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March 19, 2024

The Honorable Adam Smith, The Honorable Brian Bergkamp and The Honorable Tom Sawyer

Opposition to HCR 5025

Dear Chairman Smith, Vice Chair Bergkamp, and Ranking Minority Member Sawyer:

I am writing on behalf of the Sedgwick County Board of County Commissioners in opposition to HCR 5025 because it creates inequity in the collection of property taxes while not addressing the underlying issue, which is the increased reliance of local governments in Kansas on property tax revenue. **The Sedgwick County Commission strongly encourages a statutory legislative action for property tax relief in lieu of, or instead of, a constitutional amendment.**

1. HCR 5025 is an exception to uniform and equal property taxation.

HCR 5025 would provide for an appraised value based on ten-year average fair market value for each residential property. Since real property values tend to increase, this decreases the relative weight of property taxes paid by residential property owners relative other property types, shifting the tax burden away from residential property onto commercial, agricultural use, and other property types.

2. HCR 5025 does not address the underlying issue with property taxation in Kansas, which is the increased reliance of local government on property taxes to generate revenue.

Since the great recession, the assessed value for Sedgwick County has increased by nearly 50%. The property tax levied by the county increased 38% due to mill levy reductions, while inflation increased by 39%. Much of the tax levy increase derives from both increased expenses and a reduction in revenue from other sources, largely because of state legislative action. In 2023, Sedgwick County estimates around \$30 million of revenue previously available to the county was lost because of state legislative action. The estimated number would account for 17% of the property taxes levied by the county. In addition, costs related to KPERS have more than doubled since 2008 because of increases in state-set rates, accounting for an additional 4% of the property tax levied by

Sedgwick County. The impact of state legislative action since 2008 accounts for more than a fifth of the property taxes levied by the county in 2023. Future state legislative action needs to provide local government with alternative revenue sources to reduce reliance by local government on property taxes to fund operations. The people voting for such local governments, not state legislators, should determine whether said government is misusing its funds by exercising their rights to vote and weighing in on the annual budget.

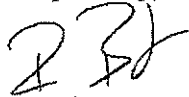
3. There are easier ways to accomplish the changes sought in HCR 5025 without the administrative headache and resulting additional costs.

The Kansas Constitution already contains a mechanism to affect the weight of the residential properties' assessed value relative to other property types. Changing the assessed percentage for residential properties from 11 1/2% to a lesser amount would have the same impact as HCR 5025 without the need for the adoption of new statutes, regulations, directives, or other means to administer this new set of constitutional requirements. However, if HCR 5025 becomes law, the Property Valuation Division of the Kansas Department of Revenue will need to evaluate a number of the directives currently in place. For example, how does the ten-year average affect valuation appeals? Do County Appraisers need to defend ten years of valuation or one? If it is ten years, more time and effort will be necessary for, and therefore more cost will derive from, the defense of residential valuations. This is just one example of many potential cost increases for various levels of government associated with HCR 5025. By utilizing the mechanism already present in the Constitution, the assessed value of residential property can decrease without increased administrative overhead.

Attachment – Sedgwick County Demographics and Fiscal Performance

Thank you for considering our testimony in this matter.

Respectfully,



Ryan K. Baty, Chairman
Board of County Commissioners of Sedgwick County

