Testimony for the Kansas Senate Committee on Assessment and Taxation

I would like to plead with the committee to take a deep dive into the issue of property taxes throughout Kansas, not just the minimal portion that goes directly to the state but the entire appraisal and assessment process, and even whether to seek other means of financing. Although school districts and local entities collect and spend the money, the Legislature has the ultimate power of the purse and can step in and change that arrangement.

Property taxes are a deeply flawed means of financing our schools and other local needs for two major reasons:

A.

A.A.The appraisal process produces valuations that are often too low or too high in terms of eventual selling prices of houses. An erroneous appraisal may not seem like a huge thing for just one or two years, but if someone has owned a house for 20 or 30 years before selling, then it adds up to real money. For any committee member with the time and interest I can provide some specific examples in my Northeast Johnson County neighborhood.

A.B.At a time when about 40 percent of all residential property is owned by single adults and when it is increasingly difficult to find affordable housing in small sizes for singles or small families, these one-income households are bearing a burden disproportionate to their ability to pay. The Lincoln Institute on Land Policy at Harvard says 12 percent of owners nationwide pay more than 10 percent of annual income for property tax (I am in this group.). But 47 percent pay less than 4 percent.

In essence, I believe that property taxes should be eliminated, at the initiative of the Legislature, in two or more steps. It would be far more fair to support schools and all local services through some combination of higher state income taxes, possibly the institution of local income taxes, and higher sales or consumption taxes targeted at high-end products, like the old federal luxury tax. This would assure that those with the highest taxable incomes and/or the biggest spenders pay more. Coincidentally, the Wall Street Journal reported this week that 50 percent of consumer spending, nationally, is now attributable to those in the top 10 percent of income, incomes of more than $250,000. By contrast, the middle class and poor have reduced their share of consumption. This is the widest recorded gap. It suggests that the time has come for a focused consumption tax.

Let me explain my views in another way: My house does not go to school, use the public pools, check books out of the library, drive on the streets, or walk on sidewalks. It has never killed anybody, not even held up anyone. People (and cars and guns) do those things, so the cost should be focused on people, their incomes, and spending. Nor does my house have disposable income. I can’t sell off a bathroom to pay the tax bill.

Under my plan, people in peak earning and spending years would likely pay more toward these services than they now pay through property taxes, but that seems fair. First-time buyers, at the beginning of their work lives, and older people and most singles would likely get a break. For first-time buyers it could free up $300-$400 a month to go toward the mortgage — and feed children. That would help address a lot of other problems.

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