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 includes:

- 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.

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.

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.