

HCR 5011 Proponent Testimony – in person
Limiting assessed valuations
House Taxation Committee
Dave Trabert, CEO
February 13, 2024



Chairman Smith and Members of the Committee,

We appreciate this opportunity to present testimony in support of HCR 5011, which creates a method of limiting assessed valuation increases.

We believe HCR 5011 would blunt the rate of tax increase on residential property, which is sorely needed. Kansas Department of Revenue data indicates more than a 30% increase on existing homes over the last three years, allowing many local elected officials to dramatically and unnecessarily raise property tax.

The last three years have been especially bad, exacerbating a long-term trend. While inflation was 85% between 1997 and 2024, the tax on residential property jumped by 365%.¹ The tax burden borne by homeowners over that period went from 39% to 55%.

| State of Kansas Change in Assessed Valuation and Property Tax by Classification (\$ millions) | | | | | | | | |
|---|----------------|-------------|--------|-------------|------------|--------|------------------------|--------|
| Property Class | Assessed Value | | | Tax Dollars | | | Tax Dollars % of Total | |
| | 1997 | 2024 | % Chg. | 1997 | 2024 | % Chg. | 1997 | 2024 |
| Real Estate | | | | | | | | |
| Residential | \$ 6,863.8 | \$ 29,096.3 | 323.9% | \$ 772.8 | \$ 3,592.8 | 364.9% | 39.3% | 55.4% |
| Comm. & Indust. | \$ 3,311.5 | \$ 11,574.9 | 249.5% | \$ 400.6 | \$ 1,525.3 | 280.8% | 20.4% | 23.5% |
| Ag Land | \$ 1,302.5 | \$ 2,426.5 | 86.3% | \$ 136.2 | \$ 333.2 | 144.6% | 6.9% | 5.1% |
| Ag Improvement | \$ 131.1 | \$ 519.3 | 296.1% | \$ 13.6 | \$ 70.0 | 414.7% | 0.7% | 1.1% |
| Vacant Lots | \$ 124.9 | \$ 294.7 | 135.9% | \$ 15.1 | \$ 39.7 | 162.9% | 0.8% | 0.6% |
| Not-for-Profit | \$ 34.7 | \$ 30.0 | -13.5% | \$ 4.2 | \$ 3.9 | -7.1% | 0.2% | 0.1% |
| Other | \$ 28.5 | \$ 24.1 | -15.4% | \$ 3.0 | \$ 3.7 | 23.3% | 0.2% | 0.1% |
| | \$ 11,797.0 | \$ 43,965.8 | 272.7% | \$ 1,345.5 | \$ 5,568.6 | 313.9% | 68.5% | 85.9% |
| Personal Property | | | | | | | | |
| Res. Mobile Home | \$ 53.9 | \$ 71.8 | 33.2% | \$ 5.0 | \$ 9.2 | 84.0% | 0.3% | 0.1% |
| State Assessed | \$ 2,897.8 | \$ 5,359.3 | 84.9% | \$ 284.4 | \$ 676.6 | 137.9% | 14.5% | 10.4% |
| Other | \$ 3,376.6 | \$ 1,582.7 | -53.1% | \$ 329.9 | \$ 227.4 | -31.1% | 16.8% | 3.5% |
| | \$ 6,328.3 | \$ 7,013.8 | 10.8% | \$ 619.3 | \$ 913.2 | 47.5% | 31.5% | 14.1% |
| Total - All Property | \$ 18,125.3 | \$ 50,979.6 | 181.3% | \$ 1,964.8 | \$ 6,481.8 | 229.9% | 100.0% | 100.0% |
| Ag combined | \$ 1,433.6 | \$ 2,945.8 | 105.5% | \$ 149.8 | \$ 403.2 | 169.2% | 7.6% | 6.2% |

Source: Kansas Department of Revenue, Property Valuation Division

The Truth in Taxation revenue-neutral legislation passed in 2021 is helping, with more than half of the state's 4,000 taxing jurisdictions choosing to stay revenue-neutral and not increase taxes. Unfortunately, they are primarily the smallest taxing jurisdictions, so limiting the increase in taxable assessed valuations is the next logical step. It's not the final step, however; Kansans also need protection from unnecessary mill rate jumps with a limit on the overall tax increase.

Despite our support of HCR 5011, we have the following concerns that we encourage the Committee to address:

1. The rolling average is for an unspecified number of years.
2. Delaying implementation to 2027 allows local elected officials to hit taxpayers with another significant valuation increase before the limit kicks in.
3. Only applying the limit to residential property could shift the tax burden to commercial, agricultural, and other real estate classes.

A media report indicated that House leadership is looking at a six-year rolling average, so we used that to do a historical comparison to the Senate's proposed 3% cap, assuming both went into effect in 2002 (to allow for a six-year average since 1997).

The adjacent table shows that a home appraised at \$100,000 that increased at the state average on existing homes would now be appraised at \$271,168. That is a 171% total increase and a compound annual growth rate of 3.8%. The homeowner would pay \$4,678 in property tax at 150 mills.

| Simulation of 2002 Implementation Limiting Taxable Value | | | |
|--|----------------|------------------------|---------------|
| Description | Actual History | 6-Year Rolling Average | 3% Annual Cap |
| Appraised Value in 1997 | \$ 100,000 | \$ 100,000 | \$ 100,000 |
| Appraised Value in 2024 | \$ 271,168 | \$ 271,168 | \$ 271,168 |
| Taxable Value in 1997 | \$ 11,500 | \$ 11,500 | \$ 11,500 |
| Taxable Value in 2024 | \$ 31,184 | \$ 24,940 | \$ 22,892 |
| Total Chg Taxable Value '97-'24 | 171% | 117% | 99% |
| CAGR Taxable Value '97-'24 | 3.8% | 2.9% | 2.6% |
| 2024 Tax @ 150 mills | \$ 4,678 | \$ 3,741 | \$ 3,434 |
| Source: Kansas Dept. of Revenue, author's calculations | | | |

The lesser of the actual increase or a six-year rolling average would have resulted in a 117% increase in taxable assessed value, and the homeowner would only be paying \$3,741 in property tax today. A 3% annual cap would save even more, with property tax at \$3,434.

A table showing the annual change in each scenario is attached to our testimony.

Incidentally, we also ran the analysis with eight-year and three-year rolling averages that produced the same outcomes: the rolling average produced savings but not as much as a 3% cap.

We appreciate the House Taxation Committee examining a limit on taxable assessed valuation, and we thank you for your consideration.

¹ Bureau of Labor Statistics, Consumer Price Index for Midwest Cities.

Assumes a 6-Year Rolling Average Effective 2002

Residential

Actual per PVD

| Year | Sample Home Appraisal | Taxable Assessed Value | State Avg. Change Existing Homes |
|------|-----------------------|------------------------|----------------------------------|
| 1997 | \$ 100,000 | \$ 11,500 | 5.54% |
| 1998 | \$ 104,457 | \$ 12,013 | 4.46% |
| 1999 | \$ 110,015 | \$ 12,652 | 5.32% |
| 2000 | \$ 117,527 | \$ 13,516 | 6.83% |
| 2001 | \$ 123,864 | \$ 14,244 | 5.39% |
| 2002 | \$ 128,632 | \$ 14,793 | 3.85% |
| 2003 | \$ 134,601 | \$ 15,479 | 4.64% |
| 2004 | \$ 139,280 | \$ 16,017 | 3.48% |
| 2005 | \$ 144,772 | \$ 16,649 | 3.94% |
| 2006 | \$ 151,472 | \$ 17,419 | 4.63% |
| 2007 | \$ 157,657 | \$ 18,131 | 4.08% |
| 2008 | \$ 160,282 | \$ 18,432 | 1.67% |
| 2009 | \$ 158,828 | \$ 18,265 | -0.91% |
| 2010 | \$ 156,927 | \$ 18,047 | -1.20% |
| 2011 | \$ 156,624 | \$ 18,012 | -0.19% |
| 2012 | \$ 155,020 | \$ 17,827 | -1.02% |
| 2013 | \$ 155,332 | \$ 17,863 | 0.20% |
| 2014 | \$ 158,670 | \$ 18,247 | 2.15% |
| 2015 | \$ 162,800 | \$ 18,722 | 2.60% |
| 2016 | \$ 167,505 | \$ 19,263 | 2.89% |
| 2017 | \$ 173,910 | \$ 20,000 | 3.82% |
| 2018 | \$ 181,487 | \$ 20,871 | 4.36% |
| 2019 | \$ 189,322 | \$ 21,772 | 4.32% |
| 2020 | \$ 197,245 | \$ 22,683 | 4.19% |
| 2021 | \$ 205,956 | \$ 23,685 | 4.42% |
| 2022 | \$ 228,442 | \$ 26,271 | 10.92% |
| 2023 | \$ 255,818 | \$ 29,419 | 11.98% |
| 2024 | \$ 271,168 | \$ 31,184 | 6.00% |

@ 6-Year Rolling Avg. Starting 2002

| Sample Home Appraisal | Assessed Value | Taxable Assessed Value | Appraised Value Change | Taxable Assessed Value Change |
|-----------------------|----------------|------------------------|------------------------|-------------------------------|
| \$ 100,000 | \$ 11,500 | \$ 11,500 | 5.54% | |
| \$ 104,457 | \$ 12,013 | \$ 12,013 | 4.46% | 4.46% |
| \$ 110,015 | \$ 12,652 | \$ 12,652 | 5.32% | 5.32% |
| \$ 117,527 | \$ 13,516 | \$ 13,516 | 6.83% | 6.83% |
| \$ 123,864 | \$ 14,244 | \$ 14,244 | 5.39% | 5.39% |
| \$ 128,632 | \$ 14,793 | \$ 14,793 | 3.85% | 3.85% |
| \$ 134,601 | \$ 15,479 | \$ 15,479 | 4.64% | 4.64% |
| \$ 139,280 | \$ 16,017 | \$ 16,017 | 3.48% | 3.48% |
| \$ 144,772 | \$ 16,649 | \$ 16,649 | 3.94% | 3.94% |
| \$ 151,472 | \$ 17,419 | \$ 17,368 | 4.63% | 4.32% |
| \$ 157,657 | \$ 18,131 | \$ 18,077 | 4.08% | 4.08% |
| \$ 160,282 | \$ 18,432 | \$ 18,378 | 1.67% | 1.67% |
| \$ 158,828 | \$ 18,265 | \$ 18,212 | -0.91% | -0.91% |
| \$ 156,927 | \$ 18,047 | \$ 17,994 | -1.20% | -1.20% |
| \$ 156,624 | \$ 18,012 | \$ 17,959 | -0.19% | -0.19% |
| \$ 155,020 | \$ 17,827 | \$ 17,775 | -1.02% | -1.02% |
| \$ 155,332 | \$ 17,863 | \$ 17,732 | 0.20% | -0.24% |
| \$ 158,670 | \$ 18,247 | \$ 17,703 | 2.15% | -0.16% |
| \$ 162,800 | \$ 18,722 | \$ 17,778 | 2.60% | 0.42% |
| \$ 167,505 | \$ 19,263 | \$ 17,975 | 2.89% | 1.10% |
| \$ 173,910 | \$ 20,000 | \$ 18,293 | 3.82% | 1.77% |
| \$ 181,487 | \$ 20,871 | \$ 18,782 | 4.36% | 2.67% |
| \$ 189,322 | \$ 21,772 | \$ 19,412 | 4.32% | 3.36% |
| \$ 197,245 | \$ 22,683 | \$ 20,130 | 4.19% | 3.70% |
| \$ 205,956 | \$ 23,685 | \$ 20,935 | 4.42% | 4.00% |
| \$ 228,442 | \$ 26,271 | \$ 22,052 | 10.92% | 5.34% |
| \$ 255,818 | \$ 29,419 | \$ 23,528 | 11.98% | 6.70% |
| \$ 271,168 | \$ 31,184 | \$ 24,940 | 6.00% | 6.00% |

@3% Maximum 2002

| Sample Home Appraisal | Assessed Value | Taxable Assessed Value | Appraised Value Change | Taxable Assessed Value Change |
|-----------------------|----------------|------------------------|------------------------|-------------------------------|
| \$ 100,000 | \$ 11,500 | \$ 11,500 | 5.54% | |
| \$ 104,457 | \$ 12,013 | \$ 12,013 | 4.46% | 4.46% |
| \$ 110,015 | \$ 12,652 | \$ 12,652 | 5.32% | 5.32% |
| \$ 117,527 | \$ 13,516 | \$ 13,516 | 6.83% | 6.83% |
| \$ 123,864 | \$ 14,244 | \$ 14,244 | 5.39% | 5.39% |
| \$ 128,632 | \$ 14,793 | \$ 14,672 | 3.85% | 3.00% |
| \$ 134,601 | \$ 15,479 | \$ 15,112 | 4.64% | 3.00% |
| \$ 139,280 | \$ 16,017 | \$ 15,565 | 3.48% | 3.00% |
| \$ 144,772 | \$ 16,649 | \$ 16,032 | 3.94% | 3.00% |
| \$ 151,472 | \$ 17,419 | \$ 16,513 | 4.63% | 3.00% |
| \$ 157,657 | \$ 18,131 | \$ 17,009 | 4.08% | 3.00% |
| \$ 160,282 | \$ 18,432 | \$ 17,292 | 1.67% | 1.67% |
| \$ 158,828 | \$ 18,265 | \$ 17,135 | -0.91% | -0.91% |
| \$ 156,927 | \$ 18,047 | \$ 16,930 | -1.20% | -1.20% |
| \$ 156,624 | \$ 18,012 | \$ 16,897 | -0.19% | -0.19% |
| \$ 155,020 | \$ 17,827 | \$ 16,724 | -1.02% | -1.02% |
| \$ 155,332 | \$ 17,863 | \$ 16,758 | 0.20% | 0.20% |
| \$ 158,670 | \$ 18,247 | \$ 17,118 | 2.15% | 2.15% |
| \$ 162,800 | \$ 18,722 | \$ 17,563 | 2.60% | 2.60% |
| \$ 167,505 | \$ 19,263 | \$ 18,071 | 2.89% | 2.89% |
| \$ 173,910 | \$ 20,000 | \$ 18,613 | 3.82% | 3.00% |
| \$ 181,487 | \$ 20,871 | \$ 19,171 | 4.36% | 3.00% |
| \$ 189,322 | \$ 21,772 | \$ 19,747 | 4.32% | 3.00% |
| \$ 197,245 | \$ 22,683 | \$ 20,339 | 4.19% | 3.00% |
| \$ 205,956 | \$ 23,685 | \$ 20,949 | 4.42% | 3.00% |
| \$ 228,442 | \$ 26,271 | \$ 21,578 | 10.92% | 3.00% |
| \$ 255,818 | \$ 29,419 | \$ 22,225 | 11.98% | 3.00% |
| \$ 271,168 | \$ 31,184 | \$ 22,892 | 6.00% | 3.00% |

Tax @ 150 mills

\$ 4,678 \$ 3,741

\$ 4,678 \$ 3,434

Total Change 1997 - 2024

171% 171% 117%

171% 171% 99%

estimated based on total change that includes new construction