

Barton County Community College  
Study Session  
June 8, 2021

SB-13

***BARTON***  
COMMUNITY COLLEGE

## 2021 Kansas Senate Bill 13

- January 11, 2021 – Introduced in Senate
- March 14, 2021 – Passed House (120-3) and Senate (30-5)
- March 26, 2021 – Approved by Governor Kelly
- Followed up with Senate Substitute for House Bill 2104
- Repeals Tax Lid, establishes base levy limit and additional hearing requirements for ad valorem property tax increases
- Includes penalty of refunds
- **Effective now – Impacts the 2022 budget!**

## 2021 Kansas SB 13 – Revenue Neutral Rate

- The County Clerk shall calculate and provide the Revenue Neutral Rate (RNR) to taxing subdivisions along with the assessed valuation estimates on the ‘Budget Information’ document provided by June 15<sup>th</sup>.
  - Revenue Neutral Rate is defined in the bill 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”.
- The ‘taxing subdivision’ cannot levy in excess of the RNR unless the procedure in SB 13 is followed.

## 2021 Kansas SB 13 – Revenue Neutral Rate

- Revenue Neutral Rate (RNR) – Rate calculated to compare prior year ad valorem tax to current year estimates
- $RNR = (\text{Prior year ad valorem revenue} / \text{current year valuation estimate}) \times 1,000$ 
  - Note: Revenue will be the final billed tax revenue
- *Example:  $(\$80,773 / 1,323,770) \times 1,000 = 61.017$  (RNR)*
- *Prior year mill levy rate was 66.442  $(\$80,773 / 1,215,690) \times 1,000$*
- City of Ike **CANNOT** levy more than the 61.017 RNR without holding the RNR hearing.
- **RNR will be provided by County Clerk with June 15<sup>th</sup> budget estimates**

# 2021 Kansas SB 13 – Revenue Neutral Rate

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate*
General	111,964	42.086	119,074	41.502	162,279	58,728	44.364
Debt Service	23,275	16.359	22,418	17.234	43,553	10,346	7.816
Library	12,250	8.835	12,300	7.706	13,550	9,945	7.513
Special Highway	12,787		14,200		36,340		
Water Utility	85,777		89,424		117,004		
Special Parks and Recreation	980		1,215		1,725		
Sewer Utility	51,922		53,465		78,266		
Non-Budgeted Funds	19,500						
Totals	318,455	67.280	312,096	66.442	452,717	79,019	59.693
Revenue Neutral Rate**							61.017
Less: Transfers	20,000		19,500		17,500		
Net Expenditure	298,455		292,596		435,217		
Total Tax Levied	73,351		80,773		XXXXXXXXXXXXXXXXXXXX		



If the estimated tax rate is LESS THAN the RNR, normal budget hearing and process are required – NO NEW ACTION IS NEEDED... BUT....



# 2021 Kansas SB 13 – Revenue Neutral Rate

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate*
General	111,964	42.086	119,074	41.502	164,032	60,481	45.688
Debt Service	23,275	16.359	22,418	17.234	43,553	10,346	7.816
Library	12,250	8.835	12,300	7.706	13,550	9,945	7.513
Special Highway	12,787		14,200		36,340		
Water Utility	85,777		89,424		117,004		
Special Parks and Recreation	980		1,215		1,725		
Sewer Utility	51,922		53,465		78,266		
Non-Budgeted Funds	19,500						
<b>Totals</b>	<b>318,455</b>	<b>67.280</b>	<b>312,096</b>	<b>66.442</b>	<b>454,470</b>	<b>80,772</b>	<b>61.017</b>
<i>Revenue Neutral Rate**</i>							<i>61.017</i>
Less: Transfers	20,000		19,500		17,500		
Net Expenditure	298,455		292,596		436,970		
Total Tax Levied	73,351		80,773		XXXXXXXXXXXXXXXXXXXX		



If the estimated tax rate is EQUAL the RNR, normal budget hearing and process are required – NO NEW ACTION IS NEEDED... BUT....



# 2021 Kansas SB 13 – Revenue Neutral Rate

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate*	Expenditures	Actual Tax Rate*	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate*
General	111,964	42.086	119,074	41.502	169,279	65,728	49.652
Debt Service	23,275	16.359	22,418	17.234	43,553	10,346	7.816
Library	12,250	8.835	12,300	7.706	13,550	9,945	7.513
Special Highway	12,787		14,200		36,340		
Water Utility	85,777		89,424		117,004		
Special Parks and Recreation	980		1,215		1,725		
Sewer Utility	51,922		53,465		78,266		
Non-Budgeted Funds	19,500						
Totals	318,455	67.280	312,096	66.442	459,717	86,019	64.981
<i>Revenue Neutral Rate**</i>							<i>61.017</i>
Less: Transfers	20,000		19,500		17,500		
Net Expenditure	298,455		292,596		442,217		
Total Tax Levied	73,351		80,773		XXXXXXXXXXXXXXXXXXXX		



If the estimated tax rate is **MORE THAN** the RNR, an additional hearing is required **ALONG WITH THE NORMAL BUDGET HEARING PROCESS.**



## 2021 Kansas SB 13 – RNR Hearing

- Taxing subdivisions cannot adopt a budget exceeding the proposed rate.
- “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...”



## 2021 Kansas SB 13 – RNR Hearing

- **By July 20<sup>th</sup>**, subdivisions must notify county clerk of intent to levy above RNR.
  - Notify all sponsoring county clerks of intent to levy above RNR.
  - For all tax years commencing AFTER 2021, the county clerk will notify tax payers via one mailer/email per tax payer property per county.
  - The cost of mailer will be proportionately billed to taxing subdivisions exceeding RNR
    - State of Kansas will reimburse county clerks for mailing costs in 2022 and 2023 (State's FY2023 and FY2024 budget appropriations)
    - Subsequent years will be billed to subdivisions – county clerks will be reimbursed the expense by December 31<sup>st</sup>

## 2021 Kansas SB 13 – RNR Hearing

- **August 20<sup>th</sup>-September 20<sup>th</sup>:** RNR Hearing must be held
  - Hearing may be conducted in conjunction with the budget hearing required by KSA 79-2929, but must occur prior to budget adoption.
  - 10 days prior to hearing, subdivision must publish intent to exceed RNR along with hearing time, date and location. Publication in newspaper and website (if applicable).
  - Taxpayers must be given an opportunity to be heard within reasonable time limits and without unreasonable restrictions.
- At the conclusion of the public hearing, the governing body must vote to pass a resolution to approve exceeding the RNR. **The vote must be held at the hearing.**

# 2021 Kansas SB 13 – RNR Hearing

- **10 days prior to RNR hearing:**

- Publication must be made to a newspaper with general circulation in the subdivision, **AND**
- Publication must be made to taxing subdivision website (if maintained)

**NOTICE OF REVENUE NEUTRAL RATE HEARING**

The governing body of

City of Ike

will meet on August 28, 2021 at 8:00 AM at Scenic Drive Community Hall, Ike, KS for the purpose of hearing and answering objections of taxpayers relating to revenue neutral rate and proposed tax rate, as required by 2021 Kansas Senate Bill 13.

**SUPPORTING COUNTIES**

Eisenhower County (home county)

Revenue Neutral Rate**	61.017	Proposed Tax Rate	64.981
------------------------	--------	-------------------	--------

\*Rates are expressed in mills

\*\* Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13

**BARTON**  
COMMUNITY COLLEGE

## 2021 Kansas SB 13 – RNR Cautions

- If the governing body does not intend to levy above the RNR, they should work with the county clerk to cap the levy.
  - **Note: Subdivisions that do not intend to levy taxes exceeding the RNR will remain aware of the final assessed valuation. Valuation decreases will result in decreased tax revenue.** The RNR is based on estimated assessed valuation.
- If the governing body levies above the RNR, the budget adopted cannot exceed the published rate.

## 2021 Kansas SB 13 – Timeline (Exceed RNR)

- **June 15<sup>th</sup>**: Assessed property valuations from county clerks – will include RNR
- **July 20<sup>th</sup>**: Last day to notify county clerk of intent to levy above RNR (provide proposed tax rate and hearing information)
- **August 20<sup>th</sup> – September 20<sup>th</sup>**: Hold RNR hearing *prior to or in conjunction with* budget hearing
  - Each hearing must be published and in each case must be done at least 10 days prior to the hearing date.
- **August 20<sup>th</sup>- October 1<sup>st</sup>**: Governing body formally adopts budget
- **August 30<sup>th</sup> – October 1<sup>st</sup>**: Governing body certifies budget to county clerk

# Annual Budget Checklist

- Certificate page with signatures of governing body
- Allocation of MV, RV, 16-20M, commercial, and watercraft tax estimates
- Schedule of Transfers
- Statement of Indebtedness
- Statement of Conditional Lease Purchase and Certificate of Participation
- All applicable fund pages
- Budget summary
- *Published* Notice of Budget Hearing, and Proof/Affidavit of Publication (if necessary, i.e. publication date is not included on published Notice of Budget Hearing)
- *Published* Notice of RNR Hearing (if applicable)
- Neighborhood Revitalization Rebate (if applicable)
- Tax Increment Financing (TIF) Workbook (if applicable)
- *Adopted* Resolution to Exceed RNR (if applicable)

Questions?

***BARTON***  
COMMUNITY COLLEGE