

Chairperson Tyson and Members of the Committee,

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

We believe HCR 5011 would blunt the rate of tax increase on residential and other 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 adjacent table shows the increase on existing residential property between 2022 and 2024 for the home counties of each Committee member.

Riley County homeowners had the smallest increase of about 24%, and the increases in Harvey and Sedgwick counties were nearly 28%. Johnson, Leavenworth, and Montgomery counties were around 33%, home values jumped 45% in Cherokee County, and Linn County residents absorbed the highest jump in the state, at 66%.

Change Existing Residential Property 2022-24			
County	Change	County	Change
Cherokee	45.2%	Linn	66.0%
Harvey	27.5%	Montgomery	32.5%
Johnson	32.7%	Riley	23.8%
Leavenworth	32.8%	Sedgwick	27.6%

Source: Kansas Dept. of Revenue

The issue here is not whether the values are accurate but whether taxpayers can afford the excessive jump in property tax. Few homeowners, if any, experienced annual income increases of 8%, 11%, 15%, or even 22%, but they were still hit by tax increases of those degrees because of choices made by some local officials.

The Truth in Taxation revenue-neutral legislation passed in 2021 is helping and is becoming more effective over time. Initially, 52% of the nearly 4,000 taxing authorities held to revenue neutral. The nearly-final data from the Kansas Department of Administration for 2025 (budget actions taken in 2024 for the 2025 budgets) show that approximately 62% of all entities are not increasing property tax this year, and another 13% are imposing increases below 4%!

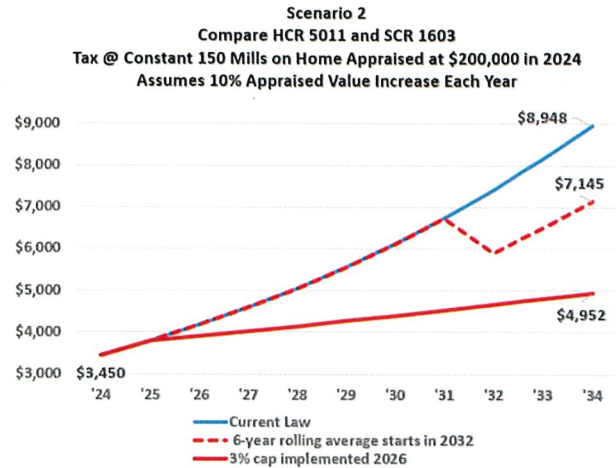
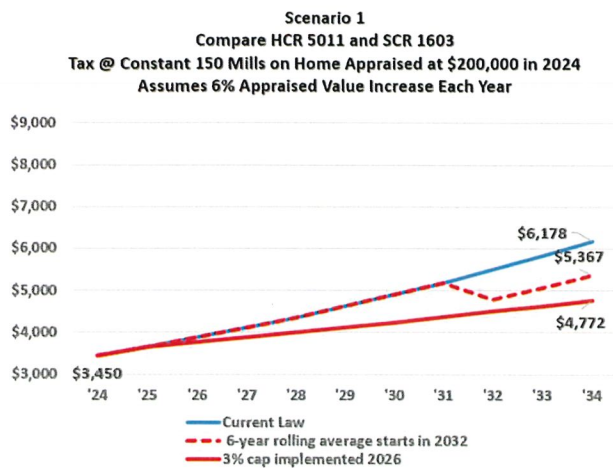
This very encouraging revenue-neutral data measures the change in total property tax collections. However, many individual property owners within those districts still have significant tax hikes because of the changes in their appraised values, and they will especially benefit from HCR 5011.

While we support HCR 5011, we have some 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 if the average looks back from 2027, and could be even worse if the average is built from a 2027 starting point.
3. Only applying the limit to Residential, Commercial & Industrial, and Ag Improvement properties could shift the tax burden to other real estate classes and personal property.

A media report indicated that House leadership is looking at a six-year rolling average, so for comparative purposes, we assume it goes into effect in 2032 when six years of new valuations are available from the 2027 implementation. We compare that to the 3% fixed cap in SCR 1603 that would go into effect next year on a home appraised at \$200,000 in 2024.

Scenario 1 assumes a 6% valuation increase each year; Scenario 2 assumes a 10% valuation increase each year. We calculate property tax in both scenarios at a constant rate of 150 mills.<sup>1</sup>



HCR 5011 and SCR 1603 both result in lower taxes compared to current law, but the fixed 3% cap in the Senate plan saves the homeowner more money over time.

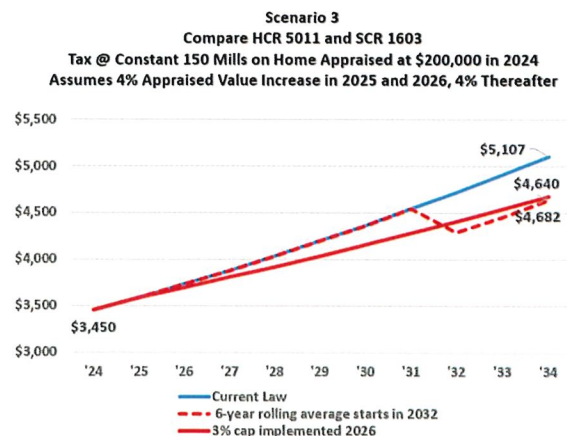
Under current law, the homeowner's property tax goes from \$3,450 to \$6,178, compared to \$5,367 under the House plan and \$4,772 under the Senate plan.

Scenario 2 is based on the same circumstances, except we assume a 10% annual valuation increase. Under current law, the tax would be \$8,948 in 2034, versus \$7,145 under the House plan and \$4,952 in the Senate plan.

A 3% fixed cap is more beneficial to the homeowner unless the annual valuation increases are 4% or less. Scenario 3 shows that the tax paid in 2034 would be \$4,640 with the rolling average and \$4,862 with the fixed cap.

The total property tax paid over the next ten years is shown in the table below.

Property Tax Paid 2025-2034 at Constant 150 Mills			
Description	Current Law	HCR 5011	SCR 1603
Scenario 1	\$48,202	\$45,904	\$41,923
Scenario 2	\$60,483	\$55,549	\$43,505
Scenario 3	\$43,078	\$41,731	\$41,132



Of course, the numbers change if a shorter or longer rolling average is chosen or with a fixed cap that is more or less than 3%.

On one final note, a fixed cap is also easier for taxpayers to understand, and annual valuations are more predictable.

We appreciate the Senate Assessment & Taxation Committee's consideration of limiting the increase in taxable assessed valuation, and we thank you for your consideration.

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<sup>1</sup> We use a 6% valuation increase because the state average actual for 2024 was 6.2% on existing homes, according to the Kansas Department of Revenue.