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SENATE CHAMBER

MIKE THOMPSON

STATE SENATOR, 10TH DISTRICT  
mike.thompson@senate.ks.gov

CHAIR, FEDERAL & STATE AFFAIRS  
COMMITTEE

January 16, 2025

## Senate Resolution on Property Tax Valuations-Save Our Property Constitutional Amendment

### Proponent In-Person Written Testimony

Senator Mike Thompson

Senate District 10

Chairwoman Tyson and members of the committee,

I stand in strong support of a constitutional amendment to cap real property tax valuations with no future adjustments allowed until a property is sold. I also support eliminating the State's 20 mil tax levy which should have been abolished when the "at risk funding" scheme for our schools was adopted.

While knocking on doors leading up to the 2024 election, the number one issue for the majority of people I encountered was the incessant, exorbitant increase in real property tax each year. This is not unique to my district or to Johnson County. It is happening in many areas of the state, which is why addressing this problem should be a top priority for the legislature.

The founders of this country believed the ownership of property was a fundamental right, without which you can never be truly free. Taxing one's property is a violation of the principles of liberty established in our Declaration of Independence. This fact alone should be enough to justify the complete elimination of property tax. But that is not going to be possible at this time given the over-reliance on the property tax as a source of government funding. However, I think it should be a goal that is worthy of discussion.

In my opinion, the best solution is to cap the property tax at the value of the home when you bought it...and not change that valuation at all until the property sells, at which time the home would be re-valued at the selling price. Those two prices are the only true valuations that matter because they were determined by the market and not by estimating the value based on subjective means. Make no mistake, you would still pay a lot of property tax even under a "capped" tax structure.

Let's say you pay \$4,000 per year in property tax. If you live in that home for 30 years, you'll still pay \$120,000 in property tax...likely near half of what the original property costs!

Using this method, the valuation for the property would be for taxing purposes only...and not reflect the changes in the market that might make your home more valuable when it sells. Any other method forces you to pay tax on unrealized gain, which is what you are doing now. America soundly rejected that idea when



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Kamala Harris proposed to tax unrealized gains on retirement accounts. Why would we allow it for any other tax?

Let's consider a 3% cap on property tax. Assuming a full valuation increase each year, by year 10 you will experience a 34.4% increase in your property tax due to compounding. By year 30, your valuation will be 142% higher. And it never goes away, even once you own your own home!

Currently, there is no place in the United States I know of that does not tax property. Somewhere along the line we decided funding the desires of government by taxing real property was more important than allowing individuals the right to ownership.

Consider the following points when making your determination on how to proceed with this legislative effort:

- Property tax makes governmental taxing authorities your permanent landlord, whether you own your home or not. Even if you rent a home, the owner of the property must eventually include any increase in property tax to your monthly bill in order to maintain a viable profit margin.
- Property tax is the largest source of revenue for county and local taxing authorities across the state...taking in far more than the state takes in on either sales tax or income tax. And under the current subjective valuation system, taxpayers are assessed on values that are purely speculative and capricious. This process also allows taxing authorities to assess property tax on unrealized gains...and artificially inflate the revenue stream to the government...to the detriment of the taxpayer.
- Capping the real property tax will not, unfortunately, eliminate real property tax as a funding mechanism. But what it will do is force elected officials at various taxing authorities to justify an increase in taxes to their constituents and then vote to increase the mil levy.
- Capping property tax will simplify the taxing formulas by eliminating one variable-the subjective valuation of property by appraisers.
- It will not limit the appropriate valuation for properties that are being sold...as the constitutional amendment should apply only to the values for taxing purposes...not for determining future property values.
- Increases in property tax are inflationary, and act as an impediment to home ownership. Some of our citizens on fixed incomes are being forced to sell their homes simply because they cannot afford to pay the annual tax bill, and that is untenable.



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- Our job is not to make government rich, but rather to fund essential government tasks, scrutinize nonessential spending, and take as little of taxpayers' hard-earned dollars as possible.

Once a government funding stream is established, far too many officials forget that it's taxpayers' money they are spending and tend to regard it as the government's money to spend of your behalf. That's what I call "government-centric" thinking.

I prefer to use "taxpayer-centric" thinking in every decision I make on behalf of constituents.

Fixing the property tax problem will require changing the "government-centric" thinking of those at all levels of government. That's not going to be an easy task. The real solution requires cuts in government spending along with changing the method of taxation to compensate for the reduction in the property tax revenue stream.

Residences are taxed on 11.5% of the valuation of the property.

Businesses are taxed at 25% of their valuation...so they have even more skin in the game...and whenever their property taxes climb...they must pass that cost along to customers. That contributes to the inflation on all goods and services.

Agricultural land is taxed on 30% of the valuation of the property. Think about what that does to the price of food produced on farms.

The current method of property tax valuation gives elected officials cover by allowing an assessor (a government employee) to artificially increase the valuation of your home without the elected officials having to take responsibility for having to raise the mil levy to increase funding for government projects. This also allows the government to speculate with your dollars instead of forcing officials to justify spending increases to the taxpayer, especially before an election. The current process allows elected officials to ostensibly claim they have not raised your taxes because they didn't touch the mil levy...they just allow the increase in valuation by an appraiser do the dirty work. It is deceitful and leads to inflationary government spending with no accountability.

It is my fervent hope that you will consider all the points I have made and come to a "taxpayer-centric" solution that will make Kansas an appealing, and affordable place to live and work. We can lead the nation with property tax reform. I hope we can get this done!

Sincerely,

*Mike Thompson*

Senator Mike Thompson  
Kansas 10<sup>th</sup> District