

REVENUE NEUTRAL RATE



Process and Requirements

K.S.A. 79-2988

County Clerks will notify individual tax payers just as they did last year. Remember, with normal increases in local assessed valuation the mill levy (Revenue Neutral Rate) goes down to raise the same amount of dollars.

| Revenue Neutral Rate – Summary of Timelines | |
|--|---|
| Timeline | Action |
| July 1 | County Clerk notifies district of Revenue Neutral Rate (Reverts back to June 15 for 2025-2026) |
| July 20 | District notifies County Clerk of tax rate for new year, if exceeding the Revenue Neutral Rate. This tax rate becomes the maximum for the district. |
| After July 20 | County Clerk notifies individual tax payers of new tax levy. |
| Minimum of 10 days between publication and hearing | District publishes notice to exceed Revenue Neutral Rate Concurrent with Budget publication and posts the RNR form on the USD website. |
| Aug 20 – Sept 20 | District holds hearing to exceed Revenue Neutral Rate May be same night as Budget hearing |
| September 20 on or before | District submits budget to Kansas State Department of Education |
| On or before October 1 | District certifies levy and budget documents to county clerk |

Notes:

- USDs not exceeding the Revenue Neutral Rate would follow the old law dates for publication and hearing and submit their budget to the county clerk and KSDE by August 25.
- USDs are encouraged to set their RNR hearing the last week or the first week of September to allow for publication or notification errors and still meet the September 20th deadline.
- The board of education should be informed of the mill rates reported to the county clerk by July 20, however the Resolution to Exceed the Revenue Neutral Rate is not adopted until after the hearing is held.
- 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.

- *Based on the State Department of Administration, Office of Accounts and Reports, recreation commissions will be computed separately and will not be included in the school district's Revenue Neutral Rate.*

Excerpts K.S.A. 79-2988

1. **County Clerk will provide** to taxing subdivisions on or before **June 15** of each year their revenue neutral rate and include said rate on the notice of the estimated assessed valuation provided to each taxing subdivision for budget purposes.
2. No tax rate in excess of the revenue neutral rate shall be levied by the governing body of any taxing subdivision unless a resolution or ordinance has been approved by the governing body according to the following procedures:
3. On or before **July 20**, the **governing body shall notify the county clerk** of its proposed intent to exceed the revenue neutral rate and provide the date, time and location of the public RNR hearing and its proposed tax rate.
4. At least **10 days in advance of the public RNR hearing**, the governing body shall publish notice of its proposed intent to exceed the revenue neutral rate by publishing notice:
 - (A) On the **website** of the governing body, if the governing body maintains a website; and
 - (B) in a weekly or daily **newspaper** of the county having a general circulation therein. The notice shall include, but not be limited to, its proposed tax rate, its revenue neutral rate and the date, time and location of the public hearing.
5. The **public RNR hearing** to consider exceeding the revenue neutral rate shall be held not sooner than **August 20 and not later than September 20**. The governing body shall provide interested taxpayers desiring to be heard an opportunity to present oral testimony within reasonable time limits and without unreasonable restriction on the number of individuals allowed to make public comment. The public RNR hearing may be conducted on the same night as the budget hearing, but the hearings must be held separately pursuant to K.S.A. 79-2929, and amendments thereto, if the governing body otherwise complies with all requirements of this section. Nothing in this section shall be construed to prohibit additional public hearings that provide additional opportunities to present testimony or public comment prior to the public hearing required by this section.
6. 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. Such vote of the governing body shall be **conducted at the public RNR hearing** after the governing body has heard from interested taxpayers and **shall be a roll call vote**. 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 provided pursuant to this section. A copy of the resolution or ordinance to approve exceeding the revenue neutral rate and a certified copy of any roll call vote reporting, at a minimum, the name and vote of each member of the governing body related to exceeding the revenue neutral rate, whether approved or not, shall be included with the adopted budget, budget certificate and other budget forms filed with the county clerk and the

director of accounts and reports and shall be published on the website of the department of administration.

7. Any governing body subject to the provisions of this section that **does not comply** with subsection (b) shall **refund** to taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.
8. Any taxpayer of the taxing subdivision that is the subject of the complaint or such taxpayer's duly authorized representative **may file a complaint** with the state board of tax appeals by filing a written complaint, on a form prescribed by the board, that contains the facts that the complaining party believes show that a governing body of a taxing subdivision did not comply with the provisions of subsection (b) and that a reduction or refund of taxes is appropriate. The complaining party shall provide a copy of such complaint to the governing body of the taxing subdivision making the levy that is the subject of the complaint. Notwithstanding K.S.A. 74-2438a, and amendments thereto, no filing fee shall be charged by the executive director of the state board of tax appeals for a complaint filed pursuant to this paragraph. The governing body of the taxing subdivision making the levy that is the subject of the complaint shall be a party to the proceeding. Notice of any summary proceeding or hearing shall be served upon such governing body, the county clerk, the director of accounts and reports and the complaining party. It shall be the duty of the governing body to initiate the production of evidence to demonstrate, by a preponderance of the evidence, the validity of such levy. **If upon a summary proceeding or hearing, it shall be made to appear to the satisfaction of the board that the governing body of the taxing subdivision did not comply with subsection (b), the state board of tax appeals shall order such governing body to refund to taxpayers the amount of property taxes over collected or reduce the taxes levied, if uncollected.** The provisions of this subsection paragraph shall not be construed as prohibiting any other remedies available under the law.
9. On and after January 1, 2022, in the event that the 20 mills levied by a school district pursuant to K.S.A. 72-5142, and amendments thereto, increases the property tax revenue generated for the purpose of calculating the revenue neutral rate from the previous tax year and such amount of **increase in revenue generated from the 20 mills is the only reason the school district would exceed the total property tax revenue from the prior year, the school district shall be deemed to not have exceeded the revenue neutral rate** in levying a tax rate in excess of the revenue neutral rate to take into account the increase in revenue from only the 20 mills.
10. If the governing body of a taxing subdivision must conduct a public hearing to approve exceeding the revenue neutral rate under this section, the governing body of the taxing subdivision **shall certify, on or before October 1**, to the proper county clerk the amount of ad valorem tax to be levied.
11. If a governing body of a taxing subdivision **did not comply** with the provisions of subsection (b) and certifies to the county clerk an amount of ad valorem tax to be levied that would result in a tax rate in excess of its revenue neutral rate, the county clerk shall **reduce the ad valorem tax** to be levied to the amount resulting from such taxing subdivision's revenue neutral rate.
12. **After the first two years**, in the event that a county clerk incurred costs of printing and postage that were not reimbursed pursuant to section 7, and amendments thereto, such county clerk may seek **reimbursement from all taxing subdivisions** required to send the notice. Such costs shall be shared proportionately by all taxing subdivisions that were included on the same notice based on the total property tax levied by each taxing subdivision. Payment of such costs shall be due to the county clerk by December 31.

Sample Resolution

The local board of education must approve by resolution to exceed the Revenue Neutral Tax Rate. In addition, the Board of Education must take a roll call vote and how the board members voted. Below is a sample resolution:

RESOLUTION NO. _____

A resolution expressing the property taxation policy of USD 000 [district name] with respect to exceeding the Revenue Neutral Tax Rate for financing the annual budget for 2024-2025.

K.S.A 79-2988, provides that a levy of property taxes to finance the 2024-2025 budget of USD 000 exceeds the Revenue Neutral Tax Rate to finance the 2024-2025 budget of USD 000, be authorized by a resolution.

NOW, THEREFORE, BE IT RESOLVED by USD 000 that the 2024-2025 budget with a levy of property taxes exceeding the Revenue Neutral Tax Rates calculated for 2024-2025, as adjusted pursuant to K.S.A 79-2988 is hereby adopted.

Adopted this _____ day of _____, 2024 by USD 000 [district name] in [home county] County, Kansas.

Board Clerk Signature

Board President Signature

| Board Member Name | Vote | |
|-------------------|------|----|
| | Yes | No |
| 1. | | |
| 2. | | |
| 3. | | |
| 4. | | |

| Board Member Name | Vote | |
|-------------------|------|----|
| | Yes | No |
| 5. | | |
| 6. | | |
| 7. | | |

Suggested procedures for determining tax levies for the Revenue Neutral Tax Rate.

Levies must be determined for each Tax Levy fund needed for the school year. There will be a separate Revenue Neutral Rate for General, Capital Outlay (if necessary), Bond & Interest and all other levies will be combined into one rate.

| | |
|---|---|
| General | No Fund Warrant |
| Capital Outlay** | Special Assessment |
| Bond and Interest #1 | Temporary Note |
| Bond and Interest #2 (If necessary) | Historical Museum |
| Supplemental General (LOB) | Public Library Board |
| Adult Education | Public Library Board- Employee Benefits |
| Special Liability Expense | Extraordinary Growth Facilities |
| **Will be separate if the assessed valuation is different from all other funds | Cost of Living |

Process to determine taxes needed.

1. Most school districts will levy taxes for General, Supplemental General (LOB) and Capital Outlay.
2. The county clerk will provide the estimated assessed valuation and the Revenue Neutral Rate by June 15 for General fund, Capital Outlay (if different assessed valuation), Bond & Interest (if different assessed valuation) and another assessed valuation and the Revenue Neutral Rate for all other funds.
3. For General fund, multiply 20 mills times the General fund assessed valuation provided by the county clerk.
4. For Capital outlay, multiply the Capital outlay assessed valuation (if provided) times the mill rate the district plans to use.
5. For the bond and interest levy, determine the taxes needed using code 62 in the budget software to determine the amount necessary to meet the bond and interest payments.
6. The other tax levies can be determined based on completing those funds in the budget software.
7. The tax levies needed for the Historical Museum and Public Library will need to be determined on the budget software.
8. As noted, the Recreation Commission levies are **not** part of the school districts calculation for the Revenue Neutral Tax Rate and is responsible to provide their tax levy amounts to the county clerk by July 20.

IMPORTANT: The District's Planned Tax Rate must be certified to the county clerk on or before July 20.

- If a district fails to meet that deadline, the district will have the same taxes from the previous year or they could be lower if the assessed valuation decreases from the previous year.
- If a district certifies a higher amount of taxes needed to the county clerk, the amount can be lowered prior to publishing the budget or it can be reduced by the board of education after having their public hearing.

USDs can publish the Code 99 & RNR info on the same page but hold separate hearings for the RNR and Budget on the same night. The board holds the RNR hearing first and adopts the RNR Resolution during the hearing. Then the board adopts the budget during the regular board meeting along with the LOB percentage resolution.