

Revenue Neutral Rate

In the past, the process of building and approving the budget was fairly simple. The BOE would be presented with a budget document they could approve “as is”, or make adjustments, and ultimately publish in the local newspaper. All budgets had to be approved by the BOE on or before August 25th, and publishing was required 10 days prior to the BOE’s budget hearing. With the passage of Senate Bill 13, this has changed.

The goal of the bill was to replace the current tax lid for cities and counties, requiring local governments to provide more information to the community and giving patrons ample opportunity to protest any increases. In its inception, Senate Bill 13 was specific to counties, cities, and other taxing entities - not school districts. School districts were not initially included, because mill rates for schools have set caps based upon different policies and statutes. School districts are authorized to levy property taxes for selected funds; property taxes for these funds are computed using a mill rate, which is a mathematical procedure to determine property taxes. One mill is one dollar of property tax levied against \$1,000 of assessed valuation. The assessed valuation is computed by taking the market value of the property and multiplying it by the appropriate assessment factor for that class of property.

With Senate Bill 13, each district in the State of Kansas will now need to look at its revenue neutral mill rate levy (RNR) in addition to the current annual process of reviewing the mill levy.

The following is an example for a \$200,000 house to show how property taxes are computed for USD 469:

USD 469 levied a total of 58.958 mills last year. Of the total of 58.9302 mills, the general fund was 20 mills (by statute), supplemental general fund was 13.618 mills, the bond and interest was 14.735 mills, Capital Outlay was 8.00, and Cost of Living Adjustment was 1.583 mills. Additionally, we have a 1.022 mill special assessment that helped build the Bittersweet Bridge and upgrades on 147th Street. For the general fund only, the first \$20,000.00 is subtracted from the market value of the house to arrive at the assessed valuation. For example, a house with a market value of \$200,000.00 would be reduced to \$180,000.00 (\$200,000.00 - \$20,000.00 exemption) for general fund only. The \$180,000 is taken times the assessment rate of 11.5% to arrive at an assessed valuation of \$20,700.00 (\$180,000.00 x 11.5% = \$20,700.00). The \$20,700.00 is multiplied by .020 (20 mills) to arrive at the property taxes for the general fund of \$414.00.

Below is a chart for all our funds and the taxes produced:

	County Appraised Value of the House	Minus \$20,000 Reduction for General Fund	New County Appraised Value	Assessment Factor for Homes	Assessed Valuation	Mill Rate	Property Tax
General Fund	200,000.00	(20,000.00)	180,000.00	11.50%	20700	0.0200000	\$414.00
Supplemental General Fund	200,000.00		200,000.00	11.50%	23000	0.0136180	\$313.21
Capital Outlay	200,000.00		200,000.00	11.50%	23000	0.0080000	\$184.00
Bond and Interest	200,000.00		200,000.00	11.50%	23000	0.0147350	\$338.91
Special Assessment	200,000.00		200,000.00	11.50%	23000	0.0010220	\$23.51
Cost Of Living Adjustment	200,000.00		200,000.00	11.50%	23000	0.0015830	\$36.41
Total					23000	0.0589580	\$1,356.03

Instead of just reviewing the Mill Levy, each district in the State of Kansas will now need to look at its revenue neutral mill rate levy (RNR). The RNR is based on the total dollars raised through taxes last year. If the district decides to go over their RNR rate, a separate publication and hearing will be required.

It is virtually impossible to stay revenue neutral in all funds because by statute the district needs to raise 20 mills in the general fund. At this time district administration believes the total mill levy will be flat or will see a minimal decrease due to a decrease in bond payments.

Below is a chart with our revenue neutral rates for this year.

	Actual Mill Rate Assessed 2020-21	Revenue Neutral Rate for 2021-22
General Fund	0.0200000	0.0184250
Supplemental Gen, Spec Assess, COLA	0.0162230	0.0150160
Capital Outlay	0.0080000	0.0074050
Bond and Interest	0.0147350	0.0136390
Total	0.0589580	0.0544850

What is the specific timeline if exceeding the Revenue Neutral Rate?

- June 15th: Assessed property valuation estimates distributed from County Clerks (will include the Revenue Neutral Rate)
- July 20th: Last day to notify County Clerk of intent to levy above RNR
 - o Clerk should be provided proposed tax rate and RNR hearing information (date, time, location)
 - o Beginning in 2022, County Clerk will notify taxpayers via mail/email of all taxing school districts exceeding RNR
- August 20th – September 20th: Hold RNR hearing prior to or in conjunction with budget hearing
 - o Publication of hearing must be done 10 days prior to RNR hearing
 - o Publish in newspaper and website (if website is maintained)
- August 20th – September 20th: Hold budget hearing
 - o Publication of hearing must be done 10 days prior to budget hearing
- August 20th – October 1st: Governing body passes resolution to exceed RNR (if applicable) and formally adopts budget
- August 30th – October 1st: Governing body certifies budget to County Clerk Timeline if not Exceeding the Revenue Neutral Rate

District Administration is recommending that the BOE allow district administration to file a budget document with the County Clerk for funds that will not be revenue neutral. It is important to note that the BOE has the sole authority of approving the budget at the end of the process. Even though the RNR and actual budget will be published, the BOE can decrease the final budget amounts when they approve the budget in the last step of the process.