Approved: 2-19-2007
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 31, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:
- Chris Courtwright, Legislative Research Department
- Martha Dorsey, Legislative Research Department
- Gordon Self, Office of Revisor of Statutes
- Richard Cram, Department of Revenue
- Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
- Representative Mario Goico
- Representative David Crum
- Randall Allen, Kansas Association of Counties
- Representative Arlen Siegfreid
- Charlene Deaver, Private Citizen
- Charlotte O'Hara, Private Citizen
- Alan Cobb, Americans for Prosperity
- April Holman, Kansas Action for Children
- George Lippencott, AARP Kansas Volunteer Coordinator (written only)

Others attending:
- See attached list.

Representative Goico requested a bill be introduced pertaining to an exemption on a franchise tax for small businesses under $3 million. Representative Wilk moved the introduction. Representative Carlson seconded the motion. The motion carried.

Chairman Wilk, on behalf of Representative Powers, made a motion to introduce a bill regarding coin bullion and currency. Representative Owens seconded the motion. The motion carried.

Representative Crum made a motion to introduce a Committee bill that would provide sales tax exemptions to the Augusta Kiwanis and Lion's Club. Representative Treaster seconded the motion. The motion carried.

Randall Allen, Kansas Association of Counties, requested a bill introduction that would allow Kansas counties to impose a countywide sales tax for general purposes in an amount not to exceed 2% and a special purpose countywide sales tax in an amount not to exceed 1%. Representative Wilk moved the introduction and Representative Menghini seconded. The motion carried.

Chairman Wilk announced the appointment of a sub-committee on **HB 2018** - Kansas Board of Tax Appeal. Representative Owens will chair the sub-committee, further appointments are Representatives: Whitham; Crum; Menghini; and Lukert.

HCR 5006 - Constitutional Amendment to limit appraised valuation increases of all classes of real property to consumer price index-urban for property tax purposes.

Gordon Self briefed the Committee on Section 1 of article 11 of the constitution. The amendment deals with the idea of a limit on valuation increases for certain residential property. The amendment deals with all real property, and provides that the appraised valuation of all real property shall not increase from one year to the next by a percentage that exceeds the average consumers price index for urban consumers. He reviewed the provisions of the amendment.

The Chairman opened the public hearing on **HCR 5006.**

Representative Arlen Siegfreid, said the purpose of this resolution is to provide a vehicle for property tax relief to residents, particularly those on fixed incomes, and small businesses without a harmful tax burden shift on the other constitutional real property classes. The problem is not unique in Kansas and he described property tax cases in California and Oregon. He said that the residential appraisal process is probably the most distrusted aspect of the property tax system and frustrates many home owners and businesses. He concluded by saying that when taxes increase faster than the rate of inflation it is poor economic policy and that all interested parties should work together to develop a sound public policy on this tax (Attachment 1).

He called attention to a set of spreadsheets provided by the Legislative Research Department staff and a memorandum on *Funds Expenditures in Kansas Cities, Counties, School Districts, and Special Districts*, stating they were good resources (Attachment 2).

Charlene Deaver, Private Citizen, testified in support of the constitutional amendment. She provided the history of appraisals and appraisal processes for five homes in her Olathe neighborhood. She questioned the disparity in appraisals and added that the system discourages homeowners to enhance their property (Attachment 3).

Charlotte O'Hara, Private Citizen, testified that the current law has brought a lack of transparency and has become a complicated appeals process. It is an unnecessary tax burden, which drives people out of Kansas, especially seniors. She spoke of the lack of affordable housing in Johnson County and said the taxpayers in Kansas deserve a better system (Attachment 4).

Alan Cobb, Americans for Prosperity, distributed charts that provided a snapshot of the growth of local government in Kansas (Attachment 5). He said that Kansas was 7th among the 50 states in government job growth and forty-fourth in private sector job growth for calendar year 2006. He reviewed statistics on employment and earnings. He supports **HCR 5006** as it should reduce the growth of local government.

April Holman, Kansas Action for Children, appeared in opposition to the resolution. She said the nature of the property tax dictates that when valuation for one group is artificially suppressed, taxes shift to other taxpayers. She recommended that Kansas should undertake a comprehensive modernization of the Kansas tax system (Attachment 6).

Randall Allen, Kansas Association of Counties, said with few exceptions limiting the growth in appraised valuation of real estate to a cap of a certain percentage growth from the prior year would in no way guarantee lower taxes. If the goal of imposing a cap on growth in appraised value is to somehow limit taxes or spending in the aggregate, this proposal does not accomplish the goal; rather it amounts to a tax shift. Their second concern is that the proposal creates inequity between and among parcels. He urged the committee to refrain from imposing an artificial cap on annual changes and let the values reflect reality (Attachment 7).

George Lippencott, AARP Kansas Volunteer Coordinator submitted written testimony opposing **HCR 5006**. He suggested that Homestead exemptions and credits, Circuit breakers and Property tax deferrals were better alternatives than property tax caps (Attachment 8).

Due to time constraints, the Chairman recessed the hearing on **HCR 5006** and said they would continue the hearing on Friday, February 2.

The Chairman made a request of any of the conferees and interested parties who might have a resource that could determine whether there was some sort of score card for current property tax systems being used by other states. If so, he would like to identify which state has the most effective and fair system.

The meeting was adjourned at 10:30 a.m. The next meeting is February 1, 2007.

TAXATION COMMITTEE

DATE: January 31, 2007

NAME	REPRESENTING
Randall Allen	Kansas Association of Counties
Christy Caldwell	Topeka Chamber of Commerce
Charlotte O'Hara	Self
Charlene Deaver	Self
TONY A. SCOTT	KSCPA
Don Moler	LKM
Bruce Larkin	KDOR
MARK BECK	KDOR
David R. Corbin	KDOR
Ben Cleeves	DOR
Mark Tallman	KASB
April Holman	Kansas Action for Children
Dan Murray	Federico Consulting
Robyn Horton	KS Motor Carriers Assoc.
ALAN COBB	America for Prosperity
[illegible]	LGM
BRAD HARRELSON	KFB
Andy Schlapp	Sedgwick County
John Federico	Boeing

Provided by Rep. Sieg. e10

HCR 5006

HCR 5006 is a constitutional amendment which would limit the appraised evaluation growth in real property to the CPI-Urban across all constitutional categories annually. The purpose for bringing this resolution before the committee is to provide a vehicle for property tax relief to residents (particularly those on fixed incomes) and small businesses without a harmful tax burden shift on the other constitutional real property classes.

The problem is not unique to Kansas. A very cursory review of Alec or NCSL information confirms the property tax as one of the least appreciated methods of funding government. California and Oregon are two states which have taken actions which resemble this resolution. Both cases resulted in local governments feeling like they would not be able to provide adequate services to their constituents, but it was their constituents which voted for the changes. If the voter is really sovereign in our system don't they have the right to control the growth of taxes on their property?

The residential appraisal process probably is the most distrusted aspect of the property tax system. The use of comparables, weighted estimates, field control codes, computer assisted mass appraisal, etc., cause confusion and suspicion among owners. Anyone who has ever walked their district in a political campaign has heard a constituent say, "if the county will pay me that amount for this house they can have it." The constitutional mandate of "fair market value" has no agreed upon definition except at the point of an arm's length transaction. You will hear testimony from another conferee which describes her experience with appraisals, and the apparent inconsistency with comparables. This resolution eliminates the possible inconsistencies in the appraisal process by setting benchmark based on the sale price and increasing by a set percentage. Almost anyone can understand this calculation.

The inevitability of the tax increase frustrates many home owners and business people. The perception is that government really does not have to take responsibility for raising property taxes or justifying the use of the additional revenues. They just have to wait for the appraisals to go up. When the tax bill increases the standard, and accurate answer, to citizen's complaints is it is the result of the constitutional process. Citizens want elected officials to take responsibility for tax increases. If this amendment would become law it would not stop local governments from increasing revenues, but it would require they publicly take actions which would increase mill levies or sales taxes.

Presently the ever increasing values of residences and businesses do not take in to account the owner's, or lessee's ability to pay. Our lives take unusual paths at times, especially as we grow older. Small businesses struggle with cash flow, and may be under capitalized. This is particularly true when within a few years of startup. But, property taxes take no notice of business fluctuations or losses of income. It is difficult to brush off people who have moved to a reduced retirement income or are victims of an economic business cycle saying it is just too bad, or they should have planned better. Their wealth may be substantially represented by their house or business. Those entities' built by their labor and income (already taxed) might be saved if fluctuations in tax bills were limited, stable, and lent themselves to long range budgeting.

Many of our citizens decry the increases which are titled improvements, but they think of as maintenance. A high quality exterior paint job, new siding, new window trim, or windows, replacing a cracked driveway may result in an increased appraisal. This discourages people from upgrading their homes and therefore our communities. Constitutionally the government appraiser is probably correct; there has been an increase in market value when some maintenance issues are addressed. But why should an owner pay, sometimes at substantial expense, for improved maintenance and then pay the government more tax on top of the action. This is bad public policy. Why not let the increased value of the properties mimic the inflation rate. This should allow for reasonable growth of local government by providing a consistent, predictable base for budgeting. The result would be citizens free to improve their properties so government can enjoy the benefit when the properties are sold.

Finally, when taxes increase faster than the rate of inflation it is poor economic policy. We know when citizens pay money to government instead of saving, investing, or purchasing the economy benefits less from that money. When businesses pay more than the rate of inflation in property taxes it reduces their ability to reinvest and expand their business. It reduces their income and the income tax they would pay. It reduces their purchasing power and the sales or use taxes they might pay.

Let us have a thorough discussion on this issue. Let's work together to develop a sound public policy on this tax before we face a crisis situation like other states have. We all know sound public policy is rarely the result of crisis management.

Provided by Representative Siegfreid

Funds Expenditures in Kansas
Cities, Counties, School Districts, Special Districts

The Census Bureau only breaks state data into County, Municipality, School District, and Special District after the United States Census occurs every ten years. Those data are only available for years ending in "2" or "7." I have included that detailed information from the dates available- 2002 and 1997. In the years between the census, the Bureau provides information broken down by state and local expenditures, but it is not detailed state-by-state for counties, special districts, etc. For those years between the census, I entered the overall expenditure level for local government in Kansas in "Local Expenditures Total" row. The Local and State Combined Total was also taken from the State and Local Government Finances by Level of Government for non-census years. Those data were accessed from http://www.census.gov/govs/www/index.html

Local Expenditures
Funds expenditures in local governments in Kansas have been estimated by the United States Census Bureau in their State and Local Government Finances section. In 1998, Kansas local funds expenditures were estimated as $7,815,971,000. For the years 1999-2000, the expenditures were estimated as $8,157,696,000. For 2001-2002, local expenditures were estimated as $9,094,987,000. For the years 2003-2004, local expenditures were estimated as $10,040,752,000. The Census Bureau does not yet have figures for local expenditures for the years 2005-2006.

HS TAXATION COMMITTEE
1-31-2007
ATTACHMENT 2

Provided by
Chris Courtwright -
Legislative Research

	A	B	C	D	E	F	G	H
1								
2								
3								
4		1998	1998	1999	1999	2000	2000	2001
5		Assessed Val	Taxes	Assessed Val	Taxes	Assessed Val	Taxes	Assessed Val
6	Residential	7,364,954,129	798,960,567	7,974,302,456	878,323,814	8,766,107,028	982,067,024	9,487,446,781
7	Ag Land	1,328,797,040	134,834,753	1,351,367,730	144,149,817	1,432,501,504	156,937,621	1,553,413,798
8	Comm/Indus	3,628,277,667	413,479,399	3,975,822,238	453,561,491	4,253,927,836	493,467,665	4,557,076,131
9	Other	332,768,481	35,787,250	343,158,989	37,932,134	370,112,891	41,535,023	387,620,079
10	ALL REAL	12,654,797,317	1,383,061,969	13,644,651,413	1,513,967,256	14,822,649,259	1,674,007,333	15,985,556,789
11								
12	Oil/Gas	1,454,821,785	103,551,987	986,269,293	76,319,759	936,815,706	83,015,482	1,361,578,942
13	M and E	1,598,846,928	181,443,341	1,737,482,910	199,811,307	1,873,908,043	220,031,386	1,844,646,453
14	Other	271,069,782	29,315,869	315,033,913	35,234,046	366,837,889	42,069,663	396,091,969
15	ALL PERSONAL	3,324,738,495	314,311,196	3,038,786,116	311,365,112	3,177,561,638	345,116,531	3,602,317,364
16								
17	STATE ASSESSED	2,869,779,153	267,176,119	2,961,400,815	284,340,690	2,918,774,907	289,786,991	2,917,467,731
18								
19	GRAND TOTAL	18,849,314,965	1,964,549,285	19,644,838,344	2,109,673,058	20,918,985,804	2,308,910,855	22,505,341,884

2-3

	A	I	J	K	L	M	N	O
1								
2								
3								
4		2001	2002	2002	2003	2003	2004	2004
5		Taxes	Assessed Val	Taxes	Assessed Val	Taxes	Assessed Val	Taxes
6	Residential	1,096,605,764	10,091,871,744	1,175,184,632	10,821,273,257	1,261,071,110	11,466,539,039	1,355,268,588
7	Ag Land	172,704,034	1,606,937,040	184,306,932	1,563,044,769	183,373,259	1,606,646,656	189,634,584
8	Comm/Indus	544,664,477	4,730,876,223	569,513,683	5,035,657,364	605,652,828	5,267,810,189	641,604,317
9	Other	44,594,423	406,167,684	47,749,805	410,911,152	48,612,975	415,380,184	49,512,544
10	ALL REAL	1,858,568,698	16,835,852,691	1,976,755,052	17,830,886,542	2,098,710,172	18,756,376,068	2,236,020,033
11								
12	Oil/Gas	115,392,643	1,200,641,125	105,025,084	1,067,326,694	99,584,971	1,456,584,167	131,039,244
13	M and E	226,229,597	1,843,323,655	229,724,139	1,811,766,670	226,215,849	1,775,723,575	223,946,315
14	Other	46,998,795	384,628,561	46,117,138	398,743,222	48,213,904	404,419,601	49,657,047
15	ALL PERSONAL	388,621,035	3,428,593,341	380,866,361	3,277,836,586	374,014,724	3,636,727,343	404,642,606
16								
17	STATE ASSESSED	300,917,824	2,816,578,441	299,439,325	2,896,954,491	311,098,602	3,054,683,989	329,087,595
18								
19	GRAND TOTAL	2,548,107,557	23,081,024,473	2,657,060,738	24,005,677,619	2,783,823,498	25,447,787,400	2,969,750,234

2-4

	A	P	Q	R	S	T	U	V
1								
2								
3								
4		2005	2005	2006	2006	98-06 Ass Val	98-06 Ass Val	Avg Annual
5		Assessed Val	Taxes	Assessed Val	Taxes	Chng in $$	Chng in Pct	Ass Val $$
6	Residential	12,206,742,380	1,461,705,335	13,082,641,710	1,576,311,852	5,717,687,581	77.63%	714,710,948
7	Ag Land	1,593,472,898	188,600,944	1,538,688,979	184,284,868	209,891,939	15.80%	26,236,492
8	Comm/Indus	5,559,717,364	684,638,817	6,015,644,071	742,915,128	2,387,366,404	65.80%	298,420,801
9	Other	445,464,921	53,562,921	481,002,012	58,000,232	148,233,531	44.55%	18,529,191
10	ALL REAL	19,805,397,563	2,388,508,017	21,117,976,772	2,561,512,080	8,463,179,455	66.88%	1,057,897,432
11								
12	Oil/Gas	1,888,295,767	169,892,283	2,455,698,900	225,778,094	1,000,877,115	68.80%	125,109,639
13	M and E	1,844,997,342	234,154,820	1,910,324,952	242,974,561	311,478,024	19.48%	38,934,753
14	Other	408,902,116	50,382,414	374,832,314	46,428,523	103,762,532	38.28%	12,970,317
15	ALL PERSONAL	4,142,195,225	454,429,517	4,740,856,166	515,181,178	1,416,117,671	42.59%	177,014,709
16								
17	STATE ASSESSED	3,117,395,633	337,871,394	3,105,449,046	341,681,465	235,669,893	8.21%	29,458,737
18								
19	GRAND TOTAL	27,064,988,421	3,180,808,928	28,964,281,984	3,418,374,723	10,114,967,019	53.66%	1,264,370,877

2-5

	A	W	X	Y	Z	AA
1						
2						
3						
4		Avg Annual	98-06 Tax	98-06 Tax	Avg Annual	Avg Annual
5		Ass Val % Chng	Chng in $$	Chng in Pct	Tax Chng $$	Tax % Chng
6	Residential	9.70%	777,351,285	97.30%	97,168,911	12.16%
7	Ag Land	1.97%	49,450,115	36.67%	6,181,264	4.58%
8	Comm/Indus	8.22%	329,435,729	79.67%	41,179,466	9.96%
9	Other	5.57%	22,212,982	62.07%	2,776,623	7.76%
10	ALL REAL	8.36%	1,178,450,111	85.21%	147,306,264	10.65%
11						
12	Oil/Gas	8.60%	122,226,107	118.03%	15,278,263	14.75%
13	M and E	2.44%	61,531,220	33.91%	7,691,403	4.24%
14	Other	4.78%	17,112,654	58.37%	2,139,082	7.30%
15	ALL PERSONAL	5.32%	200,869,982	63.91%	25,108,748	7.99%
16						
17	STATE ASSESSED	1.03%	74,505,346	27.89%	9,313,168	3.49%
18						
19	GRAND TOTAL	6.71%	1,453,825,438	74.00%	181,728,180	9.25%

provided by
Alan Conroy - Le[illegible]ative
Research

Funds Expenditures	**1997**	1998/1999	$ Change	% Change	2000	$ Change	% Change
KS Cities	**2,204,250,000**						
KS Counties	**1,506,642,000**						
KS School Districts	**3,179,844,000**						
KS Special Districts	**481,216,000**						
Local Expenditures Total	**7,282,076,000**	7,815,971,000	533,895,000	7.3%	8,157,696,000	341,725,000	4.3%
State & Local Expenditures Total	**12,367,831,000**	13,365,510,000	997,679,000	7.8%	14,419,195,000	1,053,685,000	7.8%

Funds Expenditures	**2001/2002**	$ Change	% Change	2003/2004	$ Change	% Change	2005/2006
KS Cities	**2,925,415,000**						
KS Counties	**1,881,333,000**						
KS School Districts	**4,054,501,000**						
KS Special Districts	**377,643,000**						
Local Expenditures Total	**9,290,363,000**	1,132,667,000	13.8%	10,040,752,000	750,389,000	8.07%	Information not yet
State & Local Expenditures Total	**16,715,030,000**	2,295,835,000	15.9%	18,360,735,000	1,645,705,000	9.8%	Available

*Bold indicates census year data

Good morning.

My name is Charlene Deaver and I am from Olathe. Last March after receiving our 2006 Annual Notice of Value, I began researching property values in our sub-division. I expanded it, compared it to other sub-divisions. I'd like to share a bit of that research with you today. Parity appears to be missing from the appraisal process.

There are 5 Ranch style houses in our sub-division. Because of time limitations, I am going to address appraisal issues and comparisons with those 5 houses only.

In June, 2005 we bought a ranch style house for 241,500 that was county appraised at 204,900 in 2005, 196,200 in 2004 and 196,200 in 2003. In 2001 one of the ranch houses sold for 205,000. Yet in 2002, the previous owners of our house saw their property increased to 188,700 which was up only 4,500 from the previous year. In 2005 previous owners were still only appraised at 204,900 which is 100.00 less than the other house sold for in 2001. In 2005 the other ranch was the highest appraised of the 5 in Ashton Estates. Today, it and one other are lowest (212,000) because of their appeals.

After paying 241,500 (239,950 plus a few furnishings), our appraisal the following March (06) went up to 244,800. But remember, it was 204,900 only 12 months earlier. For the 5 ranch houses, this is what happened to the appraisals after we paid 241,500 for our house:

House	2005 appraisal	2006 appraisal	
Ours	204,900	244,800	up 17%
1X	220,000	241,000	up 9%
2X	197,100	217,300	up 10%
3X	223,500	244,500	up 5%
4X	218,200	239,200	up 9%

Our house saw the biggest increase because we were so much lower in prior years. Raising 4 of the 5 houses to 240,000 was merely the result of us paying 241,500 for ours. Yet these people did nothing to increase the value of their property. Simply put, a sale occurred.

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

HS TAXATION COMMITTEE
1-31-2007
ATTACHMENT 3

We were told at our 2nd hearing that the reason our house went up so much was because of the partially finished basement that was never disclosed by the previous owners. It was discovered when the house sold. Why then I wonder, did 3X (above) with no finished basement jump from 223 to 244? And 4X with no finished basement went from 218 to 239. We, 2X and 3X appealed the appraisal. 1X and 4X should have appealed but they did not. That I don't understand.

County records showed house 2X (above) with a 600 SF finished basement. His appeal was based on the fact that he did not have a finished basement. He won his appeal and the appraisal was lowered a mere 5,300. The numbers don't compute. Reasoning used by the appraisers office makes no sense. The system appears to be broken.

The system discourages homeowners to enhance their property. Property improvements help us all by maintaining a nice community to live in. I would love for us to add a screened in porch on to the back of our house. But, no way. I refuse to take out a loan for a project and then get hit with a higher appraisal the year after it's done. If a person spends thousands of dollars to replace and inferior driveway, that's an improvement to the neighborhood. That's pride in ownership and it shouldn't result in a higher appraisal to produce a higher tax bill.

I've heard so many stories. One lady said the person conducting her 2nd appeal hearing gave her possible scenarios that could have caused their appraisal to go so high. Replacement windows? No. Is it right to consider replacement windows a reason to increase an appraisal? Why wouldn't they be considered home maintenance? Corian countertops? Yes, there when house was bought in 2001. The only true scenario to her increase was us----paying 241,500 for our house. I'm happy for her that she won her appeal and is now at 212,000 which is down 5.15% from 2005.

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

Sometimes when a house sells in a neighborhood, other similar properties go up in appraised value. Sometimes they don't.

Sometimes a person can live in a house for years without being hit hard in appraisal increases, sometimes they can't.

If a person gets a permit to finish a basement, there will be an increase in appraised value. No permit, nobody knows, no increase. Only when the house sells, does the truth about a property come out. And then up goes the appraisal.

I often wonder if our previous owners had not sold their house in June 2006, what would they have seen on their 2006 Annual Notice of Value when 2005 was 204,900. I have to wonder what their 2006 tax bill would have been had they stayed in the house. Perhaps some would consider this discrimination against recent home buyers.

I've heard many friends, soon to retire, talk about leaving Johnson County because of real estate taxes. They're looking to Harrisonville or Raymore, MO. More property, less money, less tax. I feel a person shouldn't be taxed out of a community they've been a part of for so many years. People who have contributed to our county, our city, deserve better than that. But, if the system demonstrated any parity at all, then everyone would pay a fair share, which in the end would reduce taxes for homeowners and business property as well.

Thank you for allowing me this opportunity to share my research and thoughts with you this morning.

Charlene Deaver
14331 S. Blackfeather Drive
Olathe, KS 66062

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

PROPERTY APPRAISAL RESEARCH

Submitted by
Charlene Deaver

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

3-5

Jan 30 07 10:03a

APPRAISAL HISTORY OF 7 "RANCH STYLE" HOUSES IN ASHTON ESTATES / ASHTON

YEAR	#1 DP2365 (ours) 14331 Blackfeather	#2 DP2365 14415 Blackfeather	#3 DP2365 (Ken) 14611 Blackfeather	#4 DP2365 (Nancy) 15135 W. 144th Terr.	#5 DP2365 15125 W. 144th Terr	#6 DP0080 15335 W. 146th Cir	#7 DP0080 15415 W. 146th Terr
1995	Lot 21,950				Lot 140	157,700	134,900
1996	106,700				Lot 14,476	157,700	134,900
1997	166,000	Lot 60	Lot 20,100	Lot 19,800	Lot 19,600	157,700	134,900
1998	173,000	160,800	Lot 30,850	169,900	Lot 30,370	167,500	144,300
1999	173,000	160,800	183,860	169,900	182,900	182,500	144,300
2000	179,200	181,500	189,300	185,500	189,200	188,000	164,500
2001	184,200	192,700	189,300	185,500	190,700	195,300	170,200
2002	188,700	202,000	189,300	205,000	202,000	204,100	177,100
2003	196,200	210,500	190,000	211,700	212,200	206,500	180,800
2004	196,200	210,500	190,000	215,800	210,200	206,500	210,000
2005	204,900	220,000	197,100	223,500	218,200	214,300	214,000
2006	~~244,800~~ ~~241,500~~** 239,950***	241,000	~~217,300~~ 212,000 **	~~244,500~~ ~~228,900~~** 212,000***	239,200	230,500	226,900

** Appraised Value after 1st step appeal hearing
*** Appraised Value after 2nd step appeal hearing

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

SALES HISTORY:

#1	#2	#3	#4	#5	#6	#7
1996 165,950	1997 171,250	1998 183,857	1997 169,950	1998 182,950	1994 165,948	1989 130,000
2005 241,500		2003 190,000	2001 205,000			2003 210,000

#1	#2	#3	#4	#5	#6	#7
DP2365 (ours)	DP2365	DP2365 (Ken)	DP2365 (Nancy)	DP2365	DP0080	DP0080
14331 Blackfeather	14415 Blackfeather	14611 Blackfeather	15135 W. 144th Terr.	15125 W. 144th Terr	15335 W. 146th Cir	15415 W.146th Terr

SQUARE FEET: (Average square feet for 126 houses in Ashton Estates is 2472)

#1	#2	#3	#4	#5	#6	#7
2070	2123	1664	1735	2100	1998	1937
402 (17%) less than average	349 (15%) less than average	808 (33%) less than average	737 (30%) less than average	372 (16%) less than average	474 (20%) less than average	535 (22%) less than averag

The 7 houses average 525 square feet less than the average of 126 houses in Ashton estates. Yet the average % increase of appraised for these 7 houses was 8.2% compared to the 126 house average of 3.31%.

PERCENT INCREASE / 2005 APPRAISAL vs. 2006 APPRAISAL:

#1	#2	#3	#4	#5	#6	#7
UP 15.16%	UP 9.59%	UP 10.25%	UP 9.40%	UP 9.62%	UP 7.56%	UP 6.03%
		UP 7.03%**	UP 2.42%**			
			DOWN 5.15%***			

** New percentage after 1st Appeal Hearing

*** New percentage after 2nd hearing

APPRAISAL INCREASE SINCE ORIGINAL PURCHASE PRICE ($$ AND %)"

#1	#2	#3	#4	#5	#6	#7
75,550	69,750	28,143	58,950	56,250	64,552	96,900 (??)
UP 32%	UP 29&	UP 14%	UP 26%	UP 24%	UP 29%	UP 43%

APPRAISED AMOUNT PER SQUARE FOOT: (Average amount for 126 Ashton Estates houses = $96.56)

#1	#2	#3	#4	#5	#6	#7
$116.66	$113.51	$127.40	$131.93	$113.90	$115.36	$117.13
18% higher than average	15% higher than average	25% higher than average	27% higher than average	16% higher than average	17% higher than average	18% higher than average

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

BASED ON APPRAISAL HISTORY CHART

(CONTINUED FROM PREVIOUS PAGE)

5 RANCH HOUSES IN ASHTON ESTATES HIGHEST TO LOWEST IN APPRAISAL FROM 1999 – 2006

1999	#3	#5	#1	#4	#2
2000	#3	#5	#4	#2	#1
2001	#2	#5	#3	#4	#1
2002	#4	#5	#2	#3	#1
2003	#5	#4	#2	#1	#3
2004	#4	#2	#5	#1	#3
2005	#4	#2	#5	#1	#3
2006	#1	#2	#5	#4	#3

YEAR BY YEAR INCREASE BY % FOR THE 5 RANCH HOUSE IN ASHTON ESTATES FROM 2001 – 2006

YEARS COMPARED	#1	#2	#3	#4	#5
2001 vs. 2002	3%	5%	ZERO	10%	6%
2002 VS. 2003	4%	5%	1%	4%	5%
2003 VS. 2004	ZERO	ZERO	ZERO	2%	-1%
2004 VS. 2005	5%	5%	4%	4%	4%
2005 VS. 2006	16%	9%	8%	3%	9%

2000 APPRAISAL FOR THE 5 RANCHES IN ASHTON ESTATES WAS PRETTY EVEN. THIS CHART SHOWS THE % OF INCREASE ON EACH OF THE 5 RANCH HOUSES FROM 2000 TO 2005 AND THEN FROM 2000 TO 2006 WITH THE SALE OF #1 FACTORED INTO ALL 5 PROPERTIES

HOUSE	INCREASE 2000 – 2005	INCREASE 2000 – 2006
#1	13%	26%
#2	18%	25%
#3	4%	11%
#4	18%	19%
#5	14%	21%

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

BASED ON APPRAISAL HISTORY CHART:

 # 1,2,3,4,5 are Ashton Estates (property ID # starting with DP2365)
 # 6 and 7 are Ashton (property ID # starting with DP0080)

#4 sold for 205,000 in 2001 and appraised at 205,000 in 2002
in 2002 #1 appraised at 188,700
in 2003 #1 appraised at 196,200
in 2003 #1 appraised at 196,200
in 2004 #1 appraised at 204,900
It took 4 years for house #1 to get appraised to what #4 sold for in 2001. House #2 appraised at 202,000 in 2002 after sale of #4. The appraisal on #1 was not raised according to surrounding sales.

In 2005 #1 was appraised at 204,900 which was less than #2, #4, #5, and #6.

In 2006 #1 was appraised at 241,500 which was higher than #2, #3, #4, #5, #6 and #7

In 2003 #7 sold for 210,000, yet in 2004 #1 was still appraised At 196,200--- zero increase from 2003 to 2004

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

Ashton Estates:
Comparison between the two highest appraised Ranch styles houses and the two highest appraised 2-story houses

RANCH STYLES:

Address	**14331 S. Blackfeather**	**14415 S. Blackfeather**
Square Feet	2070	2123
Garage	2 car	2 car
2006 Appraisal	241,500	241,100
% Increase	15.16%	9.59%
Appraisal per square foot	116.66	113.75

2-Story Style:

Address	**15121 W. 146th Circle**	**15101 W. 146th Circle**
Square Feet	2808	3302
Garage	3 car	3 car
2006 Appraisal	302,500	287,000
% Increase	9.05	zero increase
Appraisal per square foot	107.72	86.91

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

OUR HOUSE COMPARED TO THREE 2-STORY ASHTON ESTATES HOUSES WITH AN APPRAISAL VALUE (2006) CLOSE TO OUR APPRAISED VALUE

ADDRESS	(ours) 14331 S Blackfeather	14362 S. Blackfeather	14425 S. Blackfeather	15163 W. 146th Circle
2006 Appraisal	241,500	241,400	241,700	241,400
Square Feet	2070	2649	2436	2716
Appraisal per Square foot	116.66	91.12	99.72	88.88
Year Built	1995	1995	1998	1998
Lot Size	12,309	10,417	17,501	10,150
# Bedrooms	~~4~~ 3	4	4	4
# Bathrooms	3	3 ½	3 ½	3 ½
Finished Basement	750 SF	520 SF	no	no
# of plumbing fixtures	13	16	16	16
Garage	2 car	2 car	3 car	3 car

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

3-11

Amber Hills Estates (153rd & Blackbob)

This is a comparison of two houses in Amber Hills Estates. Both are **Ranch Style** houses and are situated 3 houses apart from each other.

Address	Yr built	BR/BA	Sq. Ft.	Lot Sq. Ft.	2006 Appraisal	% increase '05 vs. '06	
House A:							
15332 S. Blackfoot	2002 3 car garage	3 / 2 Corner Lot	1964	14,161 No finished Basement	221,600 Parcel# DP 002 10000 0163	3.07%	2006 Tax Bill= $3149.69
House B:							
15316 S. Blackfoot	2001 2 car garage	3 / 2 No finished basement	1943	11,097	246,600 Parcel # DP 002 10000 0111	5.20%	2006 Tax Bill= $3499.43

House A is 1 year newer than House B
House A has 21 more square feet than House B
House A has a 3 car garage / House B has a 2 car garage
House A lot is bigger (3,064 more square feet than House B
House A is a corner lot / House B is in the middle of the block
House B 2006 Appraisal is 246,600 / House A 2006 Appraisal is 221,600
The lesser house (B) is appraised 25,000 higher than House A

??????????????

$349.74 difference in tax bill between the two houses

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

House A vs. Our House

This is a comparison of House A in Amber Hills vs. our house in Estates of Ashton. Both are **Ranch Style** houses.

Address	Yr built	BR/BA	Sq. Ft.	Lot Sq. Ft.	2006 Appraisal	% increase '05 vs. '06	
House A:							
15332 S. Blackfoot	2002	3 / 2	1964	14,161	221,600	3.07%	2006 Tax Bill= $3149.69
	3 car garage		Corner Lot	No finished Basement		Parcel# DP 002 10000 0163	
Our House							
14331 S. Blackfeather	1995	~~4~~ 3 / 3	2070	12,309	241,500	17.86%	
	2 car garage		Finished basement (750 SQ FT)			Parcel # DP 236 50000 0014	2006 Tax Bill= 3282.75

House A is 7 years newer than our house
House A has a 3 car garage / Our house has a 2 car garage
House A lot is bigger (1,852 more square feet than our house)
House A is a corner lot / Our house is in the middle of the block
House A is in a newer and nicer subdivision
Our house 2006 Appraisal is 241,500 / House A 2006 Appraisal is 221,600
Our house appraised 19,900 more than House A

???????????????

$133.06 difference in tax bill between the two houses

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

COMPARISON OF 3 HOUSES: OURS, NEXT DOOR NEIGHBOR (NORTH) AND NEXT DOOR NEIGHBOR (SOUTH)

Ours:	2070 SF	3br 3ba 750 SF finished basement	2006 appraisal = 239,950** ** after 2nd step appraisal hearing. Waiting for 3rd step hearing date
Next door (to the north)	2656 SF	4br 3ba, ½ ba, ½ ba 425 SF finished basement	2006 appraisal = 239,400
Next door (to the south)	2369 SF	4br 2½ba no finished basement	2006 appraisal = 224,400

How is it possible for a house with 587 square feet more than ours, 2 half baths more, and 1 bedroom more be appraised 550.00 less than ours?

How about the house with 299 square feet more than ours and 1 bedroom more and it's appraised 15,550 less than ours?

And of course, taxes are assessed accordingly.

I have a real problem with both next door neighbors having more and paying less in taxes simply because they live in a two-story house. They have more, they should pay more.

This is just one example of the disparity in appraisals.

Submitted by Charlene Deaver
for 1/31/07 committee meeting
Property Appraisals 9AM

3-14

2005 / 2006 Appraisal comparison 5 Ranch houses in Ashton Estates

(the only 5 Ranch houses in Ashton Estates)

ADDRESS	MARCH 2005 APPRAISAL	MARCH 2006 APPRAISAL: (AFTER WE PAID 239,950 FOR OUR HOUSE 6/05)	APPRAISAL AFTER APPEAL
14331 S. Blackfeather (ours)	**204,900**	**244,800** up 19.47%	**239,950** up 17.11%
14611 S. Blackfeather (Ken)	**197,000**	**217,300** up 10.25%	**212,000** up 7.56%
15135 W. 144th Terrace (Nancy)	**223,500**	**244,500** up 9.40%	**212,000** down 5.15%
14415 S. Blackfeather	**220,000**	**241,000** up 9.59%	**NO APPEAL**
15125 W. 144th Terrace	**218,200**	**239,200** up 9.62%	**NO APPEAL**

2006 TAX BILL FOR THE ABOVE 5 HOUSES

14331 S. Blackfeather	**3282.75**
14611 S. Blackfeather	**2991.04**
15135 W. 144th Terrace	**2991.04**
14415 S. Blackfeather	**3394.73**
15125 w. 144TH Terrace	**3368.50**

For these 5 Ranch houses in the same sub-division, there is a difference in tax of 403.69 from highest to lowest.

3-15

Amber Hills Estates (153rd & Blackbob)

This is a comparison of two houses in Amber Hills Estates. Both are **Ranch Style** houses and are situated 3 houses apart from each other.

Address	Yr built	BR/BA	Sq. Ft.	Lot Sq. Ft.	2006 Appraisal	% increase '05 vs. '06	
House A:							
15332 S. Blackfoot	2002	3 / 2	1964	14,161	221,600	3.07%	2006 Tax Bill= $3149.69
	3 car garage		Corner Lot	No finished Basement	Parcel# DP 002 10000 0163		
House B:							
15316 S. Blackfoot	2001	3 / 2	1943	11,097	246,600	5.20%	2006 Tax Bill= $3499.43
	2 car garage		No finished basement		Parcel # DP 002 10000 0111		

House A is 1 year newer than House B
House A has 21 more square feet than House B
House A has a 3 car garage / House B has a 2 car garage
House A lot is bigger (3,064 more square feet than House B
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House B 2006 Appraisal is 246,600 / House A 2006 Appraisal is 221,600
The lesser house (B) is appraised 25,000 higher than House A

???????????????

$349.74 difference in tax bill between the two houses

3-16

House A vs. Our House

This is a comparison of House A in Amber Hills vs. our house in Estates of Ashton. Both are **Ranch Style** houses.

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House A:							
15332 S. Blackfoot	2002	3 / 2	1964	14,161	221,600	3.07%	2006 Tax Bill= $3149.69
	3 car garage		Corner Lot	No finished Basement	Parcel# DP 002 10000 0163		
Our House							
14331 S. Blackfeather	1995	4 / 3	2070	12,309	241,500	17.86%	
	2 car garage		Finished basement (750 SQ FT)			Parcel # DP 236 50000 0014	2006 Tax Bill= 3282.75

House A is 7 years newer than our house
House A has a 3 car garage / Our house has a 2 car garage
House A lot is bigger (1,852 more square feet than our house)
House A is a corner lot / Our house is in the middle of the block
House A is in a newer and nicer subdivision
Our house 2006 Appraisal is 241,500 / House A 2006 Appraisal is 221,600
Our house appraised 19,900 more than House A

???????????????

$133.06 difference in tax bill between the two houses

Ashton Estates:
Comparison between the two highest appraised Ranch styles houses and the two highest appraised 2-story houses

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OUR HOUSE COMPARED TO THREE 2-STORY ASHTON ESTATES HOUSES WITH AN APPRAISAL VALUE (2006) CLOSE TO OUR APPRAISED VALUE

ADDRESS	(ours) 14331 S Blackfeather	14362 S. Blackfeather	14425 S. Blackfeather	15163 W. 146th Circle
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# Bedrooms	4	4	4	4
# Bathrooms	3	3 ½	3 ½	3 ½
Finished Basement	750 SF	520 SF	no	no
# of plumbing fixtures	13	16	16	16
Garage	2 car	2 car	3 car	3 car

3-18

RESPONDING TO 10/18/06 HEARING

Regarding County Representative said "4 bedrooms"

According to Johnson County records, our home is listed as having 4 bedrooms. County representative at 10/18/06 hearing said we have 3 bedrooms on main level and 1 in the basement. There is a room in the basement with a walk-in closet. However, according to code, to have a bedroom in the basement there has to be an exit. Our basement is not a walk-out nor do we have any egress windows. The only way out of the basement is the steps going upstairs.

I consulted with the agent we bought the house from (Mike Palitto at Reece & Nichols) and he told me that he would never market the house as a 4 bedroom because of no exit in the basement. He would market it as a 3 bedroom Ranch with a partially finished basement.

The County records need to be changed to reflect the correct specs of the house for future property comparisons. We would not want to be compared with other 4 bedroom properties when we only have 3 bedrooms.

Based on the above, our house should be appraised as a 3 bedroom house and we should be paying taxes accordingly----on a 3 bedroom house. We have absolutely no intention of ever using the room as a bedroom. First of all, as empty-nesters, we don't need it and secondly, I would never let anyone sleep down there with no way out in case of fire. And we would never spend the money to put in an egress window when we don't need a 4th bedroom in the first place.

<u>RESPONDING TO 10/18/06 HEARING</u>

Regarding finished basement

County representative at our 10/18 hearing claimed our increase from 2005 to 2006 was primarily because of 700 sq. ft. finished basement that was revealed in real estate listing.

14611 S. Blackfeather 2006 appraisal was 217,300. County records showed a 600 sq. ft. finished basement. Owner appealed his appraisal because there was no finished basement. Appraisal was lowered to 212,000. Difference of 5,300.

When one owner gets a reduction of 5,300 because there was no 600 sq. ft. finished basement, how can another owner get an increase of 39,900 (35,050 after appeal) for a 700 sq. ft. finished basement?

RESPONDING TO 10/18/06 HEARING

Regarding County Representative saying "it costs more to build a ranch than a 2-story"

Comparing 3 houses (ours and one next door/south and one next door/north).

BOUGHT NEW:

(A) 14331 S. Blackfeather	**purchase new 165,900**	**2070 SF**	**80.17 per SF**
(B) 14323 S. Blackfeather	**purchase new 174,900**	**2656 SF**	**65.85 per SF**
(C) 14341 S. Blackfeather	**purchase new 164,950**	**2369 SF**	**69.63 per SF**

Our Ranch (A) cost $14.32 (18%) more per square foot than House B
Our Ranch (A) cost $10.54 (14%) more per square foot than House C

2006 APPRAISAL:

(A) 14331 S. Blackfeather	**239,950**	**2070 SF**	**115.91 per SF**
(B) 14323 S. Blackfeather	**239,400**	**2656 SF**	**90.13 per SF**
(C) 14341 S. Blackfeather	**224,400**	**2369 SF**	**94.72 per SF**

Our Ranch (A) is appraised $25.78 (23%) per SF more than House B
Our Ranch (A) is appraised $21.19 (19%) per SF more than House C

These differences in appraised value represent 5% more than what the % difference was when they sold new. The appraisal is escalating at a higher percentage than when these houses were originally built and sold 10 years ago.

HOW IS THIS POSSIBLE?

In 1996 , when new
house B sold for 9,000 more than house A (ours)
house C sold for 900 more than house A (ours)
10 years later (2006 appraisal)
house B appraised 550.00 less than house A (ours)
house C appraised 15,500 less than house A (ours)
2006 tax liability:
House A = $3282.75 (2070 SF) tax = 1.58 per square foot
House B = $3275.20 (2656 SF) tax = 1.23 per square foot
House C = $3067.08 (2369 SF) tax = 1.29 per square foot

When new, our house was the least expensive of these 3 in a row on Blackfeather. Now in 2006 our appraisal and our taxes are the highest of the 3. (?????????)

3-21

3.22

APPRAISAL HISTORY OF 7 "RANCH STYLE" HOUSES IN ASHTON ESTATES / ASHTON

YEAR	#1 DP2365 (ours) 14331 Blackfeather	#2 DP2365 14415 Blackfeather	#3 DP2365 (Ken) 14611 Blackfeather	#4 DP2365 (Nancy) 15135 W. 144th Terr.	#5 DP2365 15125 W. 144th Terr	#6 DP0080 15335 W. 146th Cir	#7 DP0080 15415 W. 146th Terr
1995	Lot 21,950				Lot 140	157,700	134,900
1996	106,700				Lot 14,476	157,700	134,900
1997	166,000	Lot 60	Lot 20,100	Lot 19,800	Lot 19,600	157,700	134,900
.998	173,000	160,800	Lot 30,850	169,900	Lot 30,370	167,500	144,300
.999	173,000	160,800	183,860	169,900	182,900	182,500	144,300
2000	179,200	181,500	189,300	185,500	189,200	188,000	164,500
2001	184,200	192,700	189,300	185,500	190,700	195,300	170,200
002	188,700	202,000	189,300	205,000	202,000	204,100	177,100
003	196,200	210,500	190,000	211,700	212,200	206,500	180,800
004	196,200	210,500	190,000	215,800	210,200	206,500	210,000
005	204,900	220,000	197,100	223,500	218,200	214,300	214,000
006	241,500	241,000	212,000	~~244,500~~ ~~228,900**~~ 212,000***	239,200	230,500	226,900

SALES HISTORY:

	#1	#2	#3	#4	#5	#6	#7
	1996 165,950	1997 171,250	1998 183,857	1997 169,950	1998 182,950	1994 165,948	1989 130,000
	2005 241,500		2003 190,000	2001 205,000			2003 210,000

3-23

#1	#2	#3	#4	#5	#6	#7
DP2365 (ours)	DP2365	DP2365 (Ken)	DP2365 (Nancy)	DP2365	DP0080	DP0080
14331	14415	14611	15135	15125	15335	15415
Blackfeather	Blackfeather	Blackfeather	W. 144th Terr.	W. 144th Terr	W. 146th Cir	W.146th Terr

SQUARE FEET: (Average square feet for 126 houses in Ashton Estates is 2472)

#1	#2	#3	#4	#5	#6	#7
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UP 15.16%	UP 9.59%	UP 10.25% UP 7.03%**	UP 9.40% UP 2.42%** DOWN 5.15%***	UP 9.62%	UP 7.56%	UP 6.03%

** New percentage after 1st Appeal Hearing

*** New percentage after 2nd hearing

APPRAISAL INCREASE SINCE ORIGINAL PURCHASE PRICE ($$ AND %)"

#1	#2	#3	#4	#5	#6	#7
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UP 32%	UP 29&	UP 14%	UP 26%	UP 24%	UP 29%	UP 43%

APPRAISED AMOUNT PER SQUARE FOOT: (Average amount for 126 Ashton Estates houses = $96.56)

#1	#2	#3	#4	#5	#6	#7
$116.66	**$113.51**	**$127.40**	**$131.93**	**$113.90**	**$115.36**	**$117.13**
18% higher than average	15% higher than average	25% higher than average	27% higher than average	16% higher than average	17% higher than average	18% higher than average

BASED ON APPRAISAL HISTORY CHART:

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In 2005 #1 was appraised at 204,900 which was less than #2, #4, #5, and #6.

In 2006 #1 was appraised at 241,500 which was higher than #2, #3, #4, #5, #6 and #7

In 2003 #7 sold for 210,000, yet in 2004 #1 was still appraised At 196,200--- zero increase from 2003 to 2004

BASED ON APPRAISAL HISTORY CHART

(CONTINUED FROM PREVIOUS PAGE)

5 RANCH HOUSES IN ASHTON ESTATES HIGHEST TO LOWEST IN APPRAISAL FROM 1999 – 2006

1999	#3	#5	#1	#4	#2
2000	#3	#5	#4	#2	#1
2001	#2	#5	#3	#4	#1
2002	#4	#5	#2	#3	#1
2003	#5	#4	#2	#1	#3
2004	#4	#2	#5	#1	#3
2005	#4	#2	#5	#1	#3
2006	#1	#2	#5	#4	#3

YEAR BY YEAR INCREASE BY % FOR THE 5 RANCH HOUSE IN ASHTON ESTATES FROM 2001 – 2006

YEARS COMPARED	#1	#2	#3	#4	#5
2001 vs. 2002	3%	5%	ZERO	10%	6%
2002 VS. 2003	4%	5%	1%	4%	5%
2003 VS. 2004	ZERO	ZERO	ZERO	2%	-1%
2004 VS. 2005	5%	5%	4%	4%	4%
2005 VS. 2006	16%	9%	8%	3%	9%

2000 APPRAISAL FOR THE 5 RANCHES IN ASHTON ESTATES WAS PRETTY EVEN. THIS CHART SHOWS THE % OF INCREASE ON EACH OF THE 5 RANCH HOUSES FROM 2000 TO 2005 AND THEN FROM 2000 TO 2006 WITH THE SALE OF #1 FACTORED INTO ALL 5 PROPERTIES

HOUSE	INCREASE 2000 – 2005	INCREASE 2000 – 2006
#1	13%	26%
#2	18%	25%
#3	4%	11%
#4	18%	19%
#5	14%	21%

3-25

Testimony for Federal and State Committee
January 31, 2007
Re: Property Tax/Reappraisal
By Charlotte O'Hara
17805 Lackman Rd.
Overland Park, KS 66062
913-592-2301

In the quest for equalization and fairness in the formula for assessing property tax that was taken to the people of Kansas as a Constitutional amendment, the unavoidable **law of unintended consequences** was woefully overlooked. Time and experience has now taught all of us the folly of that lack of foresight.

The law of unintended consequences in this instance has brought us:

1. **LACK OF TRANSPARENCY** - Taxing entities; state, county, city, school districts, community colleges etc. etc., all hide behind the county appraiser by saying, "We didn't raise the mill levy". Naturally they didn't have to as property values have continued to rise much higher than the rate of inflation.
2. **COMPLICATED APPREALS PROCESS** - A complicated morass in the appeals process has developed where the property owner must prove the county appraiser's office wrong. Basically the taxpayer/property owner is wrong in assuming that the county appraiser's office has made a mistake, unless the taxpayer/property owner can prove an error in the county appraiser's valuation. This puts an inordinate burden on the property owner, welcome to the world of property reappraisal appeals.
3. **UNECESSARY TAX BURDEN** – This creates an annual cost to the taxpayers of Kansas of over $40 million dollars. In Johnson County alone our appraiser's annual budget is over $7 million.
4. **UNFUNDED MANDATE** – This is the first unfunded mandate that local governments love as reappraisal is the political cover that allows them to raise taxes without taking responsibility of their actions.
5. An entire industry has sprung up for bond and tax attorneys as business entities contest valuations or vie for tax abatements.
6. **MISSOURI SEEN AS TAX HAVEN** - As property valuations continue to rise I personally know several very "well heeled" individuals in Johnson County who have moved to Missouri where the property tax bite is less severe.
7. **UNEXPLAINED INCREASES IN VALUATIONS** - Last year one of our buildings (according to the county appraiser) increased in value by $48.5%. From $2.5 million to $3.7 million. We did appeal and not only did we prove the county wrong in the valuation, but discovered another error on land allocation that resulted in a $7,000.00 refund!
8. **LACK OF AFFORDABLE HOUSING** - Long time residents of Johnson County, many now retired are paying more in property taxes that what their initial mortgage payment was. The Johnson County Commission has appointed a new study group on affordable housing, obviously the ever increasing burden of property taxes must be part of this study.

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I ran for countywide office this last November and walked in 108 precincts. The people that I spoke to about many issues including property taxes and specifically about reappraisals the nearly universal response; the system is broken, we hate this annual reappraisal, we have given up on appealing our valuation as they (the county appraiser) just comes back later and raises it again. People are in shock of the constant attack that they suffer from this "unintended consequence" in attempting to find fairness and equalization of property tax in the State of Kansas.

The bill that you are studying at this point does limit the amount of damage the county appraiser's office can inflict on an annual basis. I'm not pointing the finger at county appraisers' offices across Kansas; they are simply carrying out YOUR mandate. You created this mess, now it is your responsibility to fix it.

This bill also addresses the issue of transparency. If local government needs or wants more tax revenue than inflation, growth and reclassification bring, they must take the responsibility and raise the mill levy.

However, this bill does not address the $40 million a year we spend on reappraisal to annually harass the good people of Kansas. Why we don't simply create a benchmark of value on the existing property and classification in Kansas and then simply value new construction or reclassification in line with the existing real estate is a question that I have asked for nearly 10 years. Why do we reappraise all of our existing property to "bring it up in value" when could simply bring new construction or change of use in line with existing property? Our current system has failed to be transparent, fair or cost effective.

Taxpayers in Kansas deserve a system that will:

1. Save of tens of millions of dollars for the taxpayers of Kansas as only new construction or reclassification would be revalued.
2. Protect taxpayers from this annual reappraisal requirement, but continue the appeals process in a more open and understandable manner.
3. REQUIRE TRANSPARENCY as to who is responsible for raising our property taxes. Local government must not be allowed to hide behind the county appraiser. If local government needs or wants more money than growth or reclassification bring in to their coffers, they must be required to RAISE the mill levy and take responsibility for raising taxes.

I will stand for questions.

Charlotte O'Hara

AMERICANS FOR PROSPERITY
KANSAS

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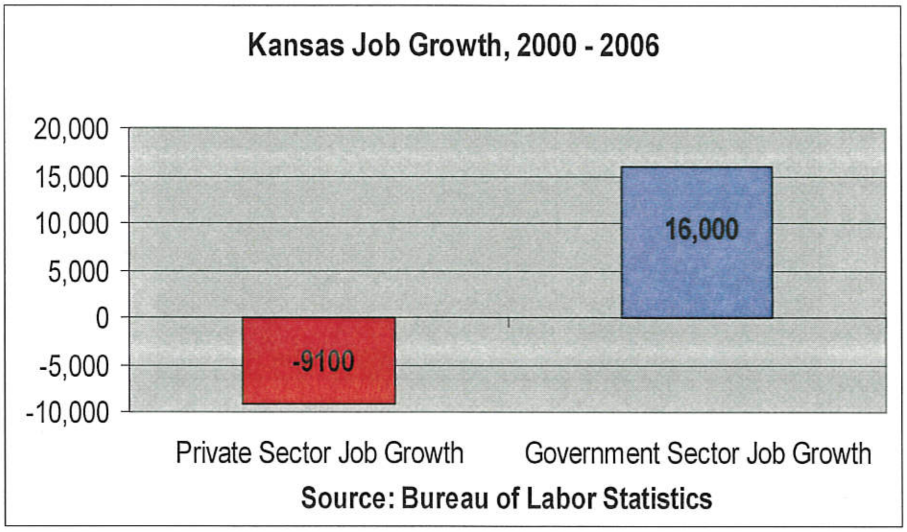
- Alan Cobb, Kansas State Director
- 6,500 members; 26 local chapters
- The Size and Growth of Local Government in Kansas

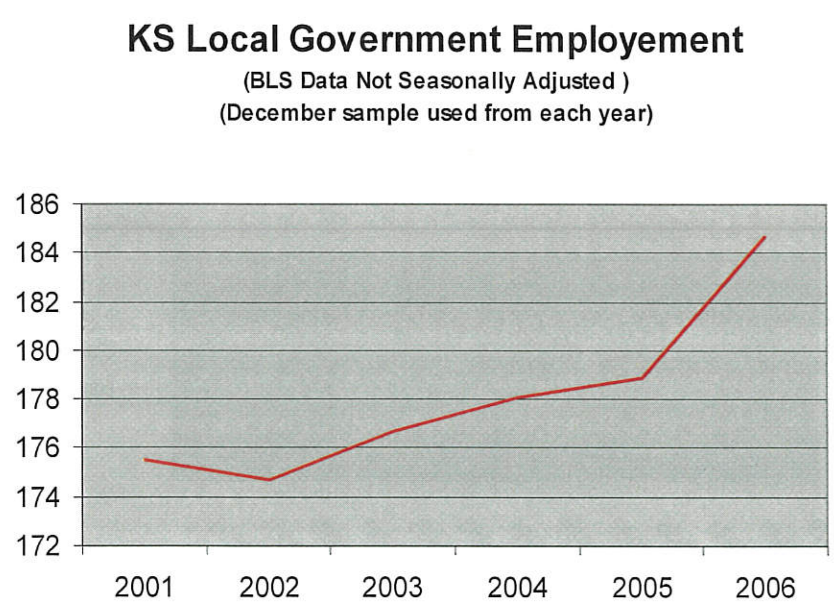
Kansas Population Growth

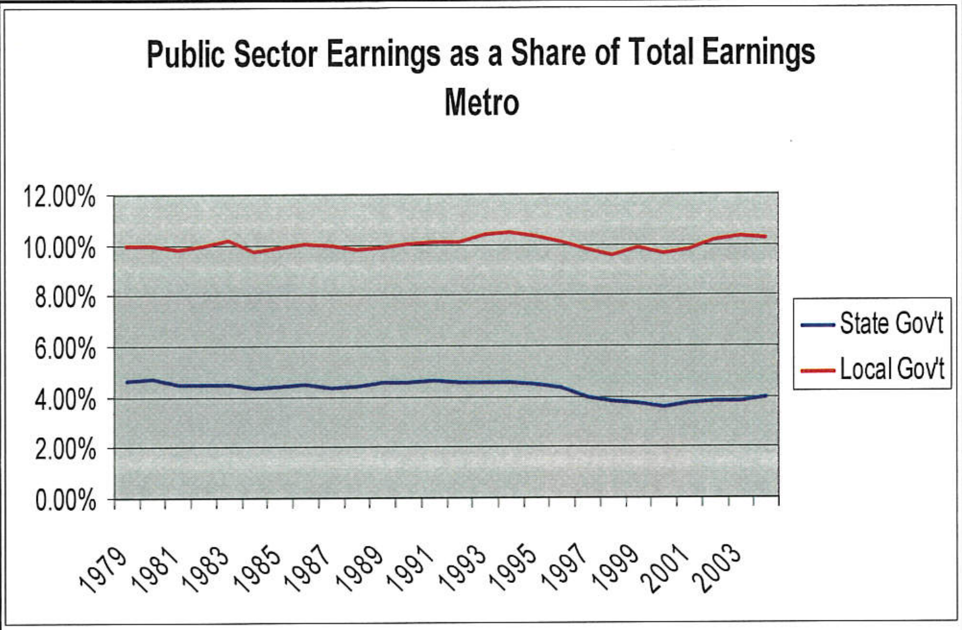
- From 2000 – 2005, 83 counties have lost population
- From 2000 – 2005, Kansas ranks 41st in population growth, averaging .42% annual growth
- More people are moving out of Kansas than moving in.
- From 2000 – 2005, we lost 1.37 % of our population to out-migration

2006 Kansas Job Growth

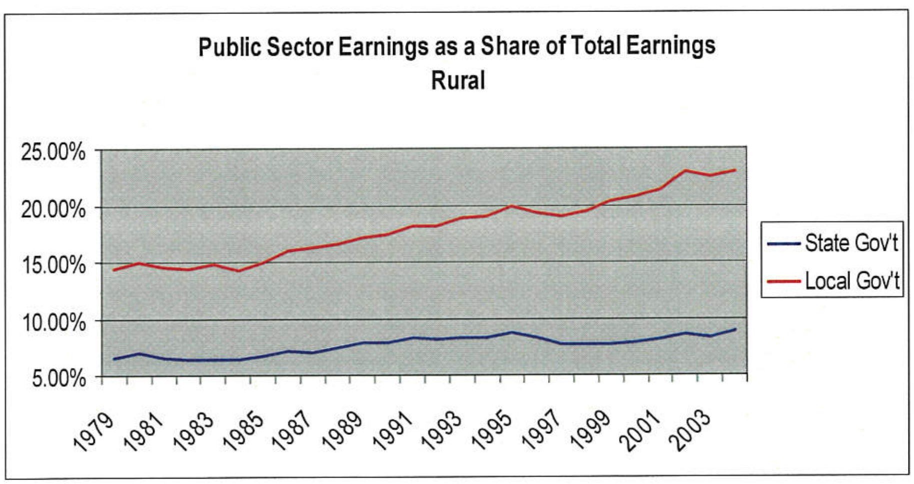
- GOVERNMENT
  - +5,100, +2%
  - #7 among 50 states
- PRIVATE
  - +6,000, +.55%
  - #44 among 50 states


Kansas Job Growth, 2000 - 2006
20,000
15,000
10,000
5,000
0
-5,000
-10,000
-9100
16,000
Private Sector Job Growth
Government Sector Job Growth
Source: Bureau of Labor Statistics


KS Local Government Employement
(BLS Data Not Seasonally Adjusted)
(December sample used from each year)
186
184
182
180
178
176
174
172
2001
2002
2003
2004
2005
2006



Source: Bureau of Economic Analysis



Source: Bureau of Economic Analysis

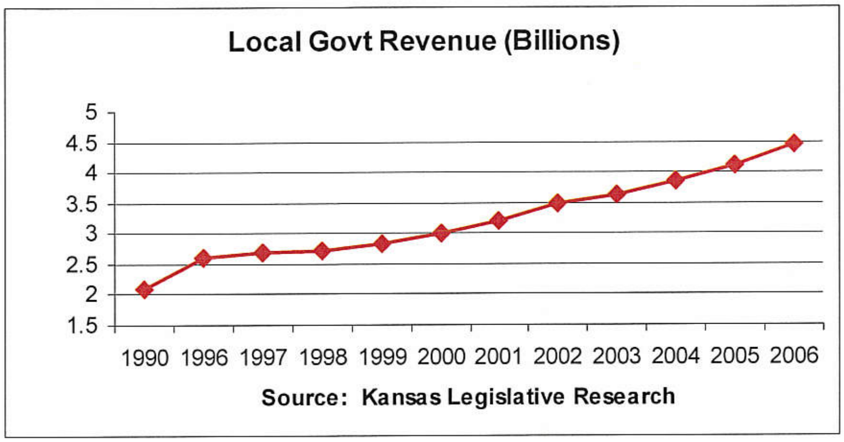
State and Local Gov't wages make up over 30% of the total wages in rural Kansas.

Cost to KS Taxpayers of Local Gov't FTE-to-Population Ratio

Region	Local Gov't FTEs per 100 People	Dollar Cost of KS Difference*
Kansas (2002)	4.77	n/a
United States	3.96	$693 Million
Plains States	4.15	$537 Million
Contiguous States	3.16	$1,386 Million
Kansas in 1987	3.94	$712 Million
Kansas in 1972	3.34	$1,228 Million

* Estimated 2002 cash compensation per FTE in KS was $31,606.

Source: Center for Applied Economics, KU School of Business

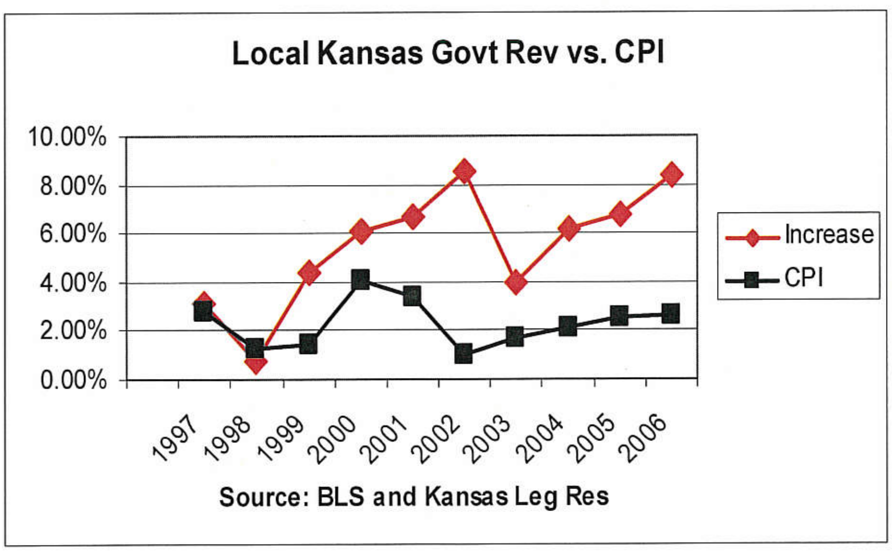


Many local taxes/fees are not tracked by the State of Kansas, a few examples include:

Cable/CATV Franchise Fee Receipts
Electricity Franchise Fee Receipts
Natural Gas Franchise Fee Receipts
Telephone Franchise Fee Receipts
Other Franchise Fee Receipts
Business Improvement District Taxes
Special Assessment District Taxes
City Vehicle Taxes

Excise Taxes on Event Tickets
Transient Guest Taxes
Intangibles Taxes
Cable/CATV Sales, Fees, and Services
Electricity Sales, Fees, and Services
Natural Gas Sales, Fees, and Services
Sewer/Wastewater Fees and Services
Water Sales, Fees, and Services

Storm Water Fees and Services
Fines and Forfeitures Collected
Municipal Court Costs Collected
Dog and Cat Licenses
Building and Construction Fees
Building Permit Charges
Contractor License Fees
Contractor Examination Fees



FISCAL FOCUS

Budget and Tax Policy in Perspective

April Holman
Legislative Testimony
House Concurrent Resolution 5006
House Taxation Committee
January 31, 2007

Good morning Chairman Wilk and members of the Committee. On behalf of Kansas Action for Children (KAC), I would like to thank you for this opportunity to testify on HCR 5006.

KAC is a not-for-profit child advocacy organization that has been in existence since 1979. We advocate for policies and programs that ensure and improve the physical, emotional, and educational well-being of all Kansas children and youth. As a part of these efforts KAC began the Fiscal Focus initiative in 2003. The purpose of Fiscal Focus is to improve the economic security of Kansas children and their families and ensure a balanced and fair tax system and budget process that protects the well-being of children and families as well as a stable system of state revenues.

As child advocates, we are concerned by the tax shifts that would result from HCR 5006 and the potential negative impact this would have on low- and middle-income families with children.

Tax Shifts

The nature of the property tax dictates that when valuation for one group is artificially suppressed, taxes shift to other taxpayers. In the case of HCR 5006, this shift would be from property that is rapidly increasing in value to property that is not increasing in value as rapidly or perhaps not increasing in value at all. With a few exceptions, low- and middle-income families in Kansas are less likely to own property that is increasing in value at a rate higher than inflation. As a result, by capping valuations in these fast appreciating areas, we would actually increase taxes for those least likely to afford it.

Better Ways to Help Those in Need of Property Tax Assistance

If the goal is to provide assistance to taxpayers struggling to pay their property taxes, a better way to accomplish this may be to enhance the homestead property tax program. This program is specifically targeted to help seniors, disabled taxpayers, and households with young children.

Modernizing the Kansas Tax Structure

If the goal is to address increasing property taxes in Kansas and the effectiveness of the Kansas property tax system, we believe this should be done in the context of a comprehensive modernization of the Kansas tax system. Recent reports from the Kansas Department of Revenue show that Kansas taxes disproportionately impact the poor and that both the sales tax and property tax bases have been eroded significantly in recent years. This has resulted in tax shifts as well as revenue shortfalls and the need in some years to increase tax rates. In order to address these issues as well as the changing nature of the Kansas economy a comprehensive plan should be created for modernizing Kansas taxes. Only after this comprehensive plan is created should major tax policy changes be undertaken.

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An initiative of Kansas Action for Children

KANSAS
ASSOCIATION OF
COUNTIES

WRITTEN TESTIMONY
concerning HCR 5006
Limiting Growth in Appraised Valuation of Real Estate
House Taxation Committee
Submitted by Randall Allen, Kansas Association of Counties
January 31, 2007

Thank you, Chairman Wilk and members of the committee, for the opportunity to present testimony on this proposal amending the Kansas Constitution to limit the growth in the appraised valuation of real estate from one year to the next to the growth in the Consumer Price Index (CPI). We at the Kansas Association of Counties object to the proposal for two basic reasons:

1) Except for the 1.5 mill levy for state building projects and the mandatory state-wide mill levy for public schools, limiting the growth in appraised valuation of real estate to a cap of a certain percentage growth from the prior year ***would in no way guarantee lower taxes***. If values are normally increasing and are not allowed to increase at a rate suggested by market forces, county clerks would merely set higher levies (expressed in mill levy rates) to compensate for the relatively lower aggregate property values based on counties' legally adopted budgets – all other factors being equal. There is a common misperception that county commissioners and other locally elected officials set tax rates. In reality, local governing bodies adopt budgets and county clerks set tax rates based on the valuation of the taxing subdivision. If the assessed valuation for a segment of the property tax roll is artificially suppressed, the mill levy rate must increase to generate the amount of revenue budgeted. If a goal of imposing a cap on growth in appraised value is to somehow limit taxes or spending in the aggregate, this proposal does not accomplish this goal; rather it amounts to a ***tax shift.***

2) The second concern about this proposal is the inequity that it seems to create between and among parcels. If the fair market value of one property increases from $100,000 to $108,000 in a year's time (or an 8% increase) while a property across town increases from $100,000 to only $102,000 in a year's time (or a 2% increase), and assuming that a cap is imposed based on a 3% growth in the CPI, why should the owner of the second property pay taxes at an inevitably higher mill levy rate resulting from the artificial cap on the growth in appraised values, when that burden should be borne by the first taxpayer and all other taxpayers who are in the same circumstances?

After experiencing years of neglect in our property tax administration system in the 1960s, 70s, and 80s, county commissioners and state officials expended the fiscal and political capital to make our system better. It is not perfect, but it is infinitely better than it was before property values were revisited on an annual basis. I urge the committee to refrain from imposing an artificial cap on annual changes in appraised property values. Let the values reflect reality as nearly as possible. Thank you.

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The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to the Randall Allen or Judy Moler at the KAC by calling (785) 272-2585.

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AARP Kansas

Good Morning Chairman Wilk and members of the House Committee on Taxation. My name is George Lippencott and I am the AARP Kansas Volunteer Coordinator for Economic Security. AARP appreciates this opportunity to provide written testimony on HCR 5006. AARP represents the views of more than 350,000 members in the state of Kansas.

AARP opposes HCR 5006. We do not support putting fiscal policy into the state constitution.

AARP is well aware of the pressures many of our seniors are feeling as rising home valuations lead to escalating property taxes in some locations in Kansas. Continued escalation at these rates may result in many seniors in Kansas being unable to afford to remain in their own homes. For our more affluent seniors, rapidly rising home valuations and the resulting higher taxes has created another unique challenge; homeowners with significant equity in their properties are experiencing serious cash flow problems trying to service the property tax burden.

In response to these rapidly rising property values, property tax caps of various sorts are being proposed to limit the increasing tax burden. These caps are typically offered without identifying the possible downside to such caps: a decline in revenues to fund local spending priorities. Over time these caps can be extremely damaging because they erode local governments' revenue and reduce essential police, ambulance and fire protection services. Limiting assessed property values can also create inequities between existing and new property owners in situations where fair-market property values increase faster than the annual property valuation for tax purposes.

The imposition of a property tax cap through constitutional amendment suggests the old adage of hunting for squirrels with an elephant gun. We must remember that property tax increases do not happen by chance. Elected officials accountable to the electorate are responsible for these increases. If the majority of our citizens are unhappy with their property tax bills, relief is only as far as the ballot box. For those of limited means, AARP believes that various tax relief programs such as deferrals, circuit breakers and exemptions are valid means of constraining the property tax burden.

> **Homestead exemptions and credits**—Homestead exemptions reduce the amount of assessed property value subject to taxation. The exempt amount is generally the same for all owners regardless of age or other circumstance and applies to renters and homeowners. Thirty-nine states and the District of Columbia provide homestead exemptions. In general, homestead exemptions

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reduce revenues to local governments since they shrink the property tax base. Kansas employs this approach.

Circuit breakers—Circuit breakers usually ease the property tax burden of residents with low and low-middle incomes by setting a threshold (usually some percentage of income) below which residents will receive a property tax rebate – in our case from the state. The legislature is in the process of extending this option - unfortunately without appropriate inflation protection.

Property tax deferrals—Twenty-five states and the District of Columbia offer property tax deferrals, based on a wide variety of eligibility criteria in exchange for some arrangement for the deferred taxes to be paid upon some event, such as the owner's death. Kansas does not defer property taxes. This approach has the attraction of not reducing revenues to state and local governments while protecting home owners from taxes that may outstrip their ability to pay without serious consequences. This option, properly tailored, can reduce the property tax burden without undue impact on our local governments.

There have been significant increases in the property tax levies in Kansas since the beginning of the decade. The result places a real squeeze on taxpayers - notably our lower- income taxpayers. Establishing constitutionally mandated tax caps will circumvent our system of governance and impact the ability of local governments to deliver needed services. By making appropriate changes to existing tools (deferrals, circuit breakers and exemptions) we can mitigate the squeeze.

Thank you, Mr. Chairman, for permitting AARP to offer our comments and opposition to HCR 5006.

Respectfully,
George Lippencott