



Since 1894

Date: January 16, 2025

To: Senate Committee on Assessment and Taxation  
Sen. Caryn Tyson, Chair

From: Aaron M. Popelka, V.P. of Legal and Governmental Affairs, Kansas Livestock Association

Re: **2025rs0175 A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas; relating to property taxation; limiting valuation increases for real property and for personal property classified as mobile homes used for residential purposes.**

Position: Opponent, In-Person.

*The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing nearly 5,700 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.*

Thank you, Chair Tyson, and members of the Committee, for giving the Kansas Livestock Association (KLA) the opportunity to share our views on a constitutional amendment to limit taxable valuation growth. KLA generally supports providing property tax relief, but KLA opposes the idea of such an amendment because it would inequitably shift the tax burden among different classes and subclasses of property and potentially disrupt the current use-value appraisal method used to appraise agricultural land.

Property tax liability is a function of a formula that multiplies the appraised value of property by the assessment rate set in the constitution, and the mill levy. In 2023, on average across Kansas, local taxing authorities levied 83 percent of the mill levy, while 21.5 mills were set by the state legislature in statute. Unlike the statewide mills, local mills are not fixed, but are set by the county clerk to generate the level of revenue needed to fund local budget authorities. Capping the increase in appraised value will not prevent higher property taxes levied by local taxing authorities because the county clerk will adjust mill rates upward to compensate for any loss in assessed value until there is enough revenue generated to meet local budgets.

A constitutional amendment to cap property valuations could, however, cause a shift in the tax burden if one subclass of real property outpaces the others in actual appraisal values. For example, if this resolution were to become law and average residential appraisals in a county were to increase six percent, but the average appraisals of other subclasses of real property were to only increase three percent, it would shift tax burden away from residential property and onto the other property classes. The shift would be especially stark for personal property

subclasses like oil and gas and vehicles that would not be subject to the valuation cap, but are assessed the same local mill levy as other classes of property.

Attached to my testimony is a spreadsheet I developed to demonstrate how this shift in tax liability might occur based on historical data. I assembled the model using publicly available data located on the Kansas Department of Revenue (KDOR), Property Valuation Division (PVD) website. While this is useful for demonstration purposes, it should be noted that PVD does not make information on all classes and subclasses of property public on its website, and these values could change with the addition of information on all classes of property. I am currently working with PVD to get that data, as well as data from additional tax years, to get a more accurate view of how the proposed amendment would function. However, as of the date testimony was due to the Committee, PVD's data collection was not complete. I hope to be able to supplement my testimony for the Committee once that information is available.

This type of constitutional amendment could also cause confusion if appraised values become disjointed from capped values used for tax purposes. This is of particular concern to agriculture. Article 11, Section 1 of the Kansas Constitution provides, "Land devoted to agricultural use . . . shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution." The use-value appraisal method is further defined in K.S.A. 79-1476. The use-value appraisal method works by estimating a landowner's net income to determine the land's agricultural productivity, as directed by the Kansas Constitution. Adding a constitutional amendment to require a three percent cap on property valuation increases would mean the appraisal of an individual tract of land would become disjointed from the formula. It becomes further complicated if a tract of agricultural land were to sell, and the new owner must resume valuation based on the underlying formula. While the constitutional amendment allows for portability and transferability, the concepts are discretionary and undefined. KLA is concerned this could become burdensome to maintain and eventually force a change in the current statutory formula.

KLA appreciates the opportunity to voice its concerns with a constitutional amendment to limit taxable valuation growth. We ask that the Committee not advance this resolution. If the legislature desires to reduce the property tax burden facing Kansans, the more straightforward approach would be to simply reduce the statewide mill levy.

Effect of a Constitutional Cap on Valuation - Statewide Data

Property Class	2022 Actual Appraisal	2023 Actual Appraisal	22 - '23 % Increase	22 - '23 % Increase	Assessment Rate - Kan. Const. art.	
			Actual	w/3% Cap	2023 Appraisal w/3% Cap	11, § 1
Residential	\$209,151,000,000	\$236,487,000,000	13.07%	3.00%	\$215,425,530,000.00	0.115
Agricultural Land	\$9,690,000,000	\$9,163,000,000	-5.44%	-5.44%	\$9,163,000,000.00	0.3
Public Utility	\$16,079,000,000	\$18,077,000,000	12.43%	3.00%	\$16,561,370,000.00	0.33
Commercial Real	\$42,076,000,000	\$44,776,000,000	6.42%	3.00%	\$43,338,280,000.00	0.25
Oil & Gas	\$2,962,000,000	\$3,334,000,000	12.56%	12.56%	\$3,334,000,000.00	0.3
Total		\$311,837,000,000			\$287,822,180,000.00	

Property Class	2023 Assessed Value	w/3% Cap	Actual Avg. Statewide		Avg. Statewide Local Mill for 2023 w/3% Value Cap	2023 Taxes Levied w/3% Value Cap	Local Tax	Local % Liability
			Local Mill for 2023 (less 21.5 state mills)	2023 Actual Tax Levied			Difference b/w No Cap & 3% Cap	Difference b/w No Cap and 3% Cap
Residential	\$ 27,196,005,000.00	\$ 24,773,935,950.00	0.106859	\$ 2,906,137,898.30	0.114682566	\$ 2,841,138,540.11	\$ (64,999,358.19)	-2.24%
Agricultural Land	\$ 2,748,900,000.00	\$ 2,748,900,000.00	0.106859	\$ 293,744,705.10	0.114682566	\$ 315,250,905.17	\$ 21,506,200.07	7.32%
Public Utility	\$ 5,965,410,000.00	\$ 5,465,252,100.00	0.106859	\$ 637,457,747.19	0.114682566	\$ 626,769,133.66	\$ (10,688,613.53)	-1.68%
Commercial Real	\$ 11,194,000,000.00	\$ 10,834,570,000.00	0.106859	\$ 1,196,179,646.00	0.114682566	\$ 1,242,536,287.11	\$ 46,356,641.11	3.88%
Oil & Gas	\$ 1,000,200,000.00	\$ 1,000,200,000.00	0.106859	\$ 106,880,371.80	0.114682566	\$ 114,705,502.33	\$ 7,825,130.53	7.32%
Total	\$ 48,104,515,000.00	\$ 44,822,858,050.00	0.106859	\$ 5,140,400,368.39	0.114682566	\$ 5,140,400,368.39		

\* Assumes no change in local budget authority

\*\*Assumes no other property tax classes or subclasses are present - publicly available data is limited to residential, agricultural, public utility, commercial, and oil & gas subclassifications

## Effect of a Constitutional Cap on Valuation - Pawnee County, Kansas

<u>Property Class</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>22 - '23 %</u>	<u>22 - '23 %</u>	<u>Assessment Rate -</u>	
	<u>Appraisal</u>	<u>Appraisal</u>	<u>Increase</u>	<u>Increase w/3%</u>	<u>2023 Appraisal</u>	<u>Kan. Const. art.</u>
			<u>Actual</u>	<u>Cap</u>	<u>w/3% Cap</u>	<u>11, § 1</u>
<i>Residential</i>	\$22,630,931	\$26,847,073	18.63%	3.00%	\$23,309,858.54	0.115
<i>Agricultural Land</i>	\$24,342,831	\$25,138,842	3.27%	3.00%	\$25,073,116.36	0.3
<i>Public Utility</i>	\$19,630,298	\$19,702,930	0.37%	0.37%	\$19,702,930.00	0.33
<i>Commercial Real</i>	\$8,441,817	\$8,525,391	0.99%	0.99%	\$8,525,391.00	0.25
<i>Oil &amp; Gas</i>	\$3,754,096	\$3,574,650	-4.78%	-4.78%	\$3,574,650.00	0.3
<i>Total</i>		\$83,788,886			\$76,611,295.90	

<u>Property Class</u>	<u>2023 Assessed</u>	<u>2023 Assessed</u>	<u>Actual Avg.</u>	<u>Avg. Cnty Mill for</u>		<u>2023 Taxes</u>	<u>Local Tax Difference</u>	<u>Local % Liability</u>
	<u>Value</u>	<u>Value w/3% Cap</u>	<u>Cnty. Mill for</u>	<u>2023 Actual Tax</u>	<u>2023 w/3% Value</u>	<u>Levied w/3%</u>	<u>b/w No Cap &amp; 3%</u>	<u>Difference b/w No</u>
			<u>2023</u>	<u>Levied</u>	<u>Cap</u>	<u>Value Cap</u>	<u>Cap</u>	<u>Cap and 3% Cap</u>
<i>Residential</i>	\$ 3,087,413.40	\$ 2,680,633.73	0.1453	\$ 448,601.17	0.148412779	\$397,840.30	-\$50,760.87	-11.32%
<i>Agricultural Land</i>	\$ 7,541,652.60	\$ 7,521,934.91	0.1453	\$ 1,095,802.12	0.148412779	\$1,116,351.26	\$20,549.14	1.88%
<i>Public Utility</i>	\$ 6,501,966.90	\$ 6,501,966.90	0.1453	\$ 944,735.79	0.148412779	\$964,974.98	\$20,239.18	2.14%
<i>Commercial Real</i>	\$ 2,131,347.75	\$ 2,131,347.75	0.1453	\$ 309,684.83	0.148412779	\$316,319.24	\$6,634.41	2.14%
<i>Oil &amp; Gas</i>	\$ 1,072,395.00	\$ 1,072,395.00	0.1453	\$ 155,818.99	0.148412779	\$159,157.12	\$3,338.13	2.14%
<i>Total</i>	\$ 20,334,775.65	\$ 19,908,278.29	0.1453	\$ 2,954,642.90	0.148412779	\$2,954,642.90		

\* Assumes no change in local budget authority

\*\*Assumes no other property tax classes or subclasses are present - publicly available data is limited to residential, agricultural, public utility, commercial, and oil & gas subclassifications

## Effect of a Constitutional Cap on Valuation - Shawnee County, Kansas

<u>Property Class</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>22 - '23 %</u>	<u>22 - '23 %</u>	<u>Assessment Rate -</u>	
	<u>Appraisal</u>	<u>Appraisal</u>	<u>Increase</u>	<u>Increase w/3% Cap</u>	<u>2023 Appraisal</u>	<u>Kan. Const. art. 11, § 1</u>
<i>Residential</i>	\$1,226,583,843	\$1,389,596,836	13.29%	3.00%	\$1,263,381,358.53	0.115
<i>Agricultural Land</i>	\$16,303,627	\$17,878,557	9.66%	3.00%	\$16,792,735.46	0.3
<i>Public Utility</i>	\$199,079,501	\$188,886,631	-5.12%	-5.12%	\$188,886,631.00	0.33
<i>Commercial Real</i>	\$523,917,487	\$563,054,123	7.47%	3.00%	\$539,635,011.34	0.25
<i>Total</i>		\$2,159,416,147			\$2,008,695,736.34	

<u>Property Class</u>	<u>2023 Assessed</u>	<u>2023 Assessed</u>	<u>Actual Avg.</u>	<u>2023 Actual Tax</u>	<u>Avg. Cnty Mill for</u>	<u>2023 Taxes Levied</u>	<u>Local Tax Difference</u>	<u>Local % Liability</u>
	<u>Value</u>	<u>Value w/3% Cap</u>	<u>Cnty. Mill</u>	<u>Levied</u>	<u>2023 w/3% Value</u>	<u>w/3% Value Cap</u>	<u>b/w No Cap &amp; 3% Cap</u>	<u>Difference b/w No Cap and 3% Cap</u>
<i>Residential</i>	\$ 159,803,636.14	\$ 145,288,856.23	0.1246	\$ 19,911,533.06	0.13201908	\$ 19,180,901.13	\$ (730,631.94)	-3.67%
<i>Agricultural Land</i>	\$ 5,363,567.10	\$ 5,037,820.64	0.1246	\$ 668,300.46	0.13201908	\$ 665,088.45	\$ (3,212.01)	-0.48%
<i>Public Utility</i>	\$ 62,332,588.23	\$ 62,332,588.23	0.1246	\$ 7,766,640.49	0.13201908	\$ 8,229,090.95	\$ 462,450.46	5.95%
<i>Commercial Real</i>	\$ 140,763,530.75	\$ 134,908,752.84	0.1246	\$ 17,539,135.93	0.13201908	\$ 17,810,529.43	\$ 271,393.50	1.55%
<i>Total</i>	\$ 368,263,322.22	\$ 347,568,017.94	0.1246	\$ 45,885,609.95	0.13201908	\$ 45,885,609.95		

\* Assumes no change in local budget authority

\*\* Assumes no other property tax classes or subclasses are present - publicly available data is limited to residential, agricultural, public utility, commercial, and oil & gas subclassifications

## Effect of a Constitutional Cap on Valuation - Linn County, Kansas

<u>Property Class</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>22 - '23 %</u>	<u>22 - '23 %</u>	<u>Assessment Rate -</u>	
	<u>Appraisal</u>	<u>Appraisal</u>	<u>Increase</u>	<u>Increase w/3%</u>	<u>2023 Appraisal</u>	<u>Kan. Const. art. 11,</u>
			<u>Actual</u>	<u>Cap</u>	<u>w/3% Cap</u>	<u>§ 1</u>
<i>Residential</i>	\$69,842,336	\$83,489,529	19.54%	3.00%	\$71,937,606.55	0.115
<i>Agricultural Land</i>	\$19,191,428	\$19,934,136	3.87%	3.00%	\$19,767,170.58	0.3
<i>Public Utility</i>	\$211,677,969	\$205,666,315	-2.84%	-2.84%	\$205,666,315.00	0.33
<i>Commercial Real</i>	\$8,463,302	\$9,476,359	11.97%	3.00%	\$8,717,200.83	0.25
<i>Oil &amp; Gas</i>	\$494,418	\$597,554	20.86%	20.86%	\$597,554.00	0.3
<i>Total</i>		\$319,163,893			\$306,685,846.96	

<u>Property Class</u>	<u>2023 Assessed</u>	<u>2023 Assessed</u>	<u>Actual Avg.</u>	<u>Avg. Cnty Mill for</u>			<u>Local Tax</u>	<u>Local % Liability</u>
	<u>Value</u>	<u>Value w/3% Cap</u>	<u>Cnty. Mill for</u>	<u>2023 Actual Tax</u>	<u>2023 w/3% Value</u>	<u>2023 Taxes Levied</u>	<u>Difference b/w No</u>	<u>Difference b/w No</u>
			<u>2023</u>	<u>Levied</u>	<u>Cap</u>	<u>w/3% Value Cap</u>	<u>Cap &amp; 3% Cap</u>	<u>Cap and 3% Cap</u>
<i>Residential</i>	\$ 9,601,295.84	\$ 8,272,824.75	0.0828	\$ 794,987.30	0.084338046	\$ 697,713.87	\$ (97,273.42)	-12.24%
<i>Agricultural Land</i>	\$ 5,980,240.80	\$ 5,930,151.17	0.0828	\$ 495,163.94	0.084338046	\$ 500,137.36	\$ 4,973.42	1.00%
<i>Public Utility</i>	\$ 67,869,883.95	\$ 67,869,883.95	0.0828	\$ 5,619,626.39	0.084338046	\$ 5,724,013.38	\$ 104,386.99	1.86%
<i>Commercial Real</i>	\$ 2,369,089.75	\$ 2,179,300.21	0.0828	\$ 196,160.63	0.084338046	\$ 183,797.92	\$ (12,362.71)	-6.30%
<i>Oil &amp; Gas</i>	\$ 179,266.20	\$ 179,266.20	0.0828	\$ 14,843.24	0.084338046	\$ 15,118.96	\$ 275.72	1.86%
<i>Total</i>	\$ 85,999,776.54	\$ 84,431,426.28	0.0828	\$ 7,120,781.50	0.084338046	\$ 7,120,781.50		

\* Assumes no change in local budget authority

\*\*Assumes no other property tax classes or subclasses are present - publicly available data is limited to residential, agricultural, public utility, commercial, and oil & gas subclassifications

## Effect of a Constitutional Cap on Valuation - Logan County, Kansas

<u>Property Class</u>	<u>2022 Actual</u>	<u>2023 Actual</u>	<u>22 - '23 %</u>	<u>22 - '23 %</u>	<u>2023 Appraisal</u>	<u>Assessment Rate -</u>
	<u>Appraisal</u>	<u>Appraisal</u>	<u>Increase</u>	<u>Increase w/3%</u>	<u>w/3% Cap</u>	<u>Kan. Const. art. 11,</u>
			<u>Actual</u>	<u>Cap</u>		<u>\$ 1</u>
<i>Residential</i>	\$14,213,153	\$15,438,327	8.62%	3.00%	\$14,639,547.79	0.115
<i>Agricultural Land</i>	\$25,448,951	\$24,947,607	-1.97%	-1.97%	\$24,947,607.00	0.3
<i>Public Utility</i>	\$11,795,607	\$10,558,248	-10.49%	-10.49%	\$10,558,248.00	0.33
<i>Commercial Real</i>	\$5,942,323	\$6,021,356	1.33%	1.33%	\$6,021,356.00	0.25
<i>Oil &amp; Gas</i>	\$10,797,633	\$10,383,004	-3.84%	-3.84%	\$10,383,004.00	0.3
<i>Total</i>		\$67,348,542			\$56,166,758.79	

<u>Property Class</u>	<u>2023 Assessed</u>	<u>2023 Assessed</u>	<u>Actual Avg.</u>	<u>2023 Actual Tax</u>	<u>Avg. Cnty Mill</u>	<u>2023 Taxes Levied</u>	<u>Local Tax</u>	<u>Local % Liability</u>
	<u>Value</u>	<u>Value w/3% Cap</u>	<u>Cnty. Mill for</u>	<u>Levied</u>	<u>for 2023 w/3%</u>	<u>w/3% Value Cap</u>	<u>Difference b/w No</u>	<u>Difference b/w No Cap</u>
			<u>2023</u>		<u>Value Cap</u>		<u>Cap &amp; 3% Cap</u>	<u>and 3% Cap</u>
<i>Residential</i>	\$ 1,775,407.61	\$ 1,683,548.00	0.1269	\$ 225,299.23	0.127574895	\$ 214,778.46	\$ (10,520.77)	-4.67%
<i>Agricultural Land</i>	\$ 7,484,282.10	\$ 7,484,282.10	0.1269	\$ 949,755.40	0.127574895	\$ 954,806.50	\$ 5,051.10	0.53%
<i>Public Utility</i>	\$ 3,484,221.84	\$ 3,484,221.84	0.1269	\$ 442,147.75	0.127574895	\$ 444,499.24	\$ 2,351.48	0.53%
<i>Commercial Real</i>	\$ 1,505,339.00	\$ 1,505,339.00	0.1269	\$ 191,027.52	0.127574895	\$ 192,043.46	\$ 1,015.95	0.53%
<i>Oil &amp; Gas</i>	\$ 3,114,901.20	\$ 3,114,901.20	0.1269	\$ 395,280.96	0.127574895	\$ 397,383.19	\$ 2,102.23	0.53%
<i>Total</i>	\$ 17,364,151.75	\$ 17,272,292.14	0.1269	\$ 2,203,510.86	0.127574895	\$ 2,203,510.86		

\* Assumes no change in local budget authority

\*\*Assumes no other property tax classes or subclasses are present - publicly available data is limited to residential, agricultural, public utility, commercial, and oil & gas subclassifications