

Senate Substitute for HOUSE BILL No. 2088

By Committee on Assessment and Taxation

3-18

1 AN ACT concerning property taxation; amending K.S.A. 13-907, 79-1466
2 and 79-1467 and K.S.A. 2015 Supp. 79-5a27, 79-1801 and 79-2925b
3 and repealing the existing sections.
4

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

6 Section 1. K.S.A. 13-907 is hereby amended to read as follows: 13-
7 907. (a) All taxes and special assessments must be levied and certified by
8 the city clerk to the county clerk prior to the 25th day of August each year:
9 ~~Provided, That in cities having a population of more than one hundred~~
10 ~~seventy-five thousand (175,000), special assessments must be levied and~~
11 ~~certified by the city clerk to the county clerk prior to the 25th day of July~~
12 ~~each year.~~

13 (b) *If the governing body of a city must conduct an election for an*
14 *increase in property tax to fund any appropriation or budget under section*
15 *7, and amendments thereto, the governing body of the city shall certify, on*
16 *or before October 1, to the proper county clerk the amount of ad valorem*
17 *tax to be levied.*

18 Sec. 2. K.S.A. 2015 Supp. 79-5a27 is hereby amended to read as
19 follows: 79-5a27. ~~On or before June 15, 1989, and On or before June 15 1~~
20 ~~each year thereafter,~~ the director of property valuation shall certify to the
21 county clerk of each county the amount of assessed valuation apportioned
22 to each taxing unit therein for properties valued and assessed under K.S.A.
23 79-5a01 et seq., and amendments thereto. The county clerk shall include
24 such assessed valuations in the applicable taxing districts with all other
25 assessed valuations in those taxing districts and on or before ~~July 1~~ *June*
26 *15* notify the appropriate officials of each taxing district within the county
27 of the assessed valuation estimates to be utilized in the preparation of
28 budgets for ad valorem tax purposes. If in any year the county clerk has
29 not received the applicable valuations from the director of property
30 valuation, the county clerk shall use the applicable assessed valuations of
31 the preceding year as an estimate for such notification. If the public utility
32 has filed an application for exemption of all or a portion of its property, the
33 director shall notify the county clerk that the exemption application has
34 been filed and the county clerk shall not be required to include such
35 assessed valuation in the applicable taxing districts until such time as the
36 application is denied by the state board of tax appeals or, if judicial review

1 of the board's order is sought, until such time as judicial review is
2 finalized.

3 Sec. 3. K.S.A. 79-1466 is hereby amended to read as follows: 79-
4 1466. Commencing on January 1 of each year, the county or district
5 appraiser shall transmit the taxable real property appraisals and the exempt
6 real property appraisals to the county clerk continually upon the
7 completion thereof.

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

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

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

18 All transmissions required by this section may be made electronically.

19 Sec. 4. K.S.A. 79-1467 is hereby amended to read as follows: 79-
20 1467. Commencing on January 1 of each year, the county or district
21 appraiser shall transmit the taxable personal property appraisals to the
22 county clerk continually upon the completion thereof. Upon completion of
23 transmission of such appraisals to the county clerk, on or before June ~~15~~ 1
24 each year, the county or district appraiser shall deliver a document
25 certifying that such appraisals constitute the complete appraisal rolls for
26 personal property except for personal property which may be subject to
27 investigation and valuation pursuant to law or personal property which
28 may have escaped appraisal in any year, in which cases the appraiser shall
29 transmit to the clerk, upon completion, the appraisals of such property and
30 the clerk shall add the same to the taxable personal property roll at such
31 time.

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

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

38 All transmissions required by this section may be made electronically.

39 Sec. 5. K.S.A. 2015 Supp. 79-1801 is hereby amended to read as
40 follows: 79-1801. (a) Except as provided by subsection (b), each year the
41 governing body of any city, the trustees of any township, the board of
42 education of any school district and the governing bodies of all other
43 taxing subdivisions shall certify, on or before August 25, to the proper

1 county clerk the amount of ad valorem tax to be levied. Thereupon, the
2 county clerk shall place the tax upon the tax roll of the county, in the
3 manner prescribed by law, and the tax shall be collected by the county
4 treasurer. The county treasurer shall distribute the proceeds of the taxes
5 levied by each taxing subdivision in the manner provided by K.S.A. 12-
6 1678a, and amendments thereto.

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

13 Sec. 6. K.S.A. 2015 Supp. 79-2925b is hereby amended to read as
14 follows: 79-2925b. (a) Without a majority vote so providing, the governing
15 body of any municipality shall not approve any appropriation or budget, as
16 the case requires, which may be funded by revenue produced from
17 property taxes, and which provides for funding with such revenue in an
18 amount exceeding that of the next preceding year, adjusted to reflect
19 changes in the consumer price index for all urban consumers as published
20 by the United States department of labor for the preceding calendar year. If
21 the total tangible property valuation in any municipality increases from the
22 next preceding year due to increases in the assessed valuation of existing
23 tangible property and such increase exceeds changes in the consumer price
24 index, the governing body shall lower the amount of ad valorem tax to be
25 levied to the amount of ad valorem tax levied in the next preceding year,
26 adjusted to reflect changes in the consumer price index. This subsection
27 shall not apply to ad valorem taxes levied under K.S.A. 76-6b01 and 76-
28 6b04 and K.S.A. 2015 Supp. 72-6470, and amendments thereto, and any
29 other ad valorem tax levy which was previously approved by the voters of
30 such municipality. ~~Except as provided in subsection (e),~~ Notwithstanding
31 the requirements of this subsection, nothing herein shall prohibit a
32 municipality from increasing the amount of ad valorem tax to be levied if
33 the municipality approves the *proposed* increase with a majority vote of
34 the governing body by the adoption of a resolution and publishes ~~such its~~
35 *vote to approve the appropriation or budget including the increase* as
36 provided in subsection (c).

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

- 39 (1) New improvements to real property;
- 40 (2) increased personal property valuation, ~~other than increased~~
41 ~~valuation of oil and gas leaseholds and mobile homes;~~
- 42 (3) property located within added jurisdictional territory; or
- 43 (4) property which has changed in use shall not be considered when

1 determining whether revenue produced from property has increased from
2 the next preceding year.

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

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

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

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

21 (A) Any such political subdivision or taxing district which receives
22 \$1,000 or less in revenue from property taxes in the current year; *or*

23 (B) *any city or county.*

24 ~~(g) On and after January 1, 2018: (1) In the case of cities and~~
25 ~~counties, any resolution by the governing body otherwise required by this~~
26 ~~section to adopt any appropriation or budget which provides for funding~~
27 ~~by property tax revenue in an amount exceeding that of the next preceding~~
28 ~~year as adjusted pursuant to subsection (a) to reflect changes in the~~
29 ~~consumer price index, shall not become effective unless such resolution~~
30 ~~has been submitted to and approved by a majority of the qualified electors~~
31 ~~of the city or county voting at an election called and held thereon, except~~
32 ~~as otherwise provided. The election shall be called and held in the manner~~
33 ~~provided by K.S.A. 10-120, and amendments thereto, at the next regularly~~
34 ~~scheduled election to be held in August or November, or may be a mail~~
35 ~~ballot election, conducted in accordance with K.S.A. 25-431 et seq., and~~
36 ~~amendments thereto, or may be a special election called by the city or~~
37 ~~county. Nothing in this subsection shall prevent any city or county from~~
38 ~~holding more than one election in any year.~~

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

43 ~~(A) The increase in the amount of ad valorem tax to be levied that is~~

1 greater than the change in the consumer price index is due to:

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

8 ~~(ii) bond and interest payments;~~

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

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

14 ~~(v) special assessments;~~

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

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

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

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

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

33 New Sec. 7. (a) (1) On and after January 1, 2017, the governing body
34 of any city or county shall not approve any appropriation or budget which
35 provides for funding by property tax revenues in an amount exceeding that
36 of the next preceding year as adjusted to reflect changes in the consumer
37 price index for all urban consumers as published by the United States
38 department of labor for the preceding calendar year, which shall not be less
39 than zero, unless the city or county approves the appropriation or budget
40 with the adoption of a resolution and such resolution has been submitted to
41 and approved by a majority of the qualified electors of the city or county
42 voting at an election called and held thereon, except as otherwise provided.

43 (2) The election shall be called and held in the manner provided by

1 K.S.A. 10-120, and amendments thereto, and may be:

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

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

6 (C) may be a special election called by the city or county. Nothing in
7 this subsection shall prevent any city or county from holding more than
8 one election in any year. The city or county requesting the election shall be
9 responsible for paying all costs associated with conducting the election.

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

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

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

20 (B) increased personal property valuation;

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

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

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

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

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

28 (A) Bond and interest payments not exceeding the amount of ad
29 valorem property taxes levied in support of such payments;

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

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

34 (D) expenditures of city or county funds that are specifically
35 mandated by federal or state law with such mandates becoming effective
36 on or after July 1, 2015; or

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

42 (3) The property tax revenues levied by the city or county have
43 declined in one or more of the next preceding three calendar years and the

1 increase in the amount of funding for the budget or appropriation from
2 revenue produced from property taxes does not exceed the average amount
3 of funding from such revenue of the next preceding three calendar years,
4 adjusted to reflect changes in the consumer price index for all urban
5 consumers as published by the United States department of labor for the
6 preceding calendar year.

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

15 New Sec. 8. If the city or county elects to conduct the election
16 required under section 7, and amendments thereto, using a mail ballot
17 election, the city or county shall certify to the county clerk and the election
18 officer for the county no later than July 1 that an election shall be
19 necessary to approve the resolution. Upon notification from a city or
20 county pursuant to section 7, and amendments thereto, the election officer
21 for the county shall set the election to be conducted in accordance with
22 K.S.A. 25-431 et seq., and amendments thereto, on the September 15
23 following the notification, or if September 15 is a Sunday, the next
24 business day. The county board of canvassers shall conduct a canvass of
25 the election no later than the 5th day following the date of the election.

26 Sec. 9. K.S.A. 13-907, 79-1466 and 79-1467 and K.S.A. 2015 Supp.
27 79-5a27, 79-1801 and 79-2925b are hereby repealed.

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