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To: Senate Assessment and Taxation Committee
From: Mark Tomb, VP of Governmental Affairs
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Re: Opponent Testimony- Constitution Amendment to Limit Valuation Increases

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide opponent testimony regarding this effort to amend Section 1 of Article 11 of the Constitution of the State of Kansas. This proposed Constitutional Amendment would limit valuation increases to no more than 3% in any year for all types of property.

KAR represents nearly 11,000 members involved in residential, agricultural and commercial real estate and has advocated on behalf of the state's property owners for more than 100 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

REALTORS® believe that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. While we realize the importance of many programs funded through property tax revenues, we believe tax revenues should be equitably collected from a variety of sources and encourage taxing jurisdictions to consider the negative impact to the housing market associated with any potential increase in property tax rates. KAR encourages the Legislature to consider the full effect and potential unintended consequences of the proposed constitutional amendment before us.

- This amendment gives property owners/taxpayers the false perception that they will pay less in property taxes. However, assessed valuation is only part of the property tax formula; local governments under current laws will still be able to raise the amount of revenue unincumbered by anything having to do with valuation increases. Under current law, local governments would only be checked by revenue neutral notice/hearing and eventually the consequences of the ballot box.
- Identical properties will be treated differently. Once this proposal is up and running it would provide long-term homeowners with a deep discount, while a first-time home buyer such as a young couple will essentially pay for that relief in the form of higher taxes. This would particularly be the case in high growth areas and among more desirable property types.
- Many of the details are left to be defined by future legislatures, including how the benefit would be portable, and the actual percentage cap. Portability is an important component of

this law that is an improvement over previous versions; however, the details on how and how much of the benefit will be portable are still to be defined. In addition, the amendment states that the final taxable appraised value of real property shall not increase by more than 3%, it could allow a future legislature to install a lesser rate that would likely create additional inequality in the property tax system.

- The legislation would also reset the assessed valuation to the actual valuation when an improvement is made to the property. However, the amendment does not define improvements which will be subject to a definition eventually made by the Legislature. Do we really want to create a disincentive for property owners to improve their property?

In conclusion, KAR opposes this Constitutional Amendment because it will create inequity in the property tax system and requests that the Senate Assessment and Taxation Committee consider other alternatives that more directly impact the problem of increasing property taxes. Thank you for your time and consideration of our testimony.