

STAFF REPORT

DATE: September 2, 2025

TO: Bel Aire City Council

FROM: Barry Smith, Finance Director

RE: Revenue Neutral Rate Hearing



SUMMARY:

Per state legislation, local units of government that intend to levy a tax rate in an amount greater than the amount of tax received the year prior, the entity must hold a RNR hearing.

The RNR is provided by the county clerk and sent to each local unit of government on or before June 15th of each year. The RNR is calculated by taking the total property taxes levied by the unit of local government for the prior year divided by the current estimated valuation of the local unit of government.

To exceed the RNR rate, each local unit of government must follow the following procedure:

1. Notify the county clerk by July 20th of the governing body's intent to exceed the revenue neutral rate. The notification must include the date, time, and location of the RNR hearing along with the total tax amount intended to be levied. (Bel Aire notified Sedgwick County on 7/17/25)
2. The RNR hearing must occur between August 20th and September 20th. (The RNR hearing for Bel Aire is scheduled for 9/2/25 at 7:00 pm located at City Hall)
3. At least 10 days in advance of the public hearing, the governing body shall publish notice of its proposed intent to exceed the RNR by publishing notice on the website of the governing body as well as in a weekly or daily newspaper of the county having general circulation therein. (Bel Aire published the RNR notice in the Ark Valley News and on the City website on 8/21/25)
4. 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 RNR. Such vote of the governing body shall be conducted at the public hearing and on the same day as the commencement of the public hearing after the governing body has heard from interested taxpayers and shall be a roll call vote.

FINANCIAL CONSIDERATION:

The RNR for 2026 has been calculated at 36.760 mills.

The 2025 mill rate is 42.484

The proposed mill rate for the 2026 budget is 41.000 mills.

LEGAL IMPLICATIONS:

The RNR hearing is required by State law to be separate and prior to the also mandated Annual Budget Hearing.

State statute requires this resolution be approved by a roll call vote prior to the adoption of the annual budget.

The statute states “Such vote of the governing body shall be conducted at the public hearing and on the same day as the commencement of the hearing....” For that reason, in an abundance of caution, the vote will be taken during the RNR Public Hearing, *after* all interested taxpayers have been heard, and *before* the public hearing is closed.