

House Committee on Taxation

Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber

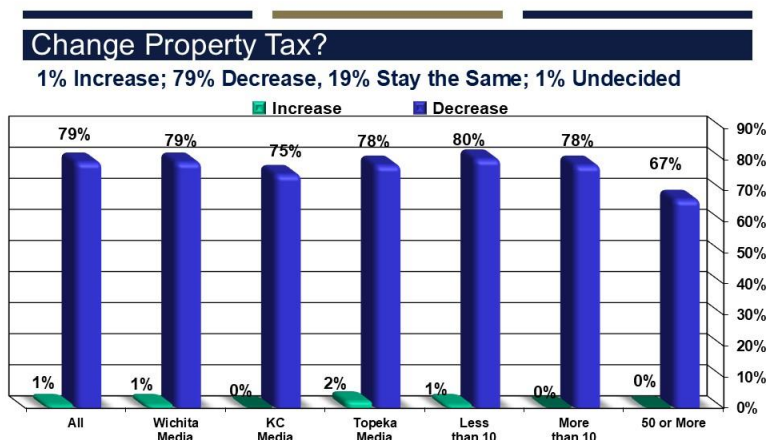
Neutral Testimony on HCR 5011- Property Tax Constitutional Amendment

Thursday, February 13, 2025

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large-sized businesses across the state, advocating for policies which improve the economic climate in Kansas. We appreciate the opportunity to testify as a neutral party to HCR 5011, which establishes a rolling average limitation on increases in residential property valuations in Kansas.

Property taxes are one of the most opposed forms of tax among homeowners and businesses alike. Kansas has one of the highest commercial/industrial property tax burdens in the country according to the Lincoln Institute. In fact, in our December 2024 CEO poll of Kansas business owners, 79% felt property taxes need to be reduced- an increase of 10% from last year's survey. From 1997 to 2010, Kansas saw property taxes increase 94% in those 13 years- part of which was during the last time LAVTRF was fully funded when property taxes grew at a faster rate than when the state did not fund the program. Those numbers have only gotten worse with the exploding post-pandemic home valuations.

2024 CEO Poll Question on Property Taxes



Even among the less tax sensitive group of those employing 50 or more, two-thirds want to decrease property taxes.

We are supportive of property tax reforms which hold local governments more accountable to taxpayers. We were supportive of both the tax lid, and the truth in taxation law, the latter passing to replace the former, and from what we are hearing from our members, the truth in taxation law is largely working as intended.

The legislature has dug into the actual policy of property taxation over the past 5-10 years. Many good reforms have become law thanks to the work of both the House and Senate Tax Committees. We should continue analyzing other reforms that are needed to improve our property tax burden and appeals process. But ultimately, property taxes are levied by local units of government and not the state with a few small exceptions.

Our primary concern with HCR 5011- just like SCR 1603 but even more so with this only applying to residential property, is the risk that we would see a cost shift to commercial/industrial, ag, and utility classifications while increases on property taxes are curbed through alterations in market conditions. We don't know what the impact will be with HCR 5011 and we must be careful that the policy is right. Commercial is already assessed at 25% versus 11.5% for residential. Our commercial burden is already significant, and again, that is reflected by the sentiment expressed in our CEO poll by Kansas businesses referenced earlier in our testimony.

We appreciate the sentiment and reasoning why HCR 5011 is being considered today and applaud this committee for wanting to help taxpayers with the rising property tax burden eating into their income. However, we urge caution, and careful analysis on whether HCR 5011 would negatively impact classifications outside of residential property through a shift in the tax burden. Thank you for the opportunity to provide neutral testimony today and I am happy to answer questions at the appropriate time.