

REVENUE NEUTRAL RATE



Publication Requirements

2021 SB13 & Sub for HB2104

The timelines for budget preparation will be different beginning in the 2021-22 school year due to SB 13 and Senate Sub for HB 2104. This bill has been signed by the Governor. It tightens the timeline for completing the funds with tax levies to July 20.

With normal increases in local assessed valuation, this new process and procedure will likely apply to all USDs.

Revenue Neutral Rate – Summary of Timelines		SB 13 and Senate Sub HB 2104
Timeline	Action	
June 15	County Clerk notifies district of Revenue Neutral Rate	
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.	
Begins in 2022	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	
Aug 20 – Sept 20	District holds hearing to exceed Revenue Neutral Rate Concurrent with Budget hearing	
September 20 on or before	District submits budget to Kansas State Department of Education	
On or before October 1	District certifies levy 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.
- The board of education should approve exceeding the Revenue Neutral Tax Rate prior to submitting the taxes to be levied form to the county clerk on or before July 20, 2021.
- If a district does not notify the county clerk they are exceeding the Revenue Neutral Rate and the assessed valuation decreases from the previous year, the taxes levied would be less than the previous year.
- 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 from SB 13 and Senate Sub for HB 2104

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. At least 10 days in advance of the public 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.
4. 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 hearing and its proposed tax rate.
5. The public 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 hearing may be conducted in conjunction with the proposed budget hearing 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 hearing after the governing body has heard from interested taxpayers. 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.
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. The provisions of this subsection shall not be construed as prohibiting any other remedies available under the law.
8. 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.
9. 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.

Resolution

The local board of education must approve by resolution to exceed the Revenue Neutral Tax Rate. Below is a sample resolution:

RESOLUTION NO. _____	
<i>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 2021-2022.</i>	
Whereas, 2021 SB 13 and Senate Sub for HB 2104, provides that a levy of property taxes to finance the 2021-2022 budget of USD 000 exceeds the Revenue Neutral Tax Rate to finance the 2021-2022 budget of USD 000, be authorized by a resolution.	
NOW, THEREFORE, BE IT RESOLVED by USD 000 that the 2021-2022 budget with a levy of property taxes exceeding the Revenue Neutral Tax Rates calculated for 2021-2022, as adjusted pursuant to 2021 SB 13 and Senate Sub for HB 2104 is hereby adopted for the following funds: [enter funds exceeding RNR].	
Adopted this _____ day of _____, 2021 by USD 000 [district name] in [home county] County, Kansas.	
Board Clerk	Board President
_____	_____
_____	_____

Suggested procedures for determining tax levies for 2021-22 for the Revenue Neutral Tax Rate.

Levies must be determined for each Tax Levy fund needed for the 2021-22 school year. There will be a separate Revenue Neutral Rate for General, Capital Outlay, Bond & Interest and all other levies will be combined into one rate.

General	Special Assessment
Capital Outlay	Temporary Note
Bond and Interest #1	Historical Museum
Bond and Interest #2 (If necessary)	Public Library Board
Supplemental General (LOB)	Public Library Board- Employee Benefits
Adult Education	Extraordinary Growth Facilities
Special Liability Expense	Cost of Living
No Fund Warrant	

Process to determine taxes needed for the 2021-22 school year.

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, Bond & Interest 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 the responsibility of those entities 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, 2021.

- If a district fails to meet that deadline, the district will have the same taxes from 2020-21 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 Code 99 hearing & RNR hearing on the same page and hold the hearings together. When the board adopts the budget, they should have a motion to adopt both forms.

Notice of Hearing 2021-2022 Budget

The governing body of Unified School District will meet on the day of 2021 at at , , KS for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information, including budget profile, is available at and will be available at this hearing.

The Amount of 2021 Tax to be Levied and Expenditures (published below) establish the maximum limits of the 2021-2022 Budget. The 'Est. Tax Rate' (column 7), shown for comparative purposes, is subject to slight change depending on final assessed valuation.

	Code 99 Line	2019-2020 Actual		2020-2021 Actual		2021-2022 Proposed Budget		
		Actual Expenditures (1)	Actual Tax Rate (2)	Actual Expenditures (3)	Actual Tax Rate* (4)	Expenditures (5)	Amount of 2021 Tax to be Levied (6)	Est. Tax Rate* (7)
OPERATING								
General	06							20.000
Supplemental General (LOB)	08							
SPECIAL REVENUE								
Federal Funds	07							
Adult Education	10							
Preschool-Aged At-Risk	11							
Adult Supplemental Education	12							
At Risk (K-12)	13							
Bilingual Education	14							
Virtual Education	15							
Capital Outlay	16							
Driver Training	18							
Declining Enrollment	19		0.000		0.000			
Extraordinary School Program	22							
Food Service	24							
Professional Development	26							
Parent Education Program	28							
Summer School	29							
Special Education	30							
Cost of Living	33							
Career and Postsecondary Education	34							
Gifts and Grants	35							
Special Liability Expense Fund	42							
School Retirement	44		0.000		0.000			
Extraordinary Growth Facilities	45							
Special Reserve Fund	47							
KPERS Special Retirement Contribution	51							
Contingency Reserve	53							
Textbook & Student Material Revolving	55							
Activity Fund	56							
DEBT SERVICE								
Bond and Interest #1	62							
Bond and Interest #2	63							
No-Fund Warrant	66							
Special Assessment	67							
Temporary Note	68							
COOPERATIVES¹								
Special Education	78							
TOTAL USD EXPENDITURES	100							
Less: Transfers	105							
NET USD EXPENDITURES	110							
TOTAL USD TAXES LEVIED	115							

1. Sponsoring District Only
 *Tax Rates are expressed in Mills

REVENUE NEUTRAL RATE INFORMATION

State of Kansas		USD #					
Budget Form USD-A		2021-2022					
		2019-2020 Actual		2020-2021 Actual		2021-2022 Proposed Budget	
	Code	Actual	Actual	Actual	Actual		Amount of
	99	Expenditures	Tax	Expenditures	Tax	Expenditures	Tax to
	Line	(1)	Rate*	(3)	Rate*	(5)	be Levied
			(2)		(4)		(6)
							Est.
							Tax
							Rate*
							(7)
OTHER							
	Historical Museum	80					
	Public Library Board	82					
	Public Library Board Employee Benefits	83					
	Recreation Commission	84					
	Rec Comm Emp Benefits & Spec Liab	86					
	TOTAL OTHER	120					
	TOTAL TAXES LEVIED	125					
	Assessed Valuation - General Fund	128					
	Assessed Valuation - All Other Funds	130					
	Assessed Valuation - Capital Outlay	129					
Outstanding Indebtedness, July 1		2019		2020		2021	
	General Obligation Bonds	135					
	Capital Outlay Bonds	140					
	Temporary Note	145					
	No-Fund Warrant	150					
	Lease Purchase Principal	153					
	TOTAL USD DEBT	155					
<i>*Tax Rates are expressed in Mills</i>							
Board President				Clerk of the Board			

Exceeding the Revenue Neutral Tax Rate for the 2021-2022 School Year					
The governing body of Unified School District will meet on the ____ day of _____, 2021 at _____ PM at _____, KS for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of tax to be levied. Detailed budget information, including budget profile, is available at _____ and will be available at this hearing.					
Revenue Neutral Tax Rate					
	2020-2021			2021-2022	
	Actual Tax Levied	Actual Tax Rate	Neutral Tax Rate	Estimated Tax Levied	Estimated Tax Rate
General		#N/A		\$0	20.000
Capital Outlay	\$0	#N/A		\$0	0.000
Bond and Interest #2	\$0	#N/A		\$0	0.000
ALL OTHER FUNDS					
Supplemental General (LOB)	\$0	#N/A		\$0	0.000
Adult Education	\$0	#N/A		\$0	0.000
Cost of Living	\$0	#N/A		\$0	0.000
Special Liability Expense Fund	\$0	#N/A		\$0	0.000
Extraordinary Growth Facilities	\$0	#N/A		\$0	0.000
Bond and Interest #1	\$0	#N/A		\$0	0.000
No-Fund Warrant	\$0	#N/A		\$0	0.000
Special Assessment	\$0	#N/A		\$0	0.000
Temporary Note	\$0	#N/A		\$0	0.000
Historical Museum	\$0	#N/A		\$0	0.000
Public Library Board	\$0	#N/A		\$0	0.000
Public Library Board Employee Benefits	\$0	#N/A		\$0	0.000
Sub Total - All Other Funds	\$0	#N/A		\$0	0.000
Board President				Clerk of the Board	

County Clerk Form

This sample form has been made available to county clerks in order to provide the required information to USDs by June 15th. Counties may be using their own form.

Revenue Neutral Tax Rate (sample)					
Allen			258	Humboldt	
County			USD #		
		2020-2021		2021-2022	
		Actual Taxes Levied	Actual Mill Rate	Estimated Assessed Valuation*	Revenue Neutral Tax Rate
1	General	\$1,095,000	20.000	\$55,300,000	19.801
2	Capital Outlay	\$459,000	8.000	\$58,500,000	7.846
3	Bond and Interest #2	\$200,000	6.300	\$32,500,000	6.154
ALL OTHER FUNDS					
4	Supplemental General (LOB)	\$938,000	16.348	XXXXXXXXXX	XXXXXXXXXX
5	Adult Education			XXXXXXXXXX	XXXXXXXXXX
6	Cost of Living			XXXXXXXXXX	XXXXXXXXXX
7	Special Liability Expense Fund			XXXXXXXXXX	XXXXXXXXXX
8	Extraordinary Growth Facilities			XXXXXXXXXX	XXXXXXXXXX
9	Bond and Interest #1		10.333	XXXXXXXXXX	XXXXXXXXXX
10	No-Fund Warrant			XXXXXXXXXX	XXXXXXXXXX
11	Special Assessment			XXXXXXXXXX	XXXXXXXXXX
12	Temporary Note			XXXXXXXXXX	XXXXXXXXXX
13	Historical Museum			XXXXXXXXXX	XXXXXXXXXX
14	Public Library Board			XXXXXXXXXX	XXXXXXXXXX
15	Public Library Board Emp Benefits			XXXXXXXXXX	XXXXXXXXXX
TOTAL - All Other Funds (lines 4 through 15)		\$938,000	26.681	\$58,000,000	16.172
* <u>Line 3</u> : Only use if this fund has a different Assessed Valuation then "All Other Funds". <u>Line 9</u> : Include in "All Other Funds" only if it has the same Assessed Valuation as All Other Funds.					
Date			County Clerk		

For more information, contact:

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