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To: House Taxation Committee  
From: Mark Tomb, VP of Governmental Affairs  
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Re: Neutral Testimony for HCR 5011

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide comments regarding HCR 5011, which would propose to amend Section 1 of Article 11 of the Constitution of the State of Kansas to determine valuations by utilizing an average of fair market value.

The Kansas Association of REALTORS® represents nearly 11,000 members involved in residential, agricultural and commercial real estate and has advocated on behalf of the state's property owners for more than 100 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

There are certainly advantages to this proposal when compared to other ways to reduce how dramatic increases in valuations impact our property tax system. HCR 5011 uses an average rather than a cap to limit dramatic increases in valuations. Caps will introduce inequality while averages result in a system that includes actual values that maintains fairness over time. If the goal is to limit the impact of spikes in property valuations, then this Amendment accomplishes that objective.

It should be clear that this proposal by itself does not reduce property taxes. Taxable valuation is only part of the property tax formula; local governments will still be able to raise the amount of revenue unincumbered by anything having to do with valuation increases. Local governments would only be checked by revenue neutral notice/hearing and eventually the consequences of the ballot box. The most direct way for the State to provide property tax relief is by reducing the levies it actually controls. Regarding Property Taxes, the KAR Legislative Policy Statement states:

REALTORS® believe that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. While we realize the importance of many programs funded through property tax revenues, we believe tax revenues should be equitably collected from a variety of sources and encourage taxing jurisdictions to consider the negative impact to the housing market associated with any potential increase in property tax rates.

In conclusion, KAR sees some advantages to this approach but also has concerns that taxpayers will assume this proposal will result in property tax relief when it only addresses part of how property taxes are calculated. Thank you for your time and consideration of our testimony.