Session of 2016

HOUSE BILL No. 2609

By Committee on Taxation

2-3

AN ACT concerning property taxation; relating to taxing subdivisions, approval of budgets, resolution and election requirements; amending K.S.A. 2015 Supp. 79-2925b and repealing the existing section.

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

Section 1. 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 municipal cost index 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 municipal cost 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 municipal cost 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 increase with a majority vote of the governing body by the adoption of a resolution and publishes such vote 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, "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. "Municipality" shall not include any such political subdivision or
taxing district which receives $1,000 or less in revenue from property
taxes in the current year.

(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 property 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 municipal cost 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 if a petition calling for an
election is submitted and signed by not less than 10% of the electors of the
city or county. If such a petition is submitted, then an 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 municipal cost 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; principal and interest upon state infrastructure loans, bonds, temporary notes, no-fund warrants, payments made to a public building commission and lease payments;

(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 after July 1, 2015; or

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

(ix) An increase in property tax revenues as a result of the expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program;

(x) Employer contributions for social security, workers compensation, unemployment insurance, health care costs and employee retirement and pension programs;

(xi) Expenses incurred by counties for district court operations and expenses incurred by counties for the detention of juveniles;

(xii) Expenses for which tax levies are authorized or required under K.S.A. 12-11a01, 12-1617h, 19-4004, 19-4011, 19-4102, 19-4443 and 65-6113, and amendments thereto; or

(xiii) Expenses relating to a federal, state or local disaster or a federal, state or local emergency declared by a federal official, state official or municipal governing body;

(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, or municipal cost index 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 municipal cost 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.

(3) 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 such 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.

(4) The governing body of any city or county may elect to use home rule powers in the manner and subject to the limitations prescribed by article 12 of section 4 of the constitution of the state of Kansas and other laws of this state to exempt such city or county from subsection (g).

Sec. 2. K.S.A. 2015 Supp. 79-2925b is hereby repealed.

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