

SENATE BILL No. 538

By Committee on Assessment and Taxation

2-23

1 AN ACT concerning taxation; eliminating the local ad valorem tax
2 reduction fund; amending K.S.A. 65-163j, 65-3306, 65-3327, 75-2556
3 and 79-1479 and repealing the existing sections; also repealing K.S.A.
4 19-2694, 79-2960, 79-2961 and 79-2962 and K.S.A. 2021 Supp. 79-
5 2959.

6
7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 65-163j is hereby amended to read as follows: 65-
9 163j. (a) The dedicated source of revenue for repayment of a loan to a
10 municipality may include service charges, connection fees, special
11 assessments, property taxes, grants or any other source of revenue lawfully
12 available to the municipality for such purpose. In order to ensure
13 repayment by municipalities of the amounts of loans provided under this
14 act, the secretary, after consultation with the governing body of any
15 municipality which receives a loan, may adopt charges to be levied against
16 individuals and entities served by the project. Any such charges shall
17 remain in effect until the total amount of the loan, and any interest thereon,
18 has been repaid. The charges shall, insofar as is practicable, be equitably
19 assessed and may be in the form of a surcharge to the existing charges of
20 the municipality. The governing body of any municipality which receives a
21 loan under this act shall collect any charges established by the secretary
22 and shall pay the moneys collected therefrom to the secretary in
23 accordance with procedures established by the secretary.

24 ~~(b) Upon the failure of a municipality to meet the repayment terms~~
25 ~~and conditions of the agreement, the secretary may order the treasurer of~~
26 ~~the county in which the municipality is located to pay to the secretary such~~
27 ~~portion of the municipality's share of the local ad valorem tax reduction~~
28 ~~fund as may be necessary to meet the terms of the agreement,~~
29 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, and~~
30 ~~amendments thereto. Upon the issuance of such an order, the municipality~~
31 ~~shall not be required to make the tax levy reductions otherwise required by~~
32 ~~K.S.A. 79-2960 and 79-2961, and amendments thereto.~~

33 (e) Municipalities which are provided with loans under this act shall
34 maintain project accounts in accordance with generally accepted
35 government accounting standards.

36 ~~(d)~~(c) Any loans received by a municipality under the provisions of

1 this act shall be construed to be bonds for the purposes of K.S.A. 10-1116
2 and 79-5028, and amendments thereto, and the amount of such loans shall
3 not be included within any limitation on the bonded indebtedness of the
4 municipality.

5 Sec. 2. K.S.A. 65-3306 is hereby amended to read as follows: 65-
6 3306. The secretary's annual request for appropriations to the water
7 pollution control account shall be based on an estimate of the fiscal needs
8 for the ensuing budget year, less any amounts received by the secretary
9 from any public or private grants or contributions and moneys in such
10 account shall be used solely for the purposes provided for by this act.
11 Moneys allocated to a municipality shall be encumbered as an expenditure
12 of this account upon the formal letting of a contract for the improvement
13 notwithstanding the date on which actual payment is made of the state
14 financial assistance. Any municipality may contribute moneys to the state
15 water pollution control account. If there are no uncommitted or
16 unencumbered moneys in the water pollution control account, any
17 municipality applying for any water pollution control project as defined in
18 K.S.A. 65-3302, *and amendments thereto*, shall as a condition of such
19 application certify in writing to the secretary that a contribution in the
20 amount of ~~twenty-five percent (25%)~~ 25% of the eligible cost of such
21 project will be made to the water pollution control account by such
22 municipality prior to formal letting of a construction contract. Upon
23 receipt by the secretary, each such contribution shall be retained in a
24 subaccount of the water pollution control account for use solely in the
25 project for which the municipality has made application.

26 ~~Notwithstanding the provisions of K.S.A. 79-2960 and 79-2961, any~~
27 ~~municipality applying for such a water pollution control project may make~~
28 ~~such contribution from all or such part of its share of the local ad valorem~~
29 ~~tax reduction fund as may be necessary for such purpose, and to the extent~~
30 ~~such fund is pledged and used for such purpose the municipality shall not~~
31 ~~be required to make the tax levy reductions otherwise required by K.S.A.~~
32 ~~79-2960 and 79-2961. Taxes levied by any municipality by reason of its~~
33 ~~failure to make such reduction in its levies shall not be subject to or be~~
34 ~~considered in computing the aggregate limitation upon the levy of taxes by~~
35 ~~such municipality under the provisions of K.S.A. 79-5003.~~

36 Sec. 3. K.S.A. 65-3327 is hereby amended to read as follows: 65-
37 3327. (a) The dedicated source of revenue for repayment of the loans may
38 include service charges, connection fees, special assessments, property
39 taxes, grants or any other source of revenue lawfully available to the
40 municipality for such purpose. In order to ensure repayment by
41 municipalities of the amounts of loans provided under K.S.A. 65-3321
42 through 65-3329, and amendments thereto, the secretary, after consultation
43 with the governing body of any municipality which receives a loan, may

1 adopt charges to be levied against users of the project. Any such charges
2 shall remain in effect until the total amount of the loan, and any interest
3 thereon, has been repaid. The charges shall, insofar as is practicable, be
4 equitably assessed and may be in the form of a surcharge to the existing
5 charges of the municipality. The governing body of any municipality
6 which receives a loan under K.S.A. 65-3321 through 65-3329, and
7 amendments thereto, shall collect any charges established by the secretary
8 and shall pay the moneys collected therefrom to the secretary in
9 accordance with procedures established by the secretary.

10 ~~(b) Upon the failure of a municipality to meet the repayment terms~~
11 ~~and conditions of the agreement, the secretary may order the treasurer of~~
12 ~~the county in which the municipality is located to pay to the secretary such~~
13 ~~portion of the municipality's share of the local ad valorem tax reduction~~
14 ~~fund as may be necessary to meet the terms of the agreement,~~
15 ~~notwithstanding the provisions of K.S.A. 79-2960 and 79-2961 and~~
16 ~~amendments thereto. Upon the issuance of such an order, the municipality~~
17 ~~shall not be required to make the tax levy reductions otherwise required by~~
18 ~~K.S.A. 79-2960 and 79-2961 and amendments thereto.~~

19 (e) Municipalities which are provided with loans under K.S.A. 65-
20 3321 through 65-3329, and amendments thereto, shall maintain project
21 accounts in accordance with generally accepted government accounting
22 standards.

23 ~~(d)~~(c) Municipalities which receive a grant and an allowance under
24 the federal act with respect to project costs for which a loan was provided
25 under K.S.A. 65-3321 through 65-3329, and amendments thereto, shall
26 promptly repay such loan to the extent of the allowance received under the
27 federal act.

28 ~~(e)~~(d) Any loans received by a municipality under the provisions of
29 K.S.A. 65-3321 through 65-3329, and amendments thereto, shall be
30 construed to be bonds for the purposes of K.S.A. 10-1116 and 79-5028,
31 and amendments thereto, and the amount of such loans shall not be
32 included within any limitation on the bonded indebtedness of the
33 municipality.

34 Sec. 4. K.S.A. 75-2556 is hereby amended to read as follows: 75-
35 2556. (a) The state librarian shall determine the amount of the grant-in-aid
36 each eligible local public library is to receive based on the latest
37 population census figures as certified by the division of the budget.

38 (b) Except as provided by subsection (d), no local public library shall
39 be eligible for any state grants-in-aid if the total amount of the following
40 paragraphs is less than the total amount produced from such sources for
41 the same library for the previous year, based on the information contained
42 in the official annual budgets of municipalities that are filed with the
43 division of accounts and reports in accordance with K.S.A. 79-2930, and

1 amendments thereto:

2 (1) The amount produced by the local ad valorem tax levies for the
3 current year expenses for such library;

4 ~~(2) the amount of moneys received from the local ad valorem tax~~
5 ~~reduction fund for current year expenses for such library;~~

6 ~~(3)~~ the amount of moneys received from taxes levied upon motor
7 vehicles under the provisions of K.S.A. 79-5101 et seq., and amendments
8 thereto, for current year expenses for such library; and

9 ~~(4)~~(3) the amount of moneys received in the current year from
10 collections of unpaid local ad valorem tax levies for prior year expenses
11 for such library.

12 (c) Local public library districts in which the assessed valuation
13 decreases shall remain eligible for state grants-in-aid so long as the ad
14 valorem tax mill rate for the support of such library has not been reduced
15 below the mill rate imposed for such purpose for the previous year.

16 (d) If a local public library fails to qualify for eligibility for any state
17 grants-in-aid under subsection (b), the state librarian shall have the power
18 to continue the eligibility of a local public library for any state grants-in-
19 aid if the state librarian, after evaluation of all the circumstances,
20 determines that the legislative intent for maintenance of local tax levy
21 support for the on-going operations of the library is being met by the
22 library district.

23 (e) The distribution so determined shall be apportioned and paid on
24 February 15 of each year.

25 Sec. 5. K.S.A. 79-1479 is hereby amended to read as follows: 79-
26 1479. (a) On or before January 15, 1992, and quarterly thereafter, the
27 county or district appraiser shall submit to the director of property
28 valuation a progress report indicating actions taken during the preceding
29 quarter calendar year to implement the appraisal of property in the county
30 or district. Whenever the director of property valuation shall determine
31 that any county has failed, neglected or refused to properly provide for the
32 appraisal of property or the updating of the appraisals on an annual basis in
33 substantial compliance with the provisions of law and the guidelines and
34 timetables prescribed by the director, the director shall file with the state
35 board of tax appeals a complaint stating the facts upon which the director
36 has made the determination of noncompliance as provided by K.S.A. 79-
37 1413a, and amendments thereto. If, as a result of such proceeding, the state
38 board of tax appeals finds that the county is not in substantial compliance
39 with the provisions of law and the guidelines and timetables of the director
40 of property valuation providing for the appraisal of all property in the
41 county or the updating of the appraisals on an annual basis, it shall order
42 the immediate assumption of the duties of the office of county appraiser by
43 the director of the division of property valuation until such time as the

1 director of property valuation determines that the county is in substantial
2 compliance with the provisions of law. In addition, the board shall order
3 the state treasurer to withhold all or a portion of the county's entitlement to
4 moneys from ~~either or both of the local ad valorem tax reduction fund and~~
5 ~~the city and county and city~~ revenue sharing fund for the year following
6 the year in which the order is issued. Upon service of any such order on
7 the board of county commissioners, the appraiser shall immediately
8 deliver to the director of property valuation, or the director's designee, all
9 books, records and papers pertaining to the appraiser's office.

10 Any county for which the director of the division of property valuation
11 is ordered by the state board of tax appeals to assume the responsibility
12 and duties of the office of county appraiser shall reimburse the state for the
13 actual costs incurred by the director of the division of property valuation in
14 the assumption and carrying out of such responsibility and duties,
15 including any contracting costs in the event it is necessary for the director
16 of property valuation to contract with private appraisal firms to carry out
17 such responsibilities and duties.

18 (b) On or before June 1 of each year, the director of property
19 valuation shall review the appraisal of property in each county or district
20 to determine if property within the county or district is being appraised or
21 valued in accordance with the requirements of law. If the director
22 determines the property in any county or district is not being appraised in
23 accordance with the requirements of law, the director of property valuation
24 shall notify the county or district appraiser and the board of county
25 commissioners of any county or counties affected that the county has 30
26 days within which to submit to the director a plan for bringing the
27 appraisal of property within the county into compliance.

28 If a plan is submitted and approved by the director the county or district
29 shall proceed to implement the plan as submitted. The director shall
30 continue to monitor the program to insure that the plan is implemented as
31 submitted. If no plan is submitted or if the director does not approve the
32 plan, the director shall petition the state board of tax appeals for a review
33 of the plan or, if no plan is submitted, for authority for the division of
34 property valuation to assume control of the appraisal program of the
35 county and to proceed to bring the same into compliance with the
36 requirements of law.

37 If the state board of tax appeals approves the plan, the county or district
38 appraiser shall proceed to implement the plan as submitted. If no plan has
39 been submitted or the plan submitted is not approved, the board shall fix a
40 time within which the county may submit a plan or an amended plan for
41 approval. If no plan is submitted and approved within the time prescribed
42 by the board, the board shall order the division of property valuation to
43 assume control of the appraisal program of the county and shall certify its

1 order to the state treasurer who shall withhold distributions of the county's
2 share of moneys from the county and city revenue sharing fund ~~and the~~
3 ~~local ad valorem tax reduction fund~~ and credit the same to the general fund
4 of the state for the year following the year in which the board's order is
5 made. The director of property valuation shall certify the amount of the
6 cost incurred by the division in bringing the program in compliance to the
7 state board of tax appeals. The board shall order the county commissioners
8 to reimburse the state for such costs.

9 (c) The state board of tax appeals shall within 60 days after the
10 publication of the Kansas assessment/sales ratio study review such
11 publication to determine county compliance with K.S.A. 79-1439, and
12 amendments thereto. If in the determination of the board one or more
13 counties are not in substantial compliance and the director of property
14 valuation has not acted under subsection (b), the board shall order the
15 director of property valuation to take such corrective action as is necessary
16 or to show cause for noncompliance.

17 Sec. 6. K.S.A. 19-2694, 65-163j, 65-3306, 65-3327, 75-2556, 79-
18 1479, 79-2960, 79-2961 and 79-2962 and K.S.A. 2021 Supp. 79-2959 are
19 hereby repealed.

20 Sec. 7. This act shall take effect and be in force from and after its
21 publication in the statute book.