxable year that the valuation for commercial real property has been reduced due to a final determination made pursuant to the valuation appeals process, the county appraiser shall review the computer-assisted mass-appraisal of the property and if, the valuation in either of those two years exceeds the value of the previous year by more than 5%, excluding new construction, change in use or change in classification, the county appraiser shall either:

~~(1)(A)~~ (1)(A) Adjust the valuation of the property based on the information provided in the previous appeal; or

~~(2)(B)~~ (2)(B) order an independent fee simple appraisal of the property to be performed by a Kansas certified real property appraiser. ~~As used in this section, "new construction" means the construction of any new structure or improvements or the remodeling or renovation of any existing structures or improvements on real property.~~

(2) When the valuation for real property has been reduced due to a final determination made pursuant to the valuation appeals process for the prior year, and the county appraiser has already certified the appraisal rolls for the current year to the county clerk pursuant to K.S.A. 79-1466, and amendments thereto, the county appraiser may amend the appraisal rolls and certify the changes to the county clerk to implement the provisions of this subsection and reduce the valuation of the real property to the prior year's final determination, except that such changes

shall not be made after October 31 of the current year. ~~For the purposes of this section and in the case of real property, the term "taxpayer" shall be deemed to be the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk and, in the case where the real property or improvement thereon is the subject of a lease agreement, such term shall also be deemed to include the lessee of such property if the lease agreement has been recorded or filed in the office of the register of deeds. Such notice~~

(b) (1) The notice provided under subsection (a) shall specify:

(A) Separately both for the previous and current two tax years and the current tax year, the appraised and assessed values for each property class identified on the parcel. Such notice shall also contain:

(B) the uniform parcel identification number prescribed by the director of property valuation. Such notice shall also contain: and

(C) a statement of the taxpayer's right to appeal, the procedure to be followed in making such appeal and the availability without charge of the guide devised pursuant to subsection (b) (e).

(2) Such notice may, and if the board of county commissioners so require, shall provide the parcel identification number, address and the sale date and amount of any or all sales utilized in the determination of appraised value of residential real property.

(c) In any year in which no change in appraised valuation of any real property from its appraised valuation in the next preceding year is determined, an alternative form of notification which has been approved by the director of property valuation may be utilized by a county.

(d) Failure to timely mail or receive such notice shall in no way invalidate the classification or appraised valuation as changed. The secretary of revenue shall adopt rules and regulations necessary to implement the provisions of this section.

~~(b) For all taxable years commencing after December 31, 1999,~~

~~(e)~~ There shall be provided to each taxpayer, upon request, a guide to the property tax appeals process. The director of the division of property valuation shall devise and publish such guide; and shall provide sufficient copies thereof to all county appraisers. Such guide shall include, but not be limited to:

(1) A restatement of the law which pertains to the process and practice of property appraisal methodology, including the contents of K.S.A. 79-503a and 79-1460, and amendments thereto;

(2) the procedures of the appeals process, including the order and burden of proof of each party and time frames required by law; and

(3) such other information deemed necessary to educate and enable a taxpayer to properly and competently pursue an appraisal appeal.

(f) As used in this section:

(1) "New construction" means the construction of any new structure or improvements or the remodeling or renovation of any existing structures or improvements on real property.

(2) "Normal repair, replacement or maintenance" does not include new construction.

(3) "Taxpayer" means the person in ownership of the property as indicated on the records of the office of register of deeds or county clerk and includes the lessee of such property if the lease agreement has been recorded or filed in the office of the register of deeds and the real property or improvement thereon is subject of a lease agreement.

Sec. 3. K.S.A. 79-1496 is hereby amended to read as follows: 79-1496. Within 60 days after the date the notice of informal meeting results or final determination is mailed to the taxpayer pursuant to K.S.A. 79-1448, and amendments thereto, any taxpayer aggrieved by the final determination of the county appraiser, who has not filed an appeal with the board of tax

appeals pursuant to K.S.A. 74-2433f, 79-1448, 79-1609 or 79-1611, and amendments thereto, may file with the county appraiser a third-party fee simple appraisal performed by a Kansas certified general real property appraiser that reflects the value of the property as of January 1 for the same tax year being appealed. For determinations and appeals relating to residential property pursuant to this section, a taxpayer may file with the county appraiser a third-party fee simple appraisal performed by either a Kansas certified residential real property appraiser or a Kansas certified general real property appraiser that reflects the value of the property as of January 1 for the same tax year being appealed. Within 15 days after receipt of the appraisal, the county appraiser shall review and consider such appraisal in the determination of valuation or classification of the taxpayer's property and mail a supplemental notice of final determination. If the final determination is not in favor of the taxpayer then the county appraiser shall notify the taxpayer that the county is required to perform its own, or commission a fee simple single property appraisal. The county appraiser shall then have 90 days to furnish that appraisal along with a new supplemental notice of determination and if not in favor of the taxpayer include an explanation of the reasons the county appraiser did not rely upon the taxpayer's fee simple single property appraisal. Whenever a taxpayer submits a fee simple single property appraisal the burden of proof shall be on the county appraiser to dispute the value of that appraisal. Any taxpayer aggrieved by the final determination of the county appraiser may appeal to the state board of tax appeals as provided in K.S.A. 79-1609, and amendments thereto, within 30 days subsequent to the date of mailing of the supplemental notice of final determination.

Sec. 4. K.S.A. 2022 Supp. 79-2988 is hereby amended to read as follows: 79-2988. (a) On or before June 15 each year, the county clerk shall calculate the revenue neutral rate for each taxing subdivision and include such revenue neutral rate on the notice of the estimated assessed valuation provided to each taxing subdivision for budget purposes. The director of accounts and

reports shall modify the prescribed budget information form to show the revenue neutral rate.

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

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

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

(2) On or before July 20, the governing body shall notify the county clerk of its proposed intent to exceed the revenue neutral rate and provide the date, time and location of the public hearing and its proposed tax rate. For all tax years commencing after December 31, 2021, the county clerk shall notify each taxpayer with property in the taxing subdivision, by mail directed to the taxpayer's last known address, of the proposed intent to exceed the revenue neutral rate at least 10 days in advance of the public hearing. Alternatively, the county clerk may transmit the notice to the taxpayer by electronic means at least 10 days in advance of the public hearing, if such taxpayer and county clerk have consented in writing to service by electronic means. The county clerk shall consolidate the required information for all taxing subdivisions relevant to the taxpayer's property on one notice. The notice shall be in a format prescribed by the director of accounts and reports. The notice shall include, but not be limited to:

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

~~(B) the proposed property tax revenue needed to fund the proposed budget of the taxing~~

~~subdivision, if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate;~~

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

~~(D) the percentage by which the proposed tax rate exceeds the revenue neutral rate;~~

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

~~(F) the appraised value and assessed value of the taxpayer's property for the current year;~~

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

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

~~(I) the date, time and location of the public hearing of the taxing subdivision, if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate~~
The following heading:

"NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS

[Current year] [County name] County Revenue Neutral Rate Notice

This is NOT a bill. Do not remit payment."

(B) the following statement:

"This notice contains estimates of the tax on your property and proposed property tax

increases. THE ACTUAL TAX ON YOUR PROPERTY MAY INCREASE OR DECREASE FROM THESE ESTIMATES. Governing bodies of taxing subdivisions must vote in order to exceed the Revenue Neutral Rate to increase the total property taxes collected. Governing bodies will vote at public hearings at the dates, times and locations listed. Taxpayers may attend and comment at the hearings. Property tax statements will be issued after mill rates are finalized and taxes are calculated."

(C) the appraised value and assessed value of the taxpayer's property for the current year and the previous year;

(D) the amount of property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement in a column titled: "[Previous year] Tax";

(E) the estimated amount of property tax for the current year of each taxing subdivision on the taxpayer's property based on the revenue neutral rate of each taxing subdivision in a column titled: "[Current year] Tax at Revenue Neutral Rate";

(F) the estimated amount of property tax for the current year of each taxing subdivision on the taxpayer's property based on either: (i) The revenue neutral rate for a taxing subdivision that does not intend to exceed its revenue neutral rate; or (ii) the proposed tax rate provided by the taxing subdivision, if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate in a column titled: "[Current year] Maximum Tax";

(G) the difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percentage, for each taxing subdivision in a column titled: "[Current year] Maximum Tax Exceeding [Previous year] Tax";

(H) the date, time and location of the public hearing of each taxing subdivision that notified the county clerk of its proposed intent to exceed its revenue neutral rate in a column titled: "Date, Time and Location of Public Hearing"; and

(1) for each taxing subdivision public hearing listed pursuant to subparagraph (H), the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate of such taxing subdivision in a column titled: "[Current year] Maximum Tax Exceeding Tax at Revenue Neutral Rate".

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

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

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

the resolution or ordinance to approve exceeding the revenue neutral rate and a certified copy of any roll call vote reporting, at a minimum, the name and vote of each member of the governing body related to exceeding the revenue neutral rate, whether approved or not, shall be included with the adopted budget, budget certificate and other budget forms filed with the county clerk and the director of accounts and reports and shall be published on the website of the department of administration.

(c) (1) Any governing body subject to the provisions of this section that does not comply with subsection (b) shall refund to taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

(2) Any taxpayer of the taxing subdivision that is the subject of the complaint or such taxpayer's duly authorized representative may file a complaint with the state board of tax appeals by filing a written complaint, on a form prescribed by the board, that contains the facts that the complaining party believes show that a governing body of a taxing subdivision did not comply with the provisions of subsection (b) and that a reduction or refund of taxes is appropriate. The complaining party shall provide a copy of such complaint to the governing body of the taxing subdivision making the levy that is the subject of the complaint. Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee shall be charged by the executive director of the state board of tax appeals for a complaint filed pursuant to this paragraph. The governing body of the taxing subdivision making the levy that is the subject of the complaint shall be a party to the proceeding. Notice of any summary proceeding or hearing shall be served upon such governing body, the county clerk, the director of accounts and reports and the complaining party. It shall be the duty of the governing body to initiate the production of evidence to demonstrate, by a preponderance of the evidence, the validity of such levy. If upon a summary proceeding or hearing, it shall be made to appear to the satisfaction of the board that the governing body of the

taxing subdivision did not comply with subsection (b), the state board of tax appeals shall order such governing body to refund to taxpayers the amount of property taxes over collected or reduce the taxes levied, if uncollected. The provisions of this paragraph shall not be construed as prohibiting any other remedies available under the law.

(d) On and after January 1, 2022, in the event that the 20 mills levied by a school district pursuant to K.S.A. 72-5142, and amendments thereto, increases the property tax revenue generated for the purpose of calculating the revenue neutral rate from the previous tax year and such amount of increase in revenue generated from the 20 mills is the only reason the school district would exceed the total property tax revenue from the prior year, the school district shall be deemed to not have exceeded the revenue neutral rate in levying a tax rate in excess of the revenue neutral rate to take into account the increase in revenue from only the 20 mills.

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

(2) If a governing body of a taxing subdivision did not comply with the provisions of subsection (b) and certifies to the county clerk an amount of ad valorem tax to be levied that would result in a tax rate in excess of its revenue neutral rate, the county clerk shall reduce the ad valorem tax to be levied to the amount resulting from such taxing subdivision's revenue neutral rate.

(f) As used in this section:

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

(2) "Revenue neutral rate" means the tax rate for the current tax year that would

generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation. To calculate the revenue neutral rate, the county clerk shall divide the property tax revenue for such taxing subdivision levied for the previous tax year by the total of all taxable assessed valuation in such taxing subdivision for the current tax year, and then multiply the quotient by 1,000 to express the rate in mills. The revenue neutral rate shall be expressed to the third decimal place.

(g) In the event that a county clerk incurred costs of printing and postage that were not reimbursed pursuant to K.S.A. 2022 Supp. 79-2989, and amendments thereto, such county clerk may seek reimbursement from all taxing subdivisions required to send the notice. Such costs shall be shared proportionately by all taxing subdivisions that were included on the same notice based on the total property tax levied by each taxing subdivision. Payment of such costs shall be due to the county clerk by December 31.

(h) The department of administration or the director of accounts and reports shall make copies of adopted budgets, budget certificates, other budget documents and revenue neutral rate documents available to the public on the department of administration's website on a permanently accessible web page that may be accessed via a conspicuous link to that web page placed on the front page of the department's website. The department of administration or the director of accounts and reports shall also make the following information for each tax year available on such website:

- (1) A list of taxing subdivisions by county;
- (2) whether each taxing subdivision conducted a hearing to consider exceeding its revenue neutral rate;
- (3) the revenue neutral rate of each taxing subdivision;
- (4) the tax rate resulting from the adopted budget of each taxing subdivision; and

(5) the percent change between the revenue neutral rate and the tax rate for each taxing subdivision.";

Also on page 1, in line 8, before "If" by inserting "For calendar years 2023 and 2024,"; in line 28, before "K.S.A." by inserting "K.S.A. 79-1496 and"; also in line 28, after "Supp." by inserting "79-1460, 79-2988 and"; also in line 28, by striking "is" and inserting "are"; in line 30, by striking "statute book" and inserting "Kansas register";

And by renumbering sections accordingly;

Also on page 1, in the title, in line 1, by striking "the taxpayer notification costs fund" and inserting "property taxation"; also in line 1, by striking all after the semicolon; in line 2, by striking all before "reimbursement" and inserting "relating to the revenue neutral rate; extending"; also in line 2, after the second "the" by inserting "taxpayer notification costs"; in line 3, by striking "beyond" and inserting "for"; also in line 3, by striking "2023" and inserting "2024; modifying and prescribing the contents of the revenue neutral rate public hearing notice; relating to valuation and appeals; providing two prior years' values on the annual valuation notice; allowing for filing of an appraisal by a certified residential real property appraiser for appeal purposes; accounting for adverse influences in the valuation of agricultural land"; also in line 3, after "amending" by inserting "K.S.A. 79-1496 and"; in line 4, after "Supp." by inserting "79-1460, 79-2988 and"; also in line 4, by striking "section" and inserting "sections"; and the bill be passed as amended.

Chairperson