



Since 1894

Date: March 19, 2024

To: House Committee on Taxation
Rep. Adam Smith, Chair

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

Re: **SCR 1611 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.**

Position: Opponent, In-Person.

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing more than 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, Chairman Smith, and members of the Committee, for giving the Kansas Livestock Association (KLA) the opportunity to share our views on SCR 1611. KLA generally supports providing property tax relief, but KLA opposes SCR 1611 because it would invalidate the current use-value appraisal method used to appraise agricultural land and inequitably shift the tax burden among different classes of property.

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. It is designed to provide a stabilized approach to the valuation of agricultural land and protect landowners from large one-year valuation increases. The use-value appraisal method works by taking the eight-year average of a landowner's net income to determine the land's agricultural productivity. The system is based on the eight-year average of yields, income, and soil-production capabilities. Adding a constitutional amendment to require a four percent cap on property valuation increases would invalidate this formula and force a change in the current statutory formula.

In addition, property taxes are a function of appraised value, the assessment rate, and the mill levy. Capping the increase in appraised value will not prevent higher property taxes because local units of government will adjust mill rates to raise sufficient revenue to fund their annual budget. SCR 1611 could, however, cause a shift in the tax burden if one class of property outpaces the other 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 classes of property were to only increase four percent, it would shift tax burden away from residential property and onto the other property classes. SCR 1611 could also cause confusion and distort real estate markets if appraised values for tax purposes become disjointed from fair market value.

KLA appreciates the opportunity to voice its concerns with SCR 1611. We ask that the Committee not advance this resolution, and instead, provide tax relief by reducing the statewide mill levy or adopting other policies that allow local units of government to reduce reliance on property taxes.