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TO: Senate Assessment and Taxation Committee

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Subject: SB 316- Accelerating the implementation date of the public vote requirement on property tax increases that exceed the rate of inflation from January 1, 2018 to July 1, 2016, and eliminating several exemptions to the public vote requirement.

Chairman Donovan and esteemed members of the Senate Assessment and Taxation Committee, thank you for the opportunity to provide testimony on behalf of the REALTORS® of South Central Kansas in support of SB 316, a bill that will accelerate the implementation date for a law passed in the 2015 Legislative Session requiring cities and counties to receive approval by public vote prior to increasing property tax revenues over the rate of inflation. The law was originally set to begin on January 1st, 2018. Unfortunately, the two-year delay in implementation gives cities and counties the opportunity to increase property taxes without giving the public the right to vote on their increased property tax burden.

Additionally, under the current law there are several exemptions that allow cities and counties to capture new revenue from property taxes by not including those amounts in the formula that may trigger a public vote. We support the amendment to SB 316 proposed by the City of Wichita; combining and clarifying the exemptions for new construction and new improvements to real property which safeguards growth and supports economic development in our Kansas communities.

The REALTORS® of South Central Kansas represent over 1,600 real estate professionals in the South Central Kansas region. The Association and its REALTOR® members are dedicated to working with our elected officials to create better communities by promoting affordable housing opportunities, protecting private property rights, and encouraging support for economic development and a pro-business environment that is conducive to the success of real estate professionals and private property owners.

We support SB 316 as it moves the implementation date of the public vote requirement to July 1st, 2016. Under the public vote requirement, cities and counties can only capture increases in revenue above the rate of inflation if the majority of voters approve the increase in a public vote. Cities and counties will have the opportunity to raise property taxes unrestrained by the will of the people through a public vote until 2018. Accelerating the implementation date to 2016 upholds the spirit in which this law was enacted by securing the right for the public to vote on increasing their property tax burden before any additional increases can be enacted.

There are several exemptions to the formula that may trigger the public vote requirement and therefore, do not count in computing the formula. Many of these exemptions are common sense and

good public policy. The City of Wichita has proffered an amendment that combines and clarifies K.S.A. 79-2925b(b)(1) which exempts new improvements to real property and K.S.A. 79-2925b(g)(2)(a)(viii) exempting new construction. The amendment provides, *“The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property.”* We believe this clarification ensures continued growth and redevelopment of Kansas communities, which is essential to economic development efforts.

We respectfully request the members of the Senate Assessment and Taxation Committee support SB 316 and the amendments offered by the City of Wichita as well as the written and oral testimony provided by the Kansas Association of REALTORS®. We strongly believe these provisions will ensure that property tax increases are approved by a public vote and Kansas cities and counties can continue on the road of prosperity through redevelopment and new construction in our communities.