

## Senate Bill 13 - Overview and Implementation

- Mute your line to eliminate feedback and background noise
- The presentation will begin promptly at 1:00 PM



# Senate Bill 13 - Overview and Implementation

## Agenda

- I. Overview of Legislation
  - a. Calculation of Revenue Neutral Rate
  - b. Notice to Taxpayer
  - c. Public Hearing
- II. Implementation and Timelines
- III. Questions?



# Overview of Legislation – Calculation of Revenue Neutral Rate

- County staff will calculate a revenue neutral rate for all taxing subdivisions in Douglas County by June 15<sup>th</sup>
- What is the revenue neutral rate and how is it calculated?

*Revenue neutral is defined as the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation. To calculate the rate county staff shall divide the property tax revenue by the total of all taxable assessed valuation in a taxing unit for the current year and then multiple by 1,000 to show mill levy.*

*On, or before July 15<sup>th</sup>, the township board shall notify the County of their intent to exceed the revenue neutral rate that has been calculated for the taxing subdivision.*



# Overview of Legislation – Notice to Taxpayer

For tax years commencing after December 31st, 2021, (2023 budget cycle) county staff shall notify each taxpayer with property in the taxing subdivision by mail of the intent to exceed the revenue neutral rate at least 10 days before the hearing

## Notice shall include:

- Revenue neutral rate (the rate calculated and sent to the taxing entities on June 15<sup>th</sup>)
- Proposed property tax revenue needed to fund the proposed budget
- The proposed tax rate based upon the proposed budget and the current year's total assessed valuation of the taxing subdivision
- Tax rate and property tax revenue of each taxing subdivision on the property from the previous tax statement
- Appraised value and assessed value of the taxpayers property for the current year
- Estimates of the tax for the current year based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates
- The difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate (this will require calculations of the difference for each taxing subdivision for each property)
- The date time and location of the public hearing of the taxing subdivision (publication in newspaper is still required)



# Overview of Legislation – Public Hearing

- Hearing must be held no sooner than August 10<sup>th</sup> and no later than September 10<sup>th</sup> (previous requirement was for hearing to be held and budget adopted by August 25<sup>th</sup>)
- Hearing must allow reasonable time limits for oral comments and no restriction on how many can speak
- Hearing can be held in conjunction with the regular budget hearing
- Majority vote of governing body is required for approval
- Any violation of collection over revenue neutral rate, or rate established the entity is required to return the excess tax to the property owner
- Applies to schools and municipal universities
- The ad valorem tax will be certified to the County Clerk by September 20<sup>th</sup> (previous requirement was by August 25<sup>th</sup>)
- Taxing subdivision is any political subdivision that levies an ad valorem tax on property



# Implementation and Timelines

- County staff will calculate the revenue neutral rate and provide township official with this rate by June 15<sup>th</sup>.  
Historically, County staff has not started the budget cycle with Townships until after the Douglas County proposed budget is in its published stage. This change does not allow for township and County budget processes to be staggered and instead will occur at the same time.
- Notices sent to taxpayers by Douglas County no later than 10 days prior to budget hearing for the 2023 budget (August 1<sup>st</sup> )  
County staff will continue to develop a process to facilitate this change  
Additional staff time and postage fees will be incurred as a result  
State will reimburse the County for the first two years of notices. After that, Each political subdivision will be responsible for their notices proportionate to their district
- Township officials must notify the County if there is an intent to increase taxes in excess of the calculated revenue neutral rate by July 15<sup>th</sup>
- Budget hearing must be held between August 10<sup>th</sup> and September 10<sup>th</sup>
- Township budget can be adopted during the budget hearing in tandem with the revenue neutral rate hearing
- Budgets will be certified to County Clerk by September 20<sup>th</sup>



# Questions?

