SB 294 will be considered by the **Senate Assessment and Taxation Committee** at 9:30 a.m. Wed. Feb. 5.

The measure is being touted as a "truth in taxation" proposal but taxing subdivisions, including school districts, cities, counties and others say the bill has numerous problems.

"We just don't believe, that within the way school finance works, this potentially very expensive and cumbersome process is necessary when there are other mechanisms that the voters have," said KASB Associate Executive Director Mark Tallman.

The bill would require taxing entities to calculate before July 1 a certified tax rate, which is the tax rate that would generate the same property tax revenue as the previous year. To adopt a tax rate higher than the certified tax rate, the governing body must publish notice, conduct a public hearing and notify each individual taxpayer on the tax rate's impact.

Notification of every taxpayer and a requirement to schedule a public hearing at a different time than all other taxing units in the county within a tight time frame is problematic, Tallman said, and not efficient since most tax levies for schools are already controlled by state law.

"Virtually every part of the school budget is already capped, limited, subject to protest petition, or equalized," he said.

Below is a detailed description of SB 294 and concerns that the bill raises for schools. Education leaders are urged to study the bill and talk with their legislators about how it would impact their schools. KASB will be testifying against the measure.

SB 294– Property taxes, hearing and notice requirements in certain cases.

The bill requires the "governing body of each taxing subdivision or taxing district" to calculate a "certified tax rate" on or before July 1 each year. The bill does not explicitly include school boards as "governing bodies," but school boards are not excluded and the bill exempts the 20-mill statewide school levy, which implies school districts are meant to be covered.

The certified tax rate is the tax rate for the current year that would generate the same property tax revenue as levied the previous year using the current year's total assessed valuation. In other words, if a taxing district's assessed valuation rises, the certified tax rate would be a lower mill levy than the previous year, in order to raise the same amount of money.

On or before July 1 each year, the governing body must submit its calculated certified tax rate to the state director of accounts and reports, who shall review the calculation for compliance and accuracy and notify the governing body before August 1 of each year.

To adopt a tax rate higher than the certified tax rate (i.e. to raise more property tax revenue than the previous year), the governing body must do to following:

First, publish notice of its proposed intent in the official county newspaper and on the website of the governing body, if any, at least 10 days in advance of the public hearing.

Second, on or before August 1, notify the county clerk of the proposed intent to exceed the certified tax rate, who shall notify each taxpayer with property in the district by mail (or electronic means if agreed to) at least 10 days in advance of the public hearing. The cost the notice must be paid by the district.

It appears the notice would have to individualized to each taxpayer, showing the impact of the proposed rate on the taxpayer's property compared to the previous year, the proposed percent change in the tax rate between the previous year's tax rate and the proposed tax rate for the current year, the appraised value and assessed value of the taxpayer's property for the current year, the estimates of the tax for the current tax year on the taxpayer's property based on the certified tax rate and the proposed tax rate, and more.

Third, hold a public hearing on exceeding the certified tax rate on or before September 15. The hearing cannot be scheduled at the same time as another public hearing for the same purpose in the county. It may be held with the regular annual budget hearing if other conditions are met.

A majority vote of the board, at the public hearing, to approve exceeding the certified tax rate would be required prior to adoption of a proposed budget with a tax rate in excess of the certified tax rate.

If the board does not comply this process, it must refund to taxpayers any taxes over-collected.