



COUNTY OF LEAVENWORTH

300 Walnut St., Suite 106
Leavenworth, Kansas 66048-2725
(913) 684-0422
Fax (913) 680-1489

*From the office of Janet Klasinski, County Clerk
Email: jklasinski@leavenworthcounty.gov*

June 2, 2023

Dear Leavenworth County Taxing Entities,

As we begin the 2024 budget process, we have been reviewing the requirements and procedures that were used last year with the beginning of the Revenue Neutral Rate. I am enclosing several documents that are required when preparing your 2024 budget as well as when you submit your adopted budget to the county clerk's office.

It is important that you follow the timelines set out by the Kansas Department of Administration, Municipal Services Department. There are specific deadlines that must be adhered to in order to comply. I must receive your Notice of Revenue Neutral Rate Intent on or before 5:00 p.m. on July 20, otherwise Revenue Neutral rate cannot be exceeded.

Taxing subdivisions cannot levy above the revenue neutral rate (RNR) without holding a Revenue Neutral Rate Hearing for tax payers to attend and provide feedback. Make sure the hearing notice is published in the newspaper at least ten days prior to the hearing and placed on your website. At the end of the RNR hearing, the governing body of the taxing subdivision must make a motion to adopt the resolution to levy a property tax exceeding the Revenue Neutral Rate. They must also publicly vote by roll call to pass this resolution or ordinance to exceed the RNR and the vote must be recorded on the enclosed "Roll Call Vote" or a similar form. If the subdivision fails to hold the RNR hearing and pass the resolution by motion and roll call vote, the subdivision must be capped at the RNR rate.

County Clerks will be required to cap the subdivision's ad valorem property tax levy if all procedures are not completely followed throughout the RNR and budget hearings.

Recreation Commissions are required to prepare a completed budget pursuant to K.S.A. 12-1927 and comply with the Revenue Neutral Rate procedure prior to certification to the city/school district. It was noted by the Department of Administration that not all Recreation Commissions complied.

We have tried to outline requirements but please make sure you double check with Municipal Services or the State Board of Education for school districts for additional guidance.

<https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/budget-workbooks-for-budget-year2023>

Please feel free to contact me if you have any questions.

Sincerely,

/s/ Janet Klasinski

Janet Klasinski
Leavenworth County Clerk
300 Walnut, Suite 106
Leavenworth, KS 66048

County Clerk's Budget Information for 2024 Budget Year
 Leavenworth County values
 USD 469 - GENERAL

1. Estimated Assesed Valuation as of THURSDAY, JUNE 1, 2023:

	Assessed Value	New Improvements	Territory Added	Changed Use
Real Estate	169,438,083	2,834,003	0	2,705,873
State Assessed	6,889,274	0		
Severed Minerals	2,840			
Personal Property	1,292,256			
Oil & Gas	16,169			
Total Value	<u>177,638,622</u>	<u>2,834,003</u>		

2. Personal Property: 1,739,742
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5a)

Revenue Neutral Rate 17.786

3. Actual tax rates levied for the 2023 budget: (2022 levies)

SAC Fund	Rate	RN Rate
137 USD 469 - GENERAL	20.000	17.786
Total Levied	<u>20.000</u>	

4. Final Assessed Valuation from the November 2022 abstract: 157,970,742

5. 2022 Personal Property: 1,419,812
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5b)

6. Gross Earnings (Intangible) Tax Estimate: .00

7. Neighborhood Revitalization District:
 Valuation Subject to Rebates 1,371,644

8. 2021 average tax delinquency percentage: .502741

9. 2021 delinquency percentage for special assessments: .000000

Date Provided: 6-2-23 Provided by: Jane Klasinski
 Leavenworth County Clerk

County Clerk's Budget Information for 2024 Budget Year
 Leavenworth County values
 469 - OTHER

1. Estimated Assesed Valuation as of THURSDAY, JUNE 1, 2023:

	Assessed Value	New Improvements	Territory Added	Changed Use
Real Estate	190,494,412	2,834,003	0	2,705,873
State Assessed	6,889,274	0		
Severed Minerals	2,840			
Personal Property	1,723,573			
Oil & Gas	16,169			
Total Value	<u>199,126,268</u>	<u>2,834,003</u>		

2. Personal Property: 1,739,742
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5a)

Revenue Neutral Rate 12.307

3. Actual tax rates levied for the 2023 budget: (2022 levies)

SAC Fund	Rate	RN Rate	General value
138 USD 469 - GENERAL - SUPPLEMENTAL	12.365	11.066	
140 USD 469 - COST OF LIVING	.524	.469	
289 USD 469 - SPECIAL ASSESSMENT	.863	.772	
Total Levied	<u>13.752</u>		

4. Final Assessed Valuation from the November 2022 abstract: 178,206,181

5. 2022 Personal Property: 1,419,812
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5b)

6. Gross Earnings (Intangible) Tax Estimate: .00

7. Neighborhood Revitalization District:
 Valuation Subject to Rebates 1,371,644

8. 2021 average tax delinquency percentage: .525060

9. 2021 delinquency percentage for special assessments: .000000

Date Provided: 6-2-23 Provided by: Jane Klasinski
 Leavenworth County Clerk

County Clerk's Budget Information for 2024 Budget Year
 Leavenworth County values
 USD 469 - CAPITAL OUTLAY

1. Estimated Assesed Valuation as of THURSDAY, JUNE 1, 2023:

	Assessed Value	New Improvements	Territory Added	Changed Use
Real Estate	190,494,412	2,834,003	0	2,705,873
State Assessed	6,889,274	0		
Severed Minerals	2,840			
Personal Property	1,723,573			
Oil & Gas	16,169			
Total Value	<u>199,126,268</u>	<u>2,834,003</u>		

2. Personal Property: 1,739,742
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5a)

Revenue Neutral Rate 7.160

3. Actual tax rates levied for the 2023 budget: (2022 levies)

SAC Fund	Rate	RN Rate
043 USD 469 - CAPITAL OUTLAY	8.000	7.160
Total Levied	<u>8.000</u>	

4. Final Assessed Valuation from the November 2022 abstract: 178,206,181

5. 2022 Personal Property: 1,419,812
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5b)

6. Gross Earnings (Intangible) Tax Estimate: .00

7. Neighborhood Revitalization District:
 Valuation Subject to Rebates 1,371,644

8. 2021 average tax delinquency percentage: .525060

9. 2021 delinquency percentage for special assessments: .000000

Date Provided: 6-2-23 Provided by: Jane Klasmuka
Leavenworth County Clerk

County Clerk's Budget Information for 2024 Budget Year
 Leavenworth County values
 USD 469 - BOND/INT NO.1

1. Estimated Assesed Valuation as of THURSDAY, JUNE 1, 2023:

	Assessed Value	New Improvements	Territory Added	Changed Use
Real Estate	190,494,412	2,834,003	0	2,705,873
State Assessed	6,889,274	0		
Severed Minerals	2,840			
Personal Property	1,723,573			
Oil & Gas	16,169			
Total Value	<u>199,126,268</u>	<u>2,834,003</u>		

2. Personal Property: 1,739,742
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5a)

Revenue Neutral Rate 13.983

3. Actual tax rates levied for the 2023 budget: (2022 levies)

SAC Fund	Rate	RN Rate
021 USD 469 - BOND & INTEREST NO. 1	15.625	13.983
Total Levied	<u>15.625</u>	

4. Final Assessed Valuation from the November 2022 abstract: 178,206,181

5. 2022 Personal Property: 1,419,812
 (Use this amount on Computation to Determine Limit for 2024 budget, line 5b)

6. Gross Earnings (Intangible) Tax Estimate: .00

7. Neighborhood Revitalization District:
 Valuation Subject to Rebates 1,371,644

8. 2021 average tax delinquency percentage: .525060

9. 2021 delinquency percentage for special assessments: .000000

Date Provided: 6-2-23 Provided by: Jane Klasnik
Leavenworth County Clerk

TO: Leavenworth County Clerk's Office

Janet Klasinski

300 Walnut, Suite 106

Leavenworth, KS 66048

913-684-0422

jklasinski@leavenworthcounty.gov

NOTICE OF REVENUE NEUTRAL RATE INTENT

The Governing body of the Unified School District 469, Lansing, hereby notifies the Leavenworth County Clerk of intent to exceed the Revenue Neutral Rate:

_____ **Yes**, we intend to exceed the Revenue Neutral Rate and our proposed mill levy rate is: _____ . The date of the hearing is _____ at _____ AM/PM and will be held at _____ .

_____ **No**, we do not plan to exceed the Revenue Neutral Rate and will submit our budget to the County Clerk on or before August 25, 2023.

WITNESS my hand and official seal on _____, 2023.

(SEAL)

Clerk of Office of Governing Body

DATE: _____

NOTE: Notice required to be sent to the County Clerk on or before 5:00 p.m. on July 20, otherwise Revenue Neutral Rate cannot be exceeded.

Roll Call Vote

According to Kansas Statute 79-2988 (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.

A Roll Call vote of Unified School District No. 469, Lansing, Kansas, to Levy a Property Tax Exceeding the Revenue Neutral Rate.

Hearing to Exceed Revenue Neutral Rate was held on: _____.

RESOLUTION NO. _____

Governing Body Member	Yes	No	No Vote
Jeff Bollin, Board President			
Amy Cawvey, Board Vice President			
Michelle McQuillan, Board Member			
Pete Robinson, Board Member			
Carly Wieggers, Board Member			
Mary Wood, Board Member			
Aaron Yoakam, Board Member			
TOTAL			

Certified by U.S.D. 469, Lansing:

Signature & Title

Dated:

The following motion must be made prior to approving the Resolution:

I move that we adopt Resolution _____ to levy a property tax rate exceeding the Revenue Neutral Rate.

(Minutes must state who made the motion and seconded the motion.)

Exceeding RNR – Budget Timeline

If exceeding Revenue Neutral Rate (RNR), follow procedure KSA 79-2988

- **June 15th**: Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **July 20th**: Last day to notify County Clerk of intent to levy above RNR
 - Provide County Clerk proposed tax rate and hearing information
 - **County Clerk will notify tax payers via mail/email of all taxing subdivisions exceeding RNR 10 days prior to first hearing**
- **August 20th – September 20th**: Hold RNR hearing *prior to or in conjunction with* budget hearing
 - **Publication of hearing must be done 10 days prior to RNR hearing***
 - **Publish in newspaper *and* website (if website is maintained)**
- **August 20th – September 20th**: Hold budget hearing
 - Publication of hearing must be done 10 days prior to budget hearing
- **August 20th – October 1st**: Governing body passes resolution to exceed RNR (if applicable), records roll call for governing body vote, and then formally adopts budget
 - **Note:** Roll Call Vote will still be recorded and submitted with budget documents if resolution fails.
- **August 30th – October 1st**: Governing body certifies budget to County Clerk

**Best Practice: Contact your newspaper(s) in advance to confirm publication content due dates, procedure, and contact information! There is no remedy if the RNR hearing newspaper publication is missed.*

Not Exceeding RNR – Budget Timeline

- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **By August 4th:** Publish Notice of Budget Hearing in newspaper
- **By August 15th:** Hold budget hearing at least 10 days after published Notice of Budget Hearing
- **August 15th – 25th:** Governing body formally adopts budget
- **August 25th:** Governing body electronically submits budget to County Clerk

Recreation Commissions – Budget Timeline

Note: *Italicized lines are specific to exceeding Revenue Neutral Rate (RNR)*

- **June 15th:** Assessed property valuation estimates distributed from County Clerks
- **July 11th:** Last day for notice of budget hearing to be published in weekly or daily newspaper (if not exceeding RNR)
- **July 20th:** *Last day to notify County Clerk of intent to levy above RNR*
 - *Clerk should be provided proposed tax rate and RNR hearing information (date, time, location)*
- **July 22nd:** Last day to hold budget hearing (if not exceeding RNR)
- **July 22nd – July 31st:** Recreation commission formally adopts budget (not exceeding RNR)
- **August 1st:** Recreation commission budget due to city or school district, and County Clerk (not exceeding RNR)
- **August 20th-September 20th:** *Hold RNR hearing prior to or in conjunction with budget hearing*
 - *Publication of hearing must be done 10 days prior to RNR hearing*
 - *Publish in newspaper and website (if website is maintained)*
- **August 20th – September 20th:** *Hold budget hearing*
 - *Publication of hearing must be done 10 days prior to budget hearing*
- **August 20th – October 1st:** *Governing body passes resolution to exceed RNR (if applicable) and formally adopts budget*
- **August 30th – October 1st:** *Governing body certifies budget to County Clerk*

Kansas taxing subdivisions,

In March 2021, the Kansas Legislature passed Senate Bill (SB) 13 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. Subsequently, Senate Substitute for House Bill 2104 was passed to amend the timelines in SB 13. SB 13 is retroactively effective January 1, 2021. The change in policy applies to the 2022 budget cycle.

The bill repeals the tax lid law and computed tax limits imposed by KSA 79-2925b and KSA 79-2925c. Alternatively, the bill introduces the use of a “revenue neutral rate”, defined as the amount of ad valorem tax revenue levied in the prior year over the current year assessed valuation estimates, expressed as a mill. County clerks are responsible for computing and providing the rate to taxing subdivisions with the budget information estimates by June 15th.

Who does SB 13 apply to?

Taxing subdivisions have been defined by the bill as “any political subdivision of the state that levies an ad valorem tax on property”. Recreation commissions are considered a taxing subdivision for the purpose of SB 13.

What impact does SB 13 have to Kansas taxing subdivisions?

Taxing subdivisions cannot levy above the revenue neutral rate (RNR) without holding a Revenue Neutral Rate Hearing for tax payers to attend and provide feedback. At the end of the RNR hearing, the governing body of the taxing subdivision will publicly vote to pass a resolution to exceed the RNR for the upcoming budget year.

If the subdivision fails to hold the RNR hearing, the subdivision should consider the RNR as a mill rate cap. County clerks are encouraged (not required) to cap the subdivision’s ad valorem property tax levy at the RNR. If the taxing subdivision levies above the RNR without holding the required hearing and passing a resolution, the taxing subdivision would be required to refund all tax payers any amount levied above the RNR.

What is the timeline for the RNR hearing procedure?

By **July 20th** of each budget year, taxing subdivisions will notify their county clerk of their intent to exceed the RNR by providing the county clerk the proposed tax rate and the RNR hearing information. *Note: At a minimum, the subdivision’s budget should be complete for any fund receiving ad valorem property tax.*

Beginning in 2022, county clerks will notify via mail (or email if electronic communication has been requested by the tax payer) all tax payers of the revenue neutral rate hearings and levy changes impacting their property. The notification will include on one notice, among other things, all taxing subdivisions within the county that affect the tax payer’s property. For calendar years 2022 and 2023, the State of Kansas will reimburse county clerks the cost of the mailed notice. In subsequent years, the cost will be proportionately divided between taxing subdivisions holding a RNR hearing.

Between **August 20th** and **September 20th**, taxing subdivisions will hold their RNR hearing. The subdivision will be required to publish the hearing to the newspaper and subdivision website (if maintained) 10 days prior to the hearing date. Tax payers must be given the opportunity to speak without unreasonable restriction. At the end of the RNR hearing, the governing body of the taxing subdivision will vote to pass a resolution to levy above the RNR. *Note: The RNR hearing can be held in conjunction with the normal budget hearings, but the budget cannot be adopted prior to holding the RNR hearing.*

By **October 1st**, any taxing subdivision that chose to exceed the RNR will provide the county clerk with their adopted budget and required forms, including the published notice of RNR hearing and adopted resolution to exceed the RNR.

What is the risk of not holding the RNR Hearing?

The taxing subdivision cannot levy above the RNR.

If the taxing subdivision adopts a budget that does not exceed the RNR, the subdivision should contact the county clerk to prepare for valuation decreases from the June 15th property valuation estimates to the November 1st property valuations certified to the county clerk. If property valuations decrease from June 15th to November 1st, the taxing subdivision would realize less dollars than budgeted.

If the taxing subdivision levied higher than the RNR, the legislation requires refunds to tax payers in any amount levied above the RNR.

Is the budget submission date the same for subdivisions not exceeding the RNR?

Subdivisions that have opted to levy below the RNR will certify their adopted budget to the county clerk by August 25th. See the full timeline below.

Other tips:

- Contact the newspaper for content submission date and format requirements. Ensure you have the correct contact information and due dates for the RNR hearing notice. After 2021, the subdivision will not be able to reschedule the hearing (since taxpayers will be notified via mail, the hearing date cannot move).
- Holding a RNR hearing will protect the budget from unintended revenue decreases if property valuations decrease. To ensure the subdivision can levy the dollars budgeted, the subdivision should hold the RNR hearing – even if the intention is to remain revenue neutral.
- With the RNR hearing notice to the county clerk being July 20th, taxing subdivisions should have the budget completed for funds that receive ad valorem property tax revenue by July 20th or sooner.
- Additional Resources:
 - The full bill text and history can be found on the Kansas Legislature website at www.kslegislature.org
 - Check the Municipal Services website for additional guidance and FAQs, sample language, sample publications, etc. <https://admin.ks.gov/offices/oar/municipal-services>

- See the infographic summarizing SB 13 and HB 2104 designed by the League of Kansas Municipalities:
https://cdn.ymaws.com/www.lkm.org/resource/resmgr/files/infographics/SB_13_Infographic_v3.pdf
- School districts are encouraged to contact Kansas Department of Education with questions regarding the budget and RNR.

Timeline if Exceeding the Revenue Neutral Rate

- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **July 20th:** Last day to notify County Clerk of intent to levy above RNR
 - Clerk should be provided proposed tax rate and RNR hearing information (date, time, location)
 - Beginning in 2022, County Clerk will notify tax payers via mail/email of all taxing subdivisions exceeding RNR
- **August 20th – September 20th:** Hold RNR hearing prior to or in conjunction with budget hearing
 - Publication of hearing must be done 10 days prior to RNR hearing
 - Publish in newspaper and website (if website is maintained)
- **August 20th – September 20th:** Hold budget hearing
 - Publication of hearing must be done 10 days prior to budget hearing
- **August 20th – October 1st:** Governing body passes resolution to exceed RNR (if applicable) and formally adopts budget
- **August 30th – October 1st:** Governing body certifies budget to County Clerk

Timeline if not Exceeding the Revenue Neutral Rate

- **June 15th:** Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- **By August 4th:** Publish Notice of Budget Hearing in newspaper
- **By August 15th:** Hold budget hearing at least 10 days after published Notice of Budget Hearing
- **August 15th – 25th:** Governing body formally adopts budget
- **August 25th:** Governing body electronically submits budget to County Clerk


Feel free to contact Municipal Services at ARMunis@ks.gov with questions regarding SB 13.

Sincerely,

Municipal Services

PART A — 2023 CALENDAR FOR THE 2024 BUDGET


State law governs the timetable for budget preparation, publication, hearing, adoption, and certification. The calendar below is based on these statutory requirements. The budget timeline has been modified by the legislation creating the revenue neutral rate process passed in 2021 and amended in 2022 creating two possible budget timelines. Continue to use the basic budget calendar if the city does not plan to exceed the revenue neutral rate. A modified calendar to use if the city plans to exceed the revenue neutral rate will be included in Part C.

BUDGET CALENDAR IF THE TAXING ENTITY DOES NOT PLAN TO EXCEED THE REVENUE NEUTRAL RATE		
	June 1	Kansas Department of Revenue, Division of Property Valuation, and county appraisers are required to provide certified assessed valuation figures to the county clerk. K.S.A. 79-5a27
	June 15	By this date, county clerks must provide the estimated assessed valuations and revenue neutral rate to taxing districts. K.S.A. 79-5a27 and K.S.A. 79-2988
	August 5	This is the last day for publishing proposed budget and hearing notice. K.S.A. 79-2929
	August 15	This is the last day for public hearing on budget. K.S.A. 79-2933
	August 25	This is the last day for filing levies and budget with county clerk. K.S.A. 79-1801 and 79-2930.

PART B – THE BUDGET'S PURPOSE

No single responsibility of a city's governing body and its chief administrative officials is more critical than the preparation and adoption of the annual budget. The budget is the governing body's principal policy management tool and gives insight as to the city's mission. Preparing a budget is much more than filling out forms to comply with state law and it is more than an exercise to determine how much property tax should be levied. The budget establishes priorities for the coming year and outlines how those priorities will be realized. It is a prime opportunity for the city to evaluate its current services, measure and compare needs for different services, and balance those community needs against the tax burden necessary to finance them. Governing body members are urged to devote adequate time to studying the development of their city's budget. Remember, while budget preparation can be delegated to city staff, the final responsibility and approval for the budget rests solely with the elected governing body.

The budget establishes priorities for the coming year and outlines how those priorities will be realized.



PART C – REVENUE NEUTRAL RATE (K.S.A. 79-2988)

Basic Premise: K.S.A. 79-2988 is the legislative product of several recent sessions. Conceived as a measure to increase transparency regarding the amount of property tax levied, this legislation creates a new measure with new implications. The tax lid has been repealed and replaced with a revenue neutral rate.

This rate will be the tax rate, expressed in mills, that the taxing entity cannot exceed without holding a hearing and passing a resolution or ordinance reflecting the intent to do so. "Revenue neutral rate" is defined as:

- 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. (K.S.A. 79-2988(f)(2))

In other words:

Revenue Neutral Rate = the Rate (Expressed in Mills) Needed to Collect the Same Dollar Amount of Property Tax as Last Taxing Year using this Tax Year's Valuation

Key points on the revenue neutral rate:

- **Tax Lid:** The tax lid has been repealed and replaced with the revenue neutral rate.
- **Mill Levy:** The revenue neutral rate is expressed in mills, not actual dollars. This is a complete reversal from the tax lid, which was a real dollar amount. The revenue neutral rate is the total mills needed to collect the same dollar amount in property taxes that the entity collected in the year prior based on this year's assessed valuations.
- **Assessed Valuations:** Currently, there is no cap on assessed valuations. In 2023 the Senate passed SCR 1611 to amend the State Constitution and prohibit increases to assessed valuations of greater than 4% in any given year. This may be brought up by the House during the 2024 session and, if it receives a 2/3 majority vote in favor of passage, will go to the voters of Kansas for approval. It is likely assessed valuations will continue to increase at a rate of 3.5% to 8% statewide on an annual basis, absent severe economic downturns. In addition to creating the revenue neutral rate, SB 13 from 2021 also changed provisions in law regarding property valuations. Valuation of real property can no longer be increased solely because of normal repair, replacement, or maintenance of existing structures, equipment, or improvements on the property. Working with appraisers, current beliefs are that this provision will not have a significant effect on current valuation trends, but this is something to watch.
- **Exceeding the Revenue Neutral Rate:** The revenue neutral rate cannot be exceeded without going through the process laid out in the legislation: (1) the taxing subdivision must give notice of its intent to exceed the revenue neutral rate, (2) hold a hearing to exceed the revenue neutral rate, and (3) pass an ordinance or resolution to that effect before the adoption of the taxing subdivision's budget. If a taxing entity fails to meet the requirements laid out in the legislation, any tax levied in excess of the revenue neutral rate will have to be refunded. Unlike the tax lid, an election is NOT required to exceed the revenue neutral rate.

The Procedure for Exceeding the Revenue Neutral Rate: (K.S.A. 79-2988)


- **The County Clerk Calculates Your Rate:** On or before June 15 of each year, the county clerk must calculate the revenue neutral rate for each taxing subdivision. (K.S.A. 79-2988(a)) The revenue neutral rate is to be included on the same notice with the taxing subdivisions estimated assessed valuation. Once you receive the rate, and determine that you will need to exceed it, the three-step process is triggered:

- **STEP ONE: Notifying the County Clerk of Your Intent to Exceed the Revenue Neutral Rate:** If the taxing entity has determined that they need to, or may need to, exceed the revenue neutral rate, the governing body of the taxing entity must notify the county clerk on or before July 20th. The notice must include:
 - A statement of intent to exceed the revenue neutral rate,
 - The date, time, and location of the public hearing, and
 - The proposed tax rate (this is a mill rate not total dollars). (K.S.A. 79-2988(b)(2))
 - **Starting last year**, the county clerk must send notice to each taxpayer with property in the taxing subdivision of the intent to exceed the revenue neutral rate at least 10 days in advance of the public hearing. The notice from the county clerk will feature the information from all taxing subdivisions within the jurisdiction that have informed the county of their intent to exceed the revenue neutral rate.
 - In calendar year 2023 the county will be able to be reimbursed by the state for the cost of sending the notices (K.S.A. 79-2989)). This reimbursement is dependent on a budget appropriation by the Legislature.
 - Following 2023, the costs may be shared by all taxing subdivisions required to send the notice.
 - Shares will be proportional based on the total property tax levied by the taxing subdivisions (K.S.A. 79-2988(g)).
 - There were multiple proposals made during this legislative session to fund these individual taxpayer notices beyond 2023. House proposals were to fund the notice every year (pending annual appropriation) while the Senate position was to extend for just one more year. Neither position has become law but expect it to come up again in the second year of the biennium.
 - The notice from the county to each taxpayer must include:
 - The revenue neutral rate for each taxing subdivision relevant to the property.
 - If a taxing entity has filed an intent to exceed the revenue neutral rate, the proposed property tax revenue needed to fund the proposed budget of the taxing subdivision.
 - The tax rate based on the proposed budget and the current year's total assessed valuation of the subdivision.
 - The percentage by which the proposed tax rate exceeds the revenue neutral rate.
 - The tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year.
 - The appraised value and assessed value of the taxpayer's property for the current year.
 - The estimates of the tax rate for the current tax year on the taxpayer's property are based on the revenue neutral rate and any proposed rate that exceeds the rate.
 - The difference between the estimates of the tax based on the proposed tax rate and the revenue neutral rate.
 - The date, time, and location of the public hearing.
 - The notice will also include a statement of the statutory mills levied by the state and the estimate of the taxes raised by the state-imposed mills.
- **STEP TWO: Hold a Hearing:** To exceed the revenue neutral rate, the taxing entity must issue notice and hold a hearing where the public can voice their concerns.
 - **Timing:** The hearing can be no earlier than August 20th and no later than September 20th.
 - **Notice:** Notice of the public hearing must be published on the **city website (if you have one) AND in a newspaper of general circulation in the county** at least 10 days in advance of the revenue neutral rate hearing (THIS IS NOT THE SAME AS YOUR BUDGET HEARING OR BUDGET

HEARING NOTICE; however, the City could choose to combine the notification for both hearings into one notice if all elements for both hearings are contained in the notice).

- Notice shall include, but not be limited to, the proposed tax rate, the revenue neutral rate, and the date, time, and location of the public hearing.
- Format of the Hearing: The governing body must provide interested taxpayers wanting to be heard an opportunity to present oral testimony.
 - There cannot be any unreasonable restrictions on the number of individuals allowed to make public comment.
 - This hearing CAN be held in conjunction with the normal budget hearing, but it does not have to be.
- **For more clarification, the revenue neutral rate hearing and the budget hearing ARE NOT THE SAME THING. They can be held on the same night, but they are two separate hearings. You are still required to follow all statutory notice and procedure requirements for the budget hearing (ex: will still need to publish the proposed budget 10 days in advance of the budget hearing). The only modifications to the regular budget hearing by this new legislation is the timeline to follow if the city needs to exceed the revenue neutral rate.**
- **STEP THREE: Pass a Resolution or Ordinance:** If, after the hearing, the governing body decides to exceed the revenue neutral rate, they must pass an ordinance or resolution to that effect.
 - As drafted, this truly is an either or. Cities can choose to do this by ordinance or resolution; Pick one.
 - The vote on the resolution or ordinance must be conducted at the public hearing to exceed the revenue neutral rate after the governing body has heard from the interested taxpayers.
 - The vote on the ordinance must be by roll call vote.
 - A copy of the resolution or ordinance to exceed the revenue neutral rate and a certified copy of the roll call vote reporting, at a minimum, the name and vote of each governing body member on the resolution or ordinance (whether it is approved or not) must be included with the adopted budget forms that are filed with the county clerk and director of accounts and reports and will be published on the website of the Department of Administration.
 - The Governing Body CANNOT adopt a proposed budget raising money in excess of the revenue neutral rate until they have adopted a resolution or ordinance to approve exceeding the revenue neutral rate.
 - The order here really matters; you must adopt the ordinance or resolution before you can move on to the budget.

BUDGET CALENDAR IF THE TAXING ENTITY PLANS TO EXCEED THE REVENUE NEUTRAL RATE

	June 1	Kansas Department of Revenue, Division of Property Valuation, and County Appraisers are required to provide certified assessed valuation figures to the county clerk. K.S.A. 79-5a27
	June 15	By this date, county clerks must provide the estimated assessed valuations and revenue neutral rate to taxing districts. K.S.A. 79-5a27 and K.S.A. 79-2988(a).
	July 20	This is the last Day to notify the county clerk of intent to exceed the revenue neutral rate. K.S.A. 79-2988(b)(2)
	August 20	This is the earliest day that a revenue neutral rate hearing can be held. K.S.A. 79-2988(b)(3). (REMEMBER: Notice of the hearing must be published at least 10 days prior to the hearing)
	September 10	This is the last day to publish notice of the revenue neutral rate hearing AND the budget hearing. K.S.A. 79-2988(b)(3).
	September 20	This is the last day to hold revenue neutral rate hearing AND budget hearing. K.S.A. 79-2988(b)(3)
	October 1	This is the last day to certify to the county clerk the amount of ad valorem tax to be levied and the last day to certify the budget. K.S.A. 79-2988(e)(1).

- **Revenue Neutral Rate Penalty Clause:** If the governing body fails to adhere to the requirements of K.S.A. 79-2988, the taxing entity will be required to refund any tax levied in excess of the revenue neutral rate. (K.S.A. 79-2988(c)(1)).
 - If the city decides not to exceed the revenue neutral rate, the city will want to be in contact with your county clerk to ensure that when final assessed values are calculated (On October 1), that the city's mill levy does not exceed the revenue neutral rate. If it does, and the city did not have the hearing, the city will need to adjust the budget to a dollar amount equal to the amount raised using the revenue neutral rate to avoid having to refund any amount raised in excess of the revenue neutral rate.
 - If a governing body does not comply with the revenue neutral rate requirements and certifies to the county clerk an amount of ad valorem tax that would result in a tax rate that exceeds the revenue neutral rate, the county clerk shall reduce the tax levy to the subdivision's revenue neutral rate. (K.S.A. 79-2988(e)(2))
- **Taxpayer Challenges:** Any taxpayer (or their duly authorized representative) may now file a written complaint with the state board of tax appeals if they believe that that the taxing subdivision did not comply with the provisions of the revenue neutral rate act and that a reduction or refund of taxes is appropriate. The complaint must be on a form prescribed by the board of tax appeals and contain facts that support their claim. The complainant is required to provide a copy of their complaint to the governing body of the taxing subdivision. Notice of any proceeding or hearing will be served upon the governing body as well. At the hearing, it will be the duty of the governing body to initiate the production of evidence to demonstrate, by a preponderance of the

evidence, compliance with the law and the validity of the levy. If upon completion of the proceeding, the Board of Tax Appeals finds that the governing body did not comply, they will order that the taxpayers be refunded the amount of tax levied in excess of the revenue neutral rate. (K.S.A. 79-2988(c)(2)).

PART D – STATE BUDGET FORMS

State Budget Forms: The budget forms for cities and counties are developed and administered by the Department of Municipal Services (Department of Administration) and can be found and downloaded at <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services>. The 2023 state budget workbooks can be found at <https://admin.ks.gov/offices/accounts-reports/local-government/municipal-services/budget-workbooks-for-budget-year2023>. The state budget forms **MUST BE** submitted electronically via one of several optional methods (see the Department of Administration website linked above).

Appropriation Ordinance: K.S.A. 79-2934 provides that “The budget as approved and filed with the county clerk for each year shall constitute and shall hereafter be declared to be an appropriation for each fund, and the appropriation thus made shall not be used for any other purpose.” Some cities pass an ordinance officially adopting the budget and appropriating by fund the maximum amounts to be expended. Such an ordinance is desirable and may include other budget-related matters such as staffing limitations and other policies.

PART E – ESTIMATING STATE AID AND SHARED TAXES

Introduction. This part provides an overview of the various forms of general and specific state aid received by cities from the State of Kansas.

E-1. Local Ad Valorem Tax Reduction Fund (LAVTR): This funding source for cities and counties remains in statute; however, the state has not utilized the statutory scheme and has appropriated no money to this fund since 2003. Since 2001, cities and counties in Kansas have not received at least \$3,470,603,394 of statutorily required funds as a result of the state’s decision not to fund the demand transfers. In 2022, cities and counties should have received at least \$128,300,027 in LAVTR funds, \$99,777,128 in CCRS funds, and \$22,000,000 in SCCHF funds. Restoration of the LAVTR was a big talking point for legislators going into elections last year but gained little traction once they got to Topeka. Two bills were proposed to restore partial or complete funding to the LAVTR. Neither bill was given a hearing. The budget was amended by the House to remove LAVTR funding exceptions for 2025. This remains an unlikely source of funding as the Legislature can alter the obligation with a simple amendment as they have done for the last quarter of a century.

E-2. State Highway Aid Payments Direct: All cities receive directly from the state treasurer certain highway aid payments distributed on a per capita basis. Cities in counties with a population of over 34,000, except Johnson County, also receive state payments through their county. (See Section E-3 below) Payments are made from the state’s “Special City and County Highway (SCCH) fund.” The amounts cities receive are distributed on January 15, April 15, July 15 (effective about July 24—after the state closes the FY books), and October 15.

Cities must credit their payments to a separate fund to be used for construction, reconstruction, alteration, repair, and maintenance of streets and highways. The amount may be credited to a consolidated highway fund but must be used for street and highway purposes. (See Section H-14 and K.S.A. 79-3425, 79-3425c, and 79-34,104, as amended.) The SCCH receives 33.63% of state motor fuel tax collections. See K.S.A. 79-34,142.

2023 SCCH Budget Estimates. Each city’s and county’s Special City and County Highway fund distribution estimates will be posted on <https://www.lkm.org/page/BudgetTips> as soon as they become available.