SEDGWICK COUNTY, KANSAS



BOARD OF COUNTY COMMISSIONERS

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March 19, 2024

The Honorable Adam Smith, The Honorable Brian Bergkamp and The Honorable Tom Sawyer Opposition to HCR 5025

Dear Chairman Smith, Vice Chair Bergkamp, and Ranking Minority Member Sawyer:

I am writing on behalf of the Sedgwick County Board of County Commissioners in opposition to HCR 5025 because it creates inequity in the collection of property taxes while not addressing the underlying issue, which is the increased reliance of local governments in Kansas on property tax revenue. The Sedgwick County Commission strongly encourages a statutory legislative action for property tax relief in lieu of, or instead of, a constitutional amendment.

1. HCR 5025 is an exception to uniform and equal property taxation.

HCR 5025 would provide for an appraised value based on ten-year average fair market value for each residential property. Since real property values tend to increase, this decreases the relative weight of property taxes paid by residential property owners relative other property types, shifting the tax burden away from residential property onto commercial, agricultural use, and other property types.

2. HCR 5025 does not address the underlying issue with property taxation in Kansas, which is the increased reliance of local government on property taxes to generate revenue.

Since the great recession, the assessed value for Sedgwick County has increased by nearly 50%. The property tax levied by the county increased 38% due to mill levy reductions, while inflation increased by 39%. Much of the tax levy increase derives from both increased expenses and a reduction in revenue from other sources, largely because of state legislative action. In 2023, Sedgwick County estimates around \$30 million of revenue previously available to the county was lost because of state legislative action. The estimated number would account for 17% of the property taxes levied by the county. In addition, costs related to KPERS have more than doubled since 2008 because of increases in state-set rates, accounting for an additional 4% of the property tax levied by

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Sedgwick County. The impact of state legislative action since 2008 accounts for more than a fifth of the property taxes levied by the county in 2023. Future state legislative action needs to provide local government with alternative revenue sources to reduce reliance by local government on property taxes to fund operations. The people voting for such local governments, not state legislators, should determine whether said government is misusing its funds by exercising their rights to vote and weighing in on the annual budget.

3. There are easier ways to accomplish the changes sought in HCR 5025 without the administrative headache and resulting additional costs.

The Kansas Constitution already contains a mechanism to affect the weight of the residential properties' assessed value relative to other property types. Changing the assessed percentage for residential properties from 11 1/2% to a lesser amount would have the same impact as HCR 5025 without the need for the adoption of new statutes, regulations, directives, or other means to administer this new set of constitutional requirements. However, if HCR 5025 becomes law, the Property Valuation Division of the Kansas Department of Revenue will need to evaluate a number of the directives currently in place. For example, how does the ten-year average affect valuation appeals? Do County Appraisers need to defend ten years of valuation or one? If it is ten years, more time and effort will be necessary for, and therefore more cost will derive from, the defense of residential valuations. This is just one example of many potential cost increases for various levels of government associated with HCR 5025. By utilizing the mechanism already present in the Constitution, the assessed value of residential property can decrease without increased administrative overhead.

Attachment - Sedgwick County Demographics and Fiscal Performance

Thank you for considering our testimony in this matter.

Respectfully,

Ryan K. Baty, Chairman

Board of County Commissioners of Sedgwick County

Sedgwick County after the Great Recession 1 Assessed value \$	2008 \$4,016,400,804	2009		2010 2011 \$4,245,446,780 \$4,279,583,271	2012 \$4,302,212,481	2013	2014 54 301 084 880		2016	2017	2018	2019	2020	1202	7017	2023	•
2 Assessed value % change	5.9%	4.9%		0.8%	0.5%	-0.7%		81.1 696/205/01/6/h¢	34,430,040,706	100		900 \$4,858,132,534 \$5,077,374,541	\$5,077,374,541	\$5,309,726,413	\$5,309,726,413 \$5,499,916,842 \$5,901,350,627	\$5,9	01,350,627
3 Average home value	\$116,057	\$115,822	\$121,634	\$121,815	\$119,402	110'6715	\$121,005	\$121.622	\$125.406	215 5675	3.2%	3.578	4.5%	4.5%	3.6%		7.3%
4 Property tax levy	\$125,845,886	\$128,049,299	\$126,806,921	\$125,644,285	\$126,605,108	\$125,857,476	\$126,357,956	\$128,212,937	\$129.580.172	\$133.193.973	\$137.441.377	\$40,746,747	\$130,254	\$163,175	\$174,760		\$187,408
5 Mill fevy rate	31.333	30,377	29.868	29,359	29.428	29,446	29,377	29.478	29.383	29.393	29.393	292,740,200	78E DZ	255,9/8,523	\$161,532,558	517	\$173,310,866
5 National CP-U	788	500	- 64	300			110,00	1 69460	23.363	29.593	29.393	29.383	29.384	29,376	29.370		29.368
7 Population (a)	486.077	495,005	498 365	810 002	101 005	1.576	200 aug	0.1%	1.3%	2.1%	2.4%	1.8%	1.2%	4.7%	8.0%		4.1%
8 Personal income (\$000) (a)	\$21,035,398	\$19.957.262	\$ \$10.775.950	LES 207 2C3	771 050 EC.	474 ale 747	606,000	580,116	760'575	>13,176	513,484	516,042	523,824	523,828	526,535		η/a
Contraction (Association		202,200,010	Section 1	729,669,236	>23,936,174	>24,314,328	>25,868,327	\$25,074,168	\$24,604,872	\$25,922,684	\$27,619,954	\$27,647,784	\$29,400,927	\$30,231,865	\$31,411,750		n/a
County Property-Tax-Supported Funds	2008	2005	2010	2011	2012	2013	braz	2015	3006	7,00	2018	2019	2020	2021	2022	9	3034
9 Total expenses	\$223,409,346	\$225,804,866	\$225,528,188	\$229,090,508	\$222,816,778	\$225,771,157	\$227,177,051	99E 600 ZEZŞ	5230 234 449	\$243 328 082	E354 344 701	כמם כחד כשכש	****	200 200	7	100	
o Adopted FTEs	1,990.08	2,032,88	2.031.10	2 054 82	1991.75	1 919 12	1975.87	1900.63	1 000 29	1 023 21	10.74	20070000	200,170,202	2610,356,314	245,/90,356	2,000	2472,808,363
L[Average employee salary	\$40,926	\$42,077	\$42,423	\$43,119	\$42,820	\$43,491	\$44.832	\$45.800	3,500,23	77.75.67	\$47.681	531 873	70.8107	2,034.25	2,058.41	2,0	2,054.33
Distant interrance costs	535 505 556	VOE 363 613	615 416 643	CIT DAD DAD		* 6 550 550	, , ,	oonles 4	974,500	725,044	100,146	JC1/046	\$48,212	875,780	\$50,017	858	\$58,529
13. Per FTE cost	\$6.284	\$277	005.25	01825	710/10/1016	220,000,000	078'041'91¢	046,848,744	518,680,694	519,504,442	\$19,814,235	\$20,894,279	\$21,787,205	\$21,526,036	\$21,422,152	\$20,632,323	32,323
14 Pension costs	CO 300 BO3	46 712 736	67/77 600	105 603		355 636			22,102	450004	Aztínet	PSP/JIC	96/1010	\$10,582	\$10,407	510	\$10,043
15 Per FTE cost	181'65	\$3.303	53.657	\$4,129	\$4.259	317 02	127,004,014	71,460,124	210,713,616	\$10,36b,412	\$11,305,723	\$12,499,558	\$12,112,768	\$12,440,467	\$13,055,922	\$13,987,804	7,804
16 KPERS employer rate	Mto >	e cyk	7100	7744	2345		A COU		93,023	,,,,,,	20,174	277,00	20,022	36,175	56,343	56,809	38
17 KP&F employer rate (Sheriff)	12.74%	13.66%	14.23%	14.91%	NAME OF	37.26%	20 1879	72.2 LC	10.18%	8.96%	3,9%	9.89%	9.89%	9.87%	9.90%	9.43%	×
	45 106 330	C15 G17 C3	43 64 64	-				53,473	10.604	265'61	20.22%	22.13%	21.93%	22.80%	22.99%	22.86%	5
19 Elections costs less revenues (b)	\$1.143.120	\$570.215	\$878.765	\$573.075	52,086,52	75,084,55	\$3,925,485	\$3,671,099	\$3,805,123	\$4,003,247	\$4,065,649	\$4,153,136	\$3,995,789	\$4,483,258	\$4,421,220	\$4,434,087	,087
20 Sheriff costs less revenues	\$42,899,885	\$43,787,771	\$46,430,352	\$43,261,402	\$41,568,546	\$44,167,468	\$44,748,641	\$47,821,835	\$45,506,876	\$49.728.867	\$51,052,126	\$1,333,722	51,953,304	\$1,332,865	\$2,243,096	\$1,866,423	\$4 22
								, .,,,	A section 2	A. 1771 anjune	22,010,02	207,607,606	950,212,466	847,088,025	560,047,455	\$62,345,453	5,453
Services operated on behalf of the State All operating funds	2008	6002	2010	Ttöč	2012	2013	2014	2013	3016	7,102	2018	6102	2020	2021	2022	2023	15
as experiorities on manuated state services	\$192,655,827	\$193,614,789	\$198,802,308	\$193,328,960	\$182,783,530	\$184,686,495	\$188,223,910	\$188,575,695	\$180,687,516	\$188,113,706	\$190,126,031	\$199,450,382	\$194,344,078	\$191,840,079	\$210,260,914	\$221,609,129	9 129
22 STREET TEACHERS TO THE HUMBER STATE SELVICES	\$38,599,378	>36,321,004	\$31,398,834	\$28,690,566	\$32,301,731	\$28,581,896	\$36,067,587	\$27,606,933	\$31,027,763	\$27,200,635	\$29,438,019	\vdash		\$29,489,233	\$26,842,160	\$33,969,120	9,120
State actions	2009	2909	2050	2011	2012	2019	2014	2015	2016	2017	\$100	5102	2020	1891	2022	2023	5
23 Local Ad Valorem Tax Reduction (LAVTR) Toss	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(\$4,300,000)	(590.001.1-5)	(\$4 300 QVO)	(CO) OOF 62	1200 COE 753	(A) TOO ONE!	20	2
24 City-County Revenue Sharing loss	(\$2,700,000)	(\$2,760,600)	(\$2,700,000)	(52,700,000)	(\$2,709,000)	(52,763,000)	(\$2,700,000)	(\$2,700,000)	(\$2,700,000)	(\$2,700,000)	(\$2,700,050)	(\$2,700,000)	(52,700,000)	(\$2,700,0EG)	(\$2.700.000)	(100,000,000)	2001
25 Commercial M&E exemption loss	(\$600,000)	(\$1,560,000)	(\$2,569,000)	(\$3,000,000)	(\$3,300,000)	(610,000,000)	(\$3,500,000)	(\$3,700,000)	(\$4,500,000)	(\$4,580,060)	(\$4,700,000)	ied 500 onen	ICA SOLONIA	102,000,000	(009,000,441)	25,700	,000
26 Mortgage Reg/Per Page Fee loss (phase out)	\$0	0\$	90	9\$	\$0	ş	şo	\$257,760	(\$266.128)	(\$1.123.270)	(SI 520 998)	4	120200000000000000000000000000000000000	(Para cac cas)	(100,000,000)	frionfrestreet	
27 Value of htortgage Reg/Per Page Fees	\$8,008,294	\$7,481,971	\$5,240,586	\$6,317,364	\$8,468,620	\$7,343,994	\$6,628,555	\$6,856,487	\$7,107,055	\$6,459,630	55,370,223	\$4,309,290	\$6,001,674	096 005 95	\$4,653,425	(217,578,414)	6,414) (33/1,891,619)
28 Price of Government (as % of a Cent) (a)(c)	96.0	1.00	0.98	0.88	0.84	0.84	0.80	083	D 86	0.82	181	000	200		2 22 22 22 22 22 22 22 22 22 22 22 22 2	Tichnolog	
29 Conclusions - 3) Property facilety has grown less than personal income in the community; also much less than growth in screwed valve. 2) Many expenses, live State-set contribution rates, love far exceeded CP (a) 20/3 information not yet a will able	ersonal income in th	e comerunity; also	much less than gro	wth in assessed value	ee. 2) Many expens	ses, like State-set co	entribution rates, ha	Ne far Exceeded CPI					0.01	0.03	0.03	0.85	
The state of the s	Superclust for	a distriction	IOC IIICIOUSU	:													
(c) Price of Godernment is the computation of governmental revenues (taxes, fees, etc.) relative to the community's total personal income	d revenues (taxes, fo	es, etc) relative to	the community's to	otal personal income	ito												

Pay pool % 2

4%

2% for < \$75k

2%

None

2.5%

2.5%, some adjust. mid-year

2.50%

1.75%

2.5%, compression adjust.

2.5%, pay structure adjust.

2.5% + 1.5% bonus

2.25% + halted 1.25% targeted adjustment

None

Reclass or 2% plan or 8%; Evergreen adjusts; steps

31 OTHER KEY SPENDING CATEGORIES
Software/bardware maintenance
Property insurance
limate medical
inmate food
Overtime 2008 \$1,414,977 \$254,978 \$4,044,913 \$1,307,107 \$4,279,537 2023 \$4,656,350 \$2,627,241 \$8,291,174 \$2,280,966 \$7,397,764 \$ DHF \$3,241,373 \$2,372,263 \$4,246,261 \$973,859 \$3,118,227 % 229% 930% 106% 75% 73%

County collections - current property taxes
Total revenues collected in prop tax funds
54 Rellance on property taxes: AVERS e'ee \$
Health
Total e'ee take-home 2008 \$40,926 \$1,637 \$1,273 \$1,273 \$18,016 2008 \$121,177,463 \$235,601,398 \$135,601,398 2023 \$58,529 \$3,512 \$2,093 \$27,925 2023 \$167,306,424 \$304,611,933 \$55%