

Public Hearing for the purpose of  
considering adopting a resolution to exceed  
the Revenue Neutral Rate of 54.550 mills

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# PURPOSE OF HEARING – SENATE BILL 13

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- In March 2021, the Kansas Legislature passed Senate Bill (SB) 13 to establish limitations on ad valorem property tax levies by taxing subdivisions without an additional notice and hearing prior to budget adoption. Subsequently, Senate Substitute for House Bill 2104 was passed to amend the timelines in SB 13. SB 13 is retroactively effective January 1, 2021.
- The bill repeals the tax lid law and computed tax limits imposed by KSA 79-2925b and KSA 79-2925c. Alternatively, the bill introduces the use of a “revenue neutral rate”, defined as the amount of ad valorem tax revenue levied in the prior year over the current year assessed valuation estimates, expressed as a mill. County clerks are responsible for computing and providing the rate to taxing subdivisions with the budget information estimates by June 15<sup>th</sup>.
- Taxing subdivisions cannot levy above the revenue neutral rate (RNR) without holding a Revenue Neutral Rate Hearing for taxpayers to attend and provide feedback. At the end of the RNR hearing, the governing body of the taxing subdivision will publicly vote to pass a resolution to exceed the RNR for the upcoming budget year.
- If the taxing subdivision adopts a budget that does not exceed the RNR, the subdivision should contact the county clerk to prepare for valuation decreases from the June 15<sup>th</sup> property valuation estimates to the November 1<sup>st</sup> property valuations certified to the county clerk. If property valuations decrease from June 15<sup>th</sup> to November 1<sup>st</sup>, the taxing subdivision would realize less dollars than budgeted.
- A Budget Hearing will also be held prior to formally adopting the budget. Independence’s Budget Hearing is September 9<sup>th</sup> at 5:30 pm in the Civic Center.

# Increased Costs for the City

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2% cost of living increase and 2% merit increase 15% increase in health insurance  
- \$317,500

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Retirement matching program - \$20,000

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Insurance - \$50,000 increase

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Workers Compensation Insurance - \$8,000  
( $\$83,250$  increase absorbed in 2021)

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Inflation -  $\$197,659$  ( $\$3,660,360 \times .054$ )

Inflation -  $\$98,830$  ( $\$3,660,360/2 \times .054$ )\*

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Two additional police officers - \$97,000

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**Total expected increase in costs - \$591,330\***

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**Increase from 63 mills - \$403,281 – set as maximum**  
(absorbed \$188,049)

Inflation based on U.S. Bureau of Labor Statistics from July 2020 to July 2021

# WHAT IS FUNDED THROUGH AD VALOREM TAXES?

## **General Fund**

- Administration
- Animal Control
- Building Inspector & Code Enforcement
- Cemetery
- Fire and EMS
- Police
- Finance
- Memorial Hall
- Streets & Traffic
- Park
- Zoo

## **Other Funds**

- Library support (4 mills)
- General Fund Employee Benefits
- Liability Insurance
- Industrial Fund

# REVENUE SOURCES

<b>REVENUE SOURCES</b>	<b>2020 BUDGET</b>	<b>2020 ACTUAL</b>	<b>2021 BUDGET</b>	<b>2022 PROPOSED BUDGET</b>
AD VALOREM TAX	21%	19%	22%	24%
CHARGE OFF & RECOVERIES	1%	1%	1%	1%
DELINQUENT AD VALOREM	0%	1%	1%	1%
FEES	15%	14%	13%	13%
FINES	2%	2%	2%	1%
FRANCHISE FEES	7%	6%	6%	6%
GF SUPPORT FROM ENTERPRISE FUNDS	11%	11%	12%	12%
MISC.	3%	2%	1%	2%
OTHER TAX	8%	8%	8%	8%
SALES TAX	33%	37%	33%	32%
Grand Total	100%	100%	100%	100%

# WHAT IS NOT FUNDED

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WATER & SEWER



SANITATION



AIRPORT



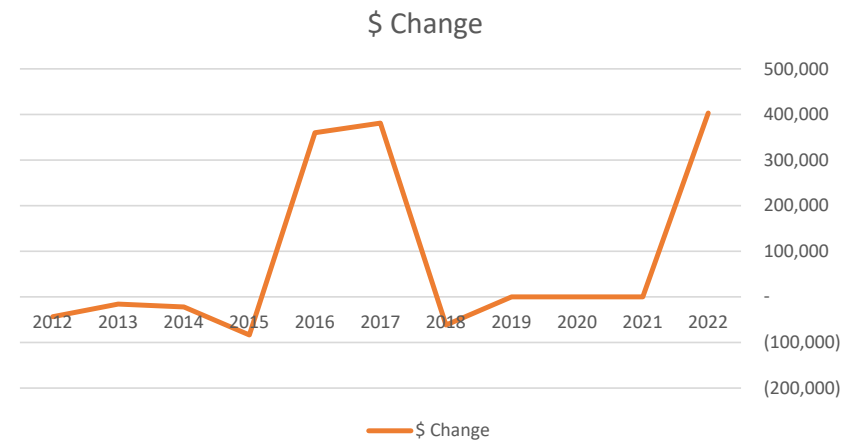
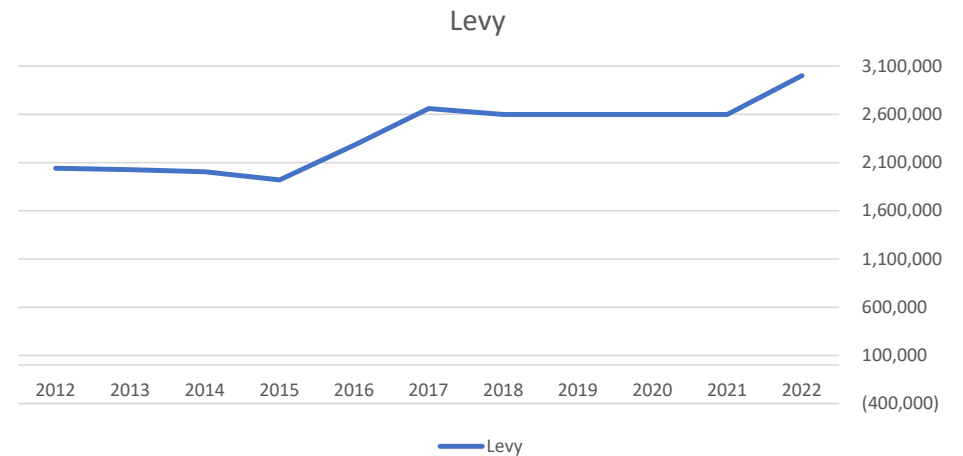
CAPITAL PROJECTS  
(GENERALLY)



MAJOR STREET  
IMPROVEMENTS

# HISTORY OF RATES

Year	Levy	\$ Change	Rate	Change in Rate
2021	2,599,499	(40)	55.249	0.217
2020	2,599,539	-	55.032	0.61
2019	2,599,539	-	54.422	1.332
2018	2,599,539	(61,656)	53.090	0.476
2017	2,661,195	380,829	52.614	5.535
2016	2,280,366	360,072	47.079	6.801
2015	1,920,294	(83,643)	40.278	-0.822
2014	2,003,937	(22,063)	41.100	-1.142
2013	2,026,000	(15,975)	42.242	-0.185
2012	2,041,975	(43,425)	42.427	-0.061
2011	2,085,400		42.488	
		917,380		20.51



# IMPACT TO RESIDENTIAL PROPERTIES

INCREASED MILL RATE OVER PRIOR YEAR RATE	7.751	
INCREASED PROPERTY TAX VALUE OF 1 MILL	403,281	
FACTOR	47,662.13	
	0.115	
RESIDENTIAL HOME VALUE	ANNUAL TAX INCREASE	MONTHLY COST
25,000	\$ 22.28	\$ 1.86
50,000	\$ 44.57	\$ 3.71
80,000	\$ 71.31	\$ 5.94
100,000	\$ 89.14	\$ 7.43
150,000	\$ 133.70	\$ 11.14
200,000	\$ 178.27	\$ 14.86
250,000	\$ 222.84	\$ 18.57

Note, this example assumes valuation is the same as prior year



# IMPACT TO COMMERCIAL PROPERTIES

INCREASED MILL RATE OVER PRIOR YEAR RATE		7.751	
INCREASED PROPERTY TAX VALUE OF 1 MILL		403,281	
FACTOR		47,662.13	
		0.250	
COMMERCIAL, INDUSTRIAL RR, IMPROVED AG LAND		ANNUAL TAX INCREASE	MONTHLY COST
25,000	\$	48.44	\$ 4.04
50,000	\$	96.89	\$ 8.07
80,000	\$	155.02	\$ 12.92
100,000	\$	193.78	\$ 16.15
150,000	\$	290.66	\$ 24.22
200,000	\$	387.55	\$ 32.30
250,000	\$	484.44	\$ 40.37

Note, this example assumes valuation is the same as prior year

# IMPACT TO UNIMPROVED AG LAND

INCREASED MILL RATE OVER PRIOR YEAR RATE	7.751	
INCREASED PROPERTY TAX VALUE OF 1 MILL	403,281	
FACTOR	47,662.13	
	0.300	
UNIMPROVED AG LAND	ANNUAL TAX INCREASE	MONTHLY COST
25,000	\$ 58.13	\$ 4.84
50,000	\$ 116.27	\$ 9.69
80,000	\$ 186.02	\$ 15.50
100,000	\$ 232.53	\$ 19.38
150,000	\$ 348.80	\$ 29.07
200,000	\$ 465.06	\$ 38.76
250,000	\$ 581.33	\$ 48.44

Note, this example assumes valuation is the same as prior year

**NOTICE OF BUDGET HEARING**

The governing body of  
**INDEPENDENCE**

will meet on September 9, 2021 at 5:30 PM at Civic Center, Memorial Hall for the purpose of hearing and answering objections of taxpayers relating to the proposed use of all funds and the amount of ad valorem tax. Detailed budget information is available at City Clerk's Office and will be available at this hearing.

**BUDGET SUMMARY**

Proposed Budget 2022 Expenditures and Amount of 2021 Ad Valorem Tax establish the maximum limits of the 2022 budget. Estimated Tax Rate is subject to change depending on the final assessed valuation.

FUND	Prior Year Actual for 2020		Current Year Estimate for 2021		Proposed Budget for 2022		
	Expenditures	Actual Tax Rate *	Expenditures	Actual Tax Rate *	Budget Authority for Expenditures	Amount of 2021 Ad Valorem Tax	Estimate Tax Rate *
General	7,622,866	32.650	7,986,982	34.458	8,142,725	1,829,216	38.379
Debt Service	1,122,206		792,323		1,047,940		
Library	260,763	4.870	267,130	4.871	227,149	190,649	4.000
Industrial	27,500	0.218	27,500	0.484	27,500	26,223	0.550
General Fund Employee Benefit	686,618	15.630	852,814	13.770	898,906	656,291	13.770
Liability Insurance	74,066	1.664	96,000	1.666	88,500	73,856	1.550
Special Highway							
Eco Dev & Transportation	473,156		500,700		425,000		
Special Alcohol	30,000		30,000		30,000		
Educational Sales Tax	2,285,993		1,930,000		2,169,275		
Quality of Life Sales Tax	20,121		50,000		60,144		
Tourism	110,809		150,000		150,000		
Special Use Sales Tax	2,335,000		1,930,000		2,050,000		
Special Park & Recreation	24,000		34,000		39,000		
Airport	596,056		669,527		844,778		
Water & Sewer	4,703,092		5,510,205		5,714,570		
Sanitation	1,252,225		1,181,761		1,436,317		
Non-Budgeted Funds-A	330,000						
<b>Totals</b>	<b>21,954,471</b>	<b>55.032</b>	<b>22,008,946</b>	<b>55.249</b>	<b>23,351,804</b>	<b>2,776,235</b>	<b>58.249</b>
Revenue Neutral Rate**							34.550
Less: Transfers	0		0		0		
Net Expenditure	21,954,471		22,008,946		23,351,804		
Total Tax Levied	0		2,599,499		XXXXXXXXXXXXXXXXXXXX		
Assessed Valuation	0		47,050,341		47,662,131		
Outstanding Indebtedness, January 1,	2019		2020		2021		
G.O. Bonds	0		0		5,310,000		
Revenue Bonds	0		0		18,455,000		
Other	0		0		3,219,094		
Lease Purchase Principal	0		0		720,678		
Total	0		0		27,704,772		

\*Tax rates are expressed in mills

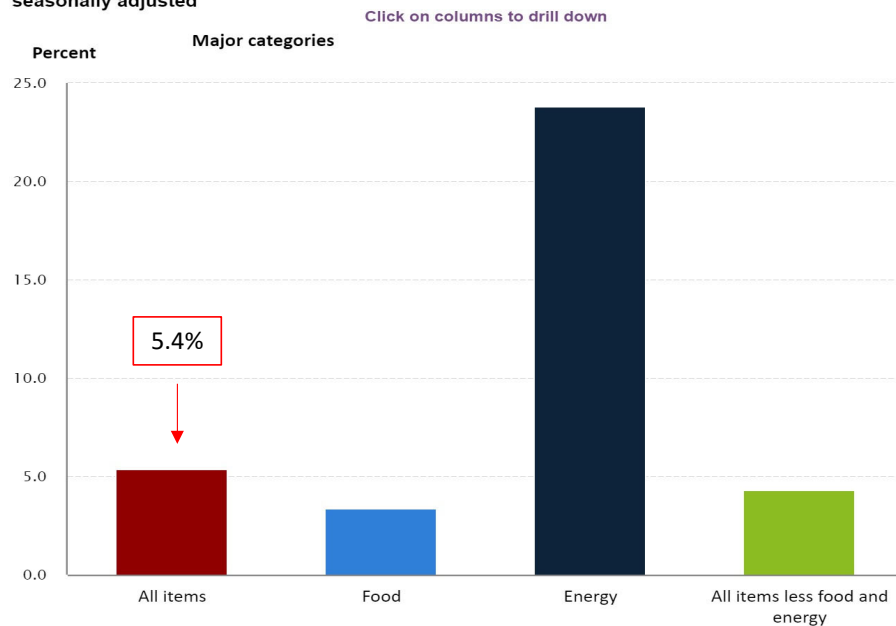
\*\* Revenue Neutral Rate as defined by 2021 Kansas Senate Bill 13.

Lacey Lies  
City Official Title: Director of Finance

# HOW WE GOT THERE

- Increased revenue from other sources, such as sales tax
  - 25% of the 1% SUST goes to the General Fund, plus the 1% General Fund Sales Tax
- Efficiencies in other spending areas
- Decreased dollars towards building and ground maintenance
- Decreased proposed additional officers to 1

12-month percentage change, Consumer Price Index, selected categories, July 2021, not seasonally adjusted

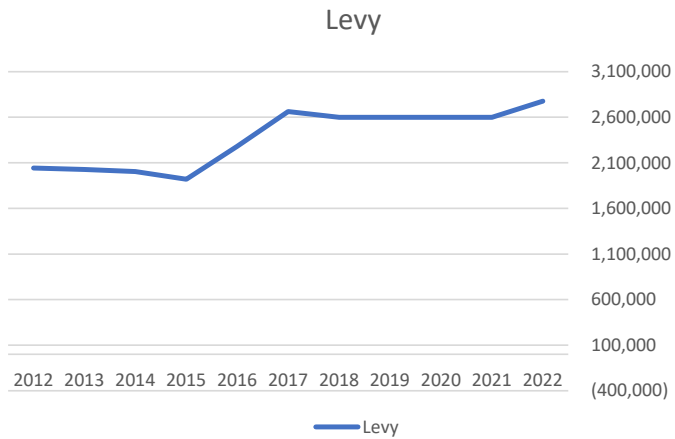


Source: U.S. Bureau of Labor Statistics.



COST OF LIVING WAGE INCREASES	
YEAR	PERCENT
2002	2%
2003	2%
2004	2%
2005	2%
2006	3%
2007	4%
2008	2%
2009	3%
2010	2%
2011	NONE
2012	NONE
2013	3%
2014	3%
2015	3%
2016	2%
2017	2%
2018	NONE
2019	NONE
2020	2%
2021	1%
2022	2%

# CHANGE IN RATE



	63 MILLS	58.249 MILLS	\$ Change
2022	3,002,780	2,776,235	226,545
2021	2,599,499	2,599,499	-
<b>CHANGE IN \$ LEVIED</b>	<b>403,281</b>	<b>176,736</b>	<b>226,545</b>
<b>CHANGE IN PRIOR YEAR MILLS</b>	<b>7.751</b>	<b>3</b>	
<b>CHANGE IN MILLS OVER RNR</b>	<b>8.45</b>	<b>3.699</b>	
<b>CHANGE IN RATE DUE TO VALUATION</b>	<b>-0.699</b>	<b>-0.699</b>	

Year	Levy	\$ Change	Rate	Change in Rate
2022	2,776,235	176,736	58.249	3
2021	2,599,499	(40)	55.249	0.217
2020	2,599,539	-	55.032	0.61
2019	2,599,539	-	54.422	1.332
2018	2,599,539	(61,656)	53.090	0.476
2017	2,661,195	380,829	52.614	5.535
2016	2,280,366	360,072	47.079	6.801
2015	1,920,294	(83,643)	40.278	-0.822
2014	2,003,937	(22,063)	41.100	-1.142
2013	2,026,000	(15,975)	42.242	-0.185
2012	2,041,975	(43,425)	42.427	-0.061
2011	2,085,400		42.488	
		690,835		15.76

# IMPACT TO RESIDENTIAL PROPERTIES

INCREASED MILL RATE OVER PRIOR YEAR RATE		3	
INCREASED PROPERTY TAX		142,986	
VALUE OF 1 MILL FACTOR		47,662.13	
		0.115	
RESIDENTIAL HOME VALUE	ANNUAL TAX INCREASE		MONTHLY COST
25,000	\$ 8.63		\$ 0.72
50,000	\$ 17.25		\$ 1.44
80,000	\$ 27.60		\$ 2.30
100,000	\$ 34.50		\$ 2.88
150,000	\$ 51.75		\$ 4.31
200,000	\$ 69.00		\$ 5.75
250,000	\$ 86.25		\$ 7.19

Note, this example assumes valuation is the same as prior year

# IMPACT TO COMMERCIAL PROPERTIES

INCREASED MILL RATE OVER PRIOR YEAR RATE		3	
INCREASED PROPERTY TAX		142,986	
VALUE OF 1 MILL FACTOR		47,662.13	
		0.250	
COMMERCIAL, INDUSTRIAL RR, IMPROVED AG LAND	ANNUAL TAX INCREASE		MONTHLY COST
25,000	\$ 18.75		\$ 1.56
50,000	\$ 37.50		\$ 3.13
80,000	\$ 60.00		\$ 5.00
100,000	\$ 75.00		\$ 6.25
150,000	\$ 112.50		\$ 9.38
200,000	\$ 150.00		\$ 12.50
250,000	\$ 187.50		\$ 15.63

Note, this example assumes valuation is the same as prior year

# IMPACT TO UNIMPROVED AG LAND

INCREASED MILL RATE OVER PRIOR YEAR RATE		3	
INCREASED PROPERTY TAX VALUE OF 1 MILL		142,986	47,662.13
FACTOR		0.300	
	UNIMPROVED AG LAND	ANNUAL TAX INCREASE	MONTHLY COST
	25,000	\$ 22.50	\$ 1.88
	50,000	\$ 45.00	\$ 3.75
	80,000	\$ 72.00	\$ 6.00
	100,000	\$ 90.00	\$ 7.50
	150,000	\$ 135.00	\$ 11.25
	200,000	\$ 180.00	\$ 15.00
	250,000	\$ 225.00	\$ 18.75

Note, this example assumes valuation is the same as prior year



# Resources for Taxpayers

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**Homestead Refund** – rebate program for property taxes paid by homeowners. Based on a portion of the property tax paid on a Kansas resident's home. Maximum refund is \$700.

Household income must be less than \$36,300 and you must meet one of the following requirements:

- 1) Born before January 1, 1965; OR
- 2) Totally and permanently disabled or blind during the entire year; OR
- 3) Had a dependent child living with you all of the year who was born before January 1, 2021, and was under the age of 18 the entire year.

**SAFESR – Kansas Property Tax Relief for Low Income Seniors** – rebate program for low-income seniors under provisions of the Kansas Homestead Act. Available to homeowners 65 or older with income of \$20,300 or less.

Recommended  
Motion

I move to adopt Resolution  
2021-028 authorizing the City to  
exceed the Revenue Neutral  
Rate of 54.550.