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To: All County Appraisers, County Clerks, County Commissioners, County Treasurers, and
County Registers of Deeds

From: Bob Kent, Deputy Director, Division of Property Valuation

Date: July 19, 2024

RE: 2024 Legislative Summary

The 2024 legislature was very focused on tax relief for all Kansans. This summary will highlight those property tax provisions going into effect on and after July 1, 2024.

Property Tax Changes

Senate Bill 410 and SENATE BILL No. 1 are both comprehensive tax bills with many changes to the Kansas tax code. The following is a topical index and who would likely be most impacted by the property tax changes this legislative session.

1. Revenue Neutral Rate
 - a. Exempt property mailing exclusion – County Clerks
 - b. Government body votes on the same day as hearing – County Commissioners
 - c. Final valuation reduction exception – County Commissioners
 - d. Significant changes to required notice form – County Clerks/Software Vendors
 - e. Printing and postage reimbursement extension for 1-year - County Clerk
2. Agricultural Land Adverse Influences – County Appraiser
3. Agritourism – Land Devoted to Agricultural Use Classification – County Appraiser
4. Residential Valuation Appeals – County Appraiser
5. Personal Property Filing/Penalty Changes
 - a. Filing statement listing personal property – County Appraiser
 - b. Filing penalties – Oil and gas property – County Appraiser
 - c. Filing penalties – Personal property – County Appraiser
 - d. Filing penalties – Escaped personal property – County Appraiser
6. Electric Generation Facility Exemptions – Public Utility Section, PVD

7. Board of Tax Appeals, Small Claims Division Teleconferencing – FYI County Appraisers
 8. Residential School Levy Exemption
 - a. “2024 only” changes to Clerks notification – County Clerk
 - b. School levy exemption change – County Clerk
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1. Revenue Neutral Rate

Senate Bill 410, Section 5 amending K.S.A. 2023 Supp. 79-2988 provides:

- a. County clerks are not required to send the revenue neutral rate public hearing notices to owners of property that are exempt from taxation.
- b. Additional clarity to the requirement that the vote of a governing body to exceed the revenue neutral rate must take place on the same day as the commencement of the public hearing to exceed the rate.
- c. An exception for any governing body that did not send notices or hold public hearings because they did not intend to exceed its revenue neutral rate. For this case and when the final assessed value used to calculate the actual tax levy is less than the estimated assessed value used to calculate the revenue neutral rate, the governing body is permitted to levy a tax equal to or less than the previous year’s tax revenues.
- d. For replacing the current provisions establishing minimum requirements for the contents of the revenue neutral rate hearing notice. The new content in a format prescribed by the director of accounts and reports follows:

(A) Notices must contain the following heading:

“NOTICE OF PROPOSED PROPERTY TAX INCREASE AND PUBLIC HEARINGS
[Current year] [County name] County Revenue Neutral Rate Notice
This is not a bill. Do not remit payment.”.

(B) The following statement must also be included:

“This notice contains estimates of the tax on your property and proposed property tax increases. **THE ACTUAL TAX ON YOUR PROPERTY MAY INCREASE OR DECREASE FROM THESE ESTIMATES.** Governing bodies of taxing subdivisions must vote in order to exceed the Revenue Neutral Rate to increase the total property taxes collected. Governing bodies will vote at public hearings at the dates, times and location listed. Taxpayers may attend and comment at the hearings. Property tax statement will be issued after mill rates are finalized and taxes are calculated.”

Additional required content:

- (C) The appraised value and assessed value of the taxpayer's property for the current year and previous year.
- (D) The amount of property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement in a column titled: "[Previous year] Tax".
- (E) The estimated amount of property tax for the current year of each taxing subdivision on the taxpayer's property based on the revenue neutral rate of each taxing subdivision in a column titled: "[Current year] Tax at Revenue Neutral Rate".
- (F) The estimated amount of property tax for the current year of each taxing subdivision on the taxpayer's property based on either:
 - i The revenue neutral rate for a taxing subdivision that does not intend to exceed its revenue neutral rate; or
 - ii The proposed tax rate provided by the taxing subdivision, if the subdivision has notified the county clerk of its proposed intent to exceed its revenue neutral rate in a column titled: "[Current year] Maximum Tax".
- (G) The difference between the amount of the current year's maximum tax and the previous year's tax, reflected in dollars and a percent, for each taxing subdivision in a column titled: "[Current year] Maximum Tax Exceeding [Previous year] Tax".
- (H) The date, time, and location of the public hearing for each subdivision that notified the county clerk of its proposed intent to exceed its revenue neutral rate in a column titled: "Date, Time and Location of Public Hearing", and
- (I) For each taxing subdivision public hearing listed pursuant to subparagraph (H), holding a revenue neutral rate hearing, the difference between the current year's maximum tax and the estimated amount of property tax based on the revenue neutral rate of such taxing subdivision in a column titled: "[Current year] Maximum Tax Exceeding Tax at Revenue Neutral Rate".

e. Section 16 amending K.S.A. 2023 Supp. 79-2989 extends through calendar year 2024, the state reimbursement of printing and postage costs incurred when county clerks are required to mail notices of proposed tax increases beyond the revenue neutral rate.

2. Land Devoted to Agriculture – Adverse Influences

New section 1 of Senate Bill 410 addresses several adverse influences when not sufficiently accounted for in calculating the appraised value of land devoted to agriculture. The county appraiser would have the authority to address the following adverse influences: 1) canopy cover, 2) salinity and alkalinity, 3) water table fluctuation, and 4) newly constructed drainage and flood control areas.

- 1) For *canopy* cover the county appraiser shall:
 - a) View the parcel,
 - b) delineate the area impacted on a map,
 - c) determine the appropriate reduction from actual inspection and make the appropriate reduction as follows:
 - i) 0 - 25% cover = no reduction
 - ii) 25% - 50% cover = 20% reduction
 - iii) 50% - 75% cover = 30% reduction
 - iv) 75% - 100% cover = 50% reduction
 - d) establish an adverse influence file for the parcel.

- 2) For *salinity and alkalinity*, the county appraiser shall:
 - a) Request the taxpayer provide soil analysis from a crop consulting service,
 - b) delineate the area impacted on a map,
 - c) reduce the value as indicated by the report,
 - d) establish an adverse influence file for the parcel, and
 - e) notify the local NRCS office of the change.

- 3) For *water table fluctuations* the county appraiser shall:
 - a) Delineate the area impacted on a map,
 - b) contact the local NRCS office and request verification,
 - c) contact the division of property valuation for assistance,
 - d) obtain a temporary influence amount from the division of property valuation to use until the NRCS review is complete, and
 - e) establish an adverse influence file for the parcel.

- 4) For *newly constructed drainage and flood control areas*, the county appraiser shall:
 - a) View the parcel,
 - b) delineate the area impacted on a map,
 - c) contact the division of property valuation for assistance,
 - d) receive an adverse influence amount from the division of property valuation after the division contacts the responsible agency, and
 - e) establish an adverse influence file for the parcel.

3. Agritourism – Land Devoted to Agricultural Use Classification (SB 410, Section 13, Amending K.S.A. 2023 Supp. 79-1476)

Beginning with tax year 2021, the definition for land devoted to agricultural use will include land and buildings, whether permanent or temporary, utilized as part of a registered agritourism activity at a registered agritourism location by a registered agritourism operator (K.S.A. 32-1432). Selling any items, products, services, or merchandise associated with the registered agritourism activity by the agritourism operator would not change the classification of the land or buildings involved in point of sales activity.

4. Residential Valuation Appeals (SB 410, Section 14, Amending K.S.A. 79-1496)

The equalization appeal procedure (K.S.A. 79-1448) allows a taxpayer to file a third-party fee simple appraisal within 60 days after the notice of informal meeting results or final determination of value is mailed to the taxpayer. Under current law, only an appraisal performed by a Kansas certified general real property appraiser is accepted for this appeal procedure. For residential property appeals, SB 410 will permit the use of appraisals performed by either a Kansas certified residential real property appraiser or a Kansas certified general real property appraiser. The third-party appraisal must reflect the value of the property as of January 1 for the same tax year being appealed.

5. Personal Property Filing/Penalty Changes (SB 410, Sections 9, 10, 11, and 12)

a. Section 9, amending K.S.A. 79-306. Section 9 provides that if an initial statement listing tangible personal property for taxation has been filed with a county appraiser, future annual filings would only be required when there has been a change to report of property previously listed or changes to the initial listing statement.

b. Section 10, amending K.S.A. 79-332a. This section reduces the penalty for late filing or failure to file of oil and gas leases as follows:

- April 2 through April 30 – ~~5%~~ 2%
- May 1 through May 31 – ~~10%~~ 4%
- June 1 through June 30 – ~~15%~~ 6%
- July 1 through July 31 – ~~20%~~ 8%
- August 1 through March 31 of the following year – ~~25%~~ 10%
- Late filing penalty of more than one year from April 1 – ~~50%~~ 12.5%
- Failure to file penalty – ~~50%~~ 12.5%

c. Section 11, amending K.S.A. 79-1422. This section reduces the penalty for late filing or failure to file of tangible personal property as follows:

- March 16 through April 15 – ~~5%~~ 2%
- April 16 through May 15 – ~~10%~~ 4%
- May 16 through June 15 – ~~15%~~ 6%
- June 16 through July 15 – ~~20%~~ 8%
- July 16 through March 14 of the following year – ~~25%~~ 10%
- Failure to file penalty but not more than one year from March 15 – ~~50%~~ 12.5%

Section 11 also requires county appraisers, who currently have discretionary authority to do so, to grant an extension of a reasonable amount of time for taxpayers to file tangible personal property for taxation upon a showing of good cause.

Currently, pursuant to K.S.A. 79-1422 only the state board of tax appeals has discretionary authority to abate filing penalties and order a refund whenever excusable neglect on the part of the one required to file is shown. Section 11 will now require either the state board of tax

appeals or the county appraiser to abate late filing penalties under cases of excusable neglect or in the event the property has been repossessed by a creditor who paid the taxes on the property.

Beginning in tax year 2022, such good cause for granting an extension and excusable neglect for making a listing would include instances in which tangible personal property had been previously classified as real property or a fixture to real property and was reclassified to be personal property. Such instances would be specified to include machinery and equipment used in industries of grain storage and processing and ethanol or other biofuels processing.

d. Section 12, amending K.S.A. 79-1427a. The penalty for property that has escaped taxation is reduced from 50% to 12.5%.

This act shall take effect and be in force from and after its publication in the statute book – or July 1, 2024. Prior to July 1, 2024, penalties assigned should follow the previous penalty schedule of 5% per month up to 25%, and 50% after 1 year from the filing deadline. Any penalties assigned on July 1, 2024, or later should follow the revised 2% penalty schedule. Any penalties applied prior to July 1, 2024, under the 5% per month schedule were applied correctly and should not be updated to reflect the new schedule.

6. Electric Generation Facility Exemptions (SB 410, New Section 2)

SB 410 will exempt the following public utility property, as defined in new section 2, from all property or ad valorem taxes:

- Any new electric generation facility, including nuclear energy facilities, for which construction begins on or after January 1, 2025. (This does not apply to electric generation facilities that convert renewable energy sources to electricity. These will continue to be eligible for property tax exemptions under existing law.)
- Any new addition to a new or existing electric generation facility constructed or installed on or after January 1, 2025.
- Any new pollution control device constructed or installed at a new or existing electric generation facility on or after January 1, 2025.

This exemption for the above types of property will be for the ten taxable years following the completion of construction or installation of the property.

The bill specifies that existing property tax exemptions for electric generation facilities and additions to such facilities, including pollution-control devices, pursuant to K.S.A. 79-257 or 79-258 remain intact when application for exemption is filed prior to December 31, 2024.

7. Board of Tax Appeals – Small Claims Division – Teleconferencing (SB 410, Section 6, Amending K.S.A. 2023 Supp. 74-2433f)

The bill will allow the state board of tax appeals (BOTA), small claims and expedited hearings division to conduct appeals by teleconference or video conference as directed by the chief hearing officer or a designee. Under current law, small claims hearings and appeals are to be held in the county or an adjacent county of where the property is located.

8. Residential School Levy Exemption (SENATE Bill 1, Sections 11, 15)

Pursuant to K.S.A. 79-201x (Section 1), for the 2024 tax year, and all taxable years thereafter, the residential school levy exemption for property used for residential purposes shall be \$75,000 of its appraised valuation. This exemption is limited to the 20 mill school district levy.

- a. SENATE BILL No. 1 (Section 11) also amends K.S.A. 79-5a27. For tax year 2024 only, the county clerk shall notify the appropriate officials of each taxing district within the county of the assessed valuation estimates to be utilized in the preparation of budgets for ad valorem tax purposes on or before July 1, 2024.
- b. SENATE BILL No. 1 (Section 15) also amends K.S.A. 2023 Supp. 79-2988. For tax year 2024 only, the county clerk shall calculate the revenue neutral rate for each taxing subdivision and include such revenue neutral rate on the notice of the estimated assessed valuation provided to each taxing subdivision for budget purposes on or before July 1, 2024.