



Opposition to HRC5011

Property Taxes and Appraised Property Valuations in Kansas

I am Jim Benage, the mayor of Bel Aire, KS

I oppose this proposed Constitutional Amendment because it will have zero effect on property taxes. The reality is playing with property tax appraisals is just a shell game.

There appears to be a lack of understand of how appraised valuations of property result in property taxes. Manipulating the appraised values of real estate, in the aggregate, has little effect on the property tax one pays.

Being the mayor of Bel Aire, Kansas, for the last 6 years and a city council member before that, I know, firsthand, how the process of levying property taxes actually works. It all starts with the annual budgeting process. In March of each year, county appraisers send out notices of new appraised and assessed values to property owners, when there has been a change. The intent of these values is to keep all properties appraised at the market value for that property. The appraised value is a tool to help equate a balance of tax on that property (in comparison to other like properties) to support the services offer by the taxing authorities. I emphasis this as a tool as it does NOT really affect the property tax. It is only a tool to find an equitable basis for the levying of property taxes.

The appraised value is reduced to an assessed value depending on the type of property. For residential property the assessed value is 11.5% of the appraised value. For commercial property the assessed value is 25% of the appraised value, and other categories have their formula as well.

The property tax paid is based on the assessed value times a mill levy. That mill levy varies by the taxing authority. Many cites in Sedgwick County have mill levies in the range of 40-45. If the appraised value of a residential property is \$250,000, the assessed value is \$28,750. With a mill levy of 43 that property tax is \$1,236.25.

In the case of a city, like Bel Aire, property taxes provide the money needed to support police, roads, water and sewer infrastructure, parks, recreation and any other services the citizens of the city desire.

But in reality, the city does not set the mill levy, even though that is what is the common thought. We may target a certain mill levy, but it is set by the county treasurer. Here is how that works. In our budgeting process we determine how much money we need to provide the services for the next year, this is the budget. We give that budget number to the county clerk who in turn gives it to the county treasurer. The county treasurer then calculates the mill levy by spreading the budget across the aggregate assessed property values of the taxing jurisdiction. This calculated mill levy is then multiplied by the assessed value of each discrete property to determine the specific tax for each property.



Let's assume Bel Aire submits a budget of \$5,000,000 and the total assessed value (not appraised value) of all the properties in Bel Aire is \$215,000,000. The \$215 million total assessed value is divided by the \$5 million budget to get a mill levy of 43. If the assessed value of a particular property is \$28,750, this \$28,750 is multiplied by the mill levy to result in a tax of \$1,236.25.

But if we put a 10% cap on how much the appraised value can increase in a given year. It will make no difference on the taxes the city needs to provide those same services. We will still submit the \$5 million budget. The county treasurer divides the lower assessed value (\$193,500,000) by the \$5 million budget. In the process the mill levy will increase from 43 to 47.8. The example with the lower assessed value of 25,875 multiplied by the new mill levy of 47.8, the tax will still be the same tax, \$1,236.50 (with some rounding).

My property tax bill has six taxing authorities with nine taxes (others are very different). Four of those taxes are for the local school district.

Playing with appraised valuation is just a shell game. These aggregate property values are only a tool to provide fair and equitable balance of the taxes. We will see little to no change if we play that game. But you will confirm in the mind of citizens that you are just played a shell game. House Resolution 5011 is a useless exercise. Please do NOT pass the resolution.

Respectfully Submitted,



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