

Estimated Tax Notice Information

In March 2021, the Kansas Legislature passed K.S.A. 79-2988, which requires Kansas County Clerks to send taxpayers notification of the revenue neutral rate (RNR) compared to the proposed rate for each taxing subdivisions. Taxing subdivisions are prohibited from levying an ad valorem property tax that exceeds the RNR without first holding a public hearing and passing a resolution.

Therefore, in August, an estimated tax notice will be mailed out by the County Clerk to all County property owners with information about property tax revenue and an estimated tax notice on behalf of all of their taxing subdivisions.

The notice will include:

- information on specific property values and taxes
- dates, times, and locations for upcoming public hearings for taxing subdivisions that plan to exceed the RNR

This notice is not a bill and does not include information on special assessments that may be charged. It is solely a notice of whether your subdivisions plan to exceed the revenue neutral rate (RNR) for the upcoming budget.

[See the following pages for more information and explanation of RNR.](#)

How do I, as County staff, respond to RNR calls?

- First – educate yourself and have a good understanding of RNR.
- If you receive a call concerning the Estimated Tax Notice, be able to explain why they received.
- Then you can direct them to their respective taxing entities listed on their notice and urge them to attend the meeting, where they should be able to offer oral testimony if they wish to.
- If they have issue with the **2022 valuation** placed on their property, then staff can explain that values were sent in March of 2022, that the Informal appeal time period has passed, and direct them to Pay Under Protest in if they wish to appeal.
 - It should be noted that the Appraiser’s Office deals with the **value only** (not taxes) during the appeal process – and we are mandated to appraise at fair market value (*with exception to ag land*). As you are aware, market values for 2022 did raise significantly.
 - If the property owner did have an Informal Appeal in the spring, reminder that only one appeal per taxpayer.
 - Reminder – we have PUP guides, and applications to appeal need to be filed when taxes are paid.

Note:

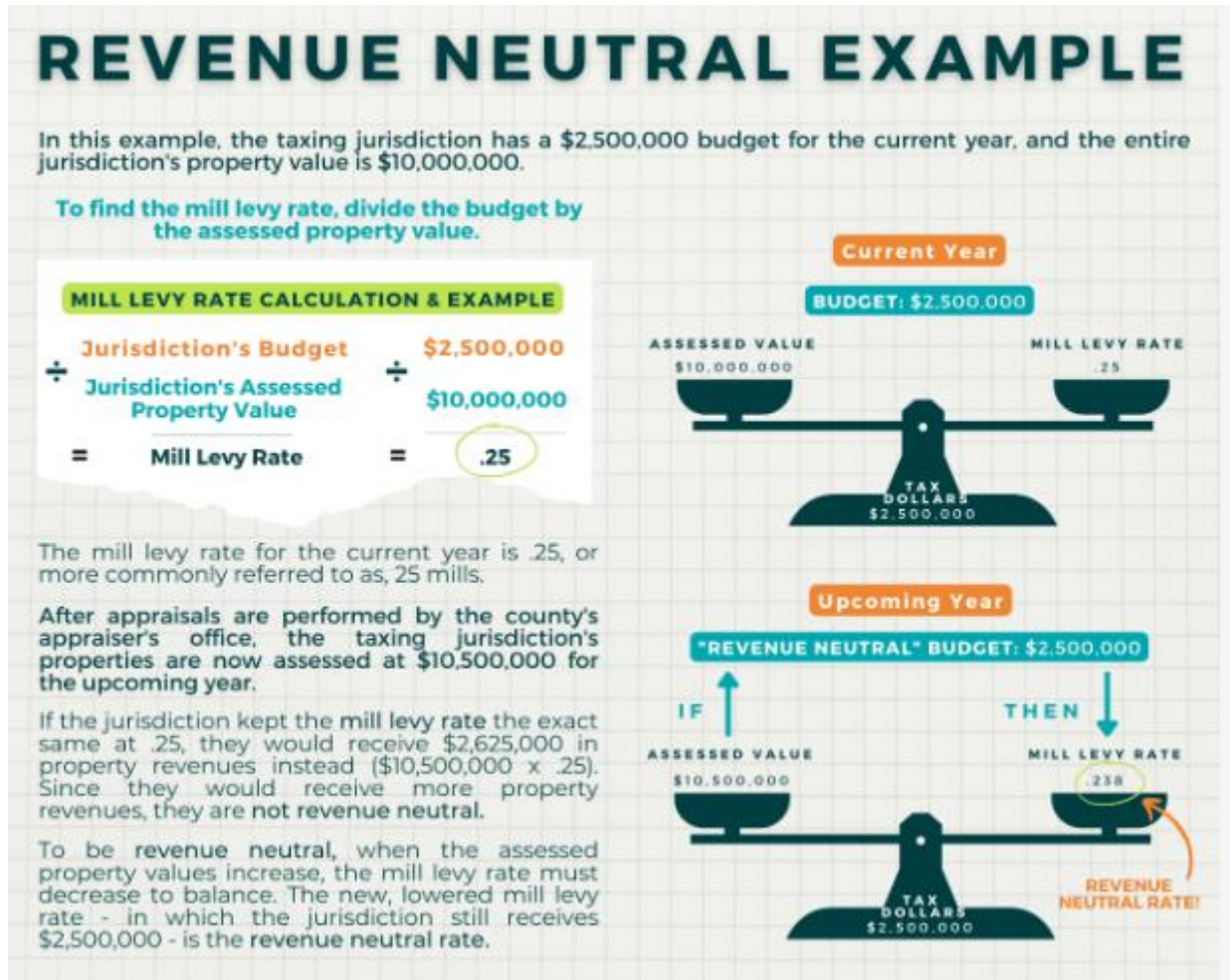
It is important to understand/convey that the values established by the County Appraiser’s Office must meet Statutory requirements and follow the guidelines and Directives set forth by Kansas Department of Revenue, Property Valuation Division.

What is Revenue Neutral?

Revenue neutral is when a taxing jurisdiction budgets the exact same amount of property tax revenue, in dollars, for the upcoming budget year as they did for the current year.

For example: If a taxing entity uses \$1 million of property tax revenue in 2022, being revenue neutral means they plan to only use \$1 million in 2023 as well.

If a taxing jurisdiction plans to use **more** property tax revenue in the next budget year compared to the current year, even \$1 more, they would exceed revenue neutral and need to hold a public hearing.



Example Source : www.desotoks.us

Why are we letting you know about the taxpayer notification form and RNR?

Due to new law in place to promote transparency, we want to help property owners understand the notification they receive, as property owners are going to receive a fairly technical letter in the mail explaining each jurisdiction's intent (or non-intent) to exceed revenue neutral (*use more property revenues than the year before*).

What is the Revenue Neutral Rate?

The **revenue neutral rate** is the **mill levy rate** that would generate the exact the same amount of property tax revenue as the year before, using the current tax year's total assessed valuation.

Why would taxing entities/jurisdictions want to increase revenue?

A jurisdiction does not only increase revenue to provide new services; they often need to increase property tax revenue to provide the same level of service as the year before.

While this new revenue neutral law (**Senate Bill 13**) is an important step for budget transparency, **it does not take inflation into account. As property values are rising, so are the cost of goods and services.**

To provide residents with the same (*or better*) level of service, it costs more. Taxing entities often "exceed revenue neutral" and use a modest increase in revenue to help pay for things like the increased cost of goods and/or services - like asphalt for streets, mowing services, and other community priorities.

If an entity were to stay **revenue neutral** every year, they would have to provide this year's services, with this year's prices, on last year's budget.

Will my property taxes increase as much as my appraised value increased?

Property values significantly increased this past year due to the market, but your taxes would not increase by that same amount, as most entities lower the mill levy to help re-balance the "appraised value to collected property revenue" scale.

If an entity does need to increase the property revenues for the upcoming year, it should be by a modest amount compared to the increase in appraised property values.

What are taxing entities doing to offset the increase in Appraised Property Values?

The mill levy rate is the only influence that each taxing jurisdiction has on your tax bill; to help offset the increase in property values, these entities work to lower the mill levy rate. This way, there is not a 1:1 increase in your tax bill when property values experience an increase.

What exactly will be on the taxpayer notification form?

- (A) The revenue neutral rate of each taxing subdivision relevant to the taxpayer's property.
- (B) The proposed property tax revenue needed to fund the proposed budget of the taxing subdivision - if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate.
- (C) The proposed tax rate based upon the proposed budget and the current year's total assessed valuation of the taxing subdivision - if the taxing subdivision notified the County Clerk of its proposed intent to exceed its revenue neutral rate.
- (D) The tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement.
- (E) The appraised value and assessed value of the taxpayer's property for the current year.
- (F) The estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates.
- (G) The difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate on the taxpayer's property described in subparagraph (F) for any taxing subdivision that has a proposed tax rate that exceeds its revenue neutral rate; and

(H) The date, time, and location of the public hearing of the taxing subdivision, if the taxing subdivision notified the county clerk of its proposed intent to exceed its revenue neutral rate.

See 'Sample 2022 Notice of Estimated Ad Valorem Taxes' below – Please note that forms may differ from County to County due to software, etc., and may be on legal sized paper or two-pages. Contact the Clerk's Office for example when they mail and have handy – to assist with answering questions.

XYZ COUNTY
1234 MAIN ST
SOMEWHERE, KS

**THIS IS NOT A BILL
DO NOT PAY**

2022 Notice of Estimated Ad Valorem Property Taxes

Taxpayer Name
Taxpayer Address 1
Taxpayer Address 2
Taxpayer Address 3
Taxpayer Address 4

Property Description

**THIS IS NOT A BILL - DO NOT PAY
IMPORTANT NOTICE**

This is only an estimate. Property tax statements will be issued after mill rates are finalized and taxes calculated on or before November 1st. In March 2021, the Kansas Legislature passed KSA 79-2988 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice or hearing prior to the budget adoption. Taxing subdivisions are prohibited from levying an ad valorem property tax that exceeds the Revenue Neutral Rate (RNR) without holding a public hearing and passing a resolution. This notice includes the RNR and estimated tax, as well as the estimated tax impact from proposed budgets of the taxing subdivisions levying ad valorem tax on your property. Contact the taxing subdivisions for more information.

Property Values				
Class	Prior Year Assessed	Prior Year Assessed	Current Year Assessed	Current Year Assessed
\$		\$		\$

Current Year Tax Estimates (Does not include special assessments)

Taxing Subdivision	Revenue Neutral		Proposed Budget		Total Ad Valorem Revenue Available (Sum of all levies)	% Rate Difference	Difference in Revenue Neutral and Proposed Tax Estimates	Estimated Subdivision Total Taxable Valuation
	Rate	Tax	Rate	Tax				
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
		\$		\$		%	\$	-
Totals		\$		\$		%	\$	-

Prior Year Tax and Public Hearing

Taxing Subdivision	Prior Year		Public Hearing Information
	Tax Rate	Tax Paid	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
		\$	
Totals		\$	

