{As Amended by House Committee of the Whole}

As Amended by House Committee

{As Amended by Senate Committee of the Whole}

As Amended by Senate Committee

Session of 2025

Senate Concurrent Resolution No. 1603

By Senators Tyson, Alley, Blasi, Bowser, J.R. Claeys, Joseph Claeys, Erickson, Gossage, Klemp, Kloos, Masterson, Murphy, Peck, Petersen, Shallenburger, Starnes, Thompson and Warren

1-15

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 and for personal property classified as mobile homes used for residential purposes~~ **valuing residential real property, commercial and industrial real property and mobile homes personal property based on the fair market value or average fair market value {and providing that the legislature may provide by law for the freezing of property tax valuations for owner-occupied residential property of qualifying seniors}**.

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the Senate and two-thirds of the members elected (or appointed) and qualified to the House of Representatives concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Section 1 of article 11 of the constitution of the state of Kansas is hereby amended to read as follows:

"**§ 1. System of taxation; classification; exemption.** (a) The provisions of this subsection shall govern the assessment and taxation of property on and after January 1,~~ 2013~~ ~~*2026*~~ ~~**2027**~~ **{2028}**, and each year thereafter. Except as otherwise hereinafter specifically provided, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation**{, except that the legislature may provide by law for the freezing or limiting of property tax valuations for owner-occupied residential property of**

qualifying seniors}. The legislature may provide for the classification and the taxation uniformly as to class of recreational vehicles and watercraft, as defined by the legislature, or may exempt such class from property taxation and impose taxes upon another basis in lieu thereof. The provisions of this subsection shall not be applicable to the taxation of motor vehicles, except as otherwise hereinafter specifically provided, mineral products, money, mortgages, notes and other evidence of debt and grain.

~~*The final taxable appraised value of real property classified in any subclass and personal property classified as mobile homes used for residential purposes shall not increase by more than 3%, or a lesser percentage as provided by law, in any taxable year except when:*~~

~~*(1) The property includes new construction or improvements have been made to the property;*~~

~~*(2) the class or subclass of the property changes for assessment rate purposes;*~~

~~*(3) the property becomes disqualified from exemption;*~~

~~*(4) the property is first listed as escaped or omitted property, or an error is corrected;*~~ ~~***or***~~

~~*(5) the legal description of the land, lot or parcel changes, except that the total final taxable appraised value of all property affected by a legal description change shall not exceed the total final taxable appraised value of the affected property for the previous year by more than 3%, or a lesser percentage as provided by law; or*~~

~~*(6) title to the property is transferred, changed or conveyed to another person or entity.*~~

~~***The benefits of the valuation limitation shall remain in place whenever title to the property is transferred, changed or conveyed to another person or entity, unless the legislature enacts provisions that provide for exceptions. For property that is subject to the valuation limitation, the final taxable appraised value each year shall be the appraised value of the property determined as otherwise provided by law without the application of the valuation limitation provisions or the limited appraised value of the property determined by the application of the valuation limitation provisions, whichever is less. {For tax year 2026, the final taxable appraised value of such property shall not increase by more than 3%, or a lesser percentage as provided by law, as compared to the tax year 2022 appraised value of such property unless an exception***~~

~~***applies.}*** *The legislature may define new construction or improvements by law and enact other legislation to administer this provision. All or any portion of the benefits of the valuation limitation may be portable or transferable under certain circumstances as defined and provided by state statute.*~~

The taxable valuation of real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located, classified for property tax purposes pursuant to subclass (1) of class 1, real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use pursuant to subclass (6) of class 1 and tangible personal property classified as mobile homes used for residential purposes pursuant to subclass (1) of class 2 shall be determined based on the lesser of the fair market value or the average fair market value of that portion, as defined by law. The legislature may provide for and establish by law the number of years in determining the average fair market value and valuation adjustments by law for new construction or improvements, changes in property use, property that is listed as escaped or omitted property, changes to the description of the land, lot or parcel.

Property shall be classified into the following classes for the purpose of assessment and assessed at the percentage of value prescribed therefor:

Class 1 shall consist of real property. Real property shall be further classified into seven subclasses. Such property shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

(1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located..11½%

(2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution..............................30%

(3) Vacant lots..12%

(4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to

section 501 of the federal internal revenue code, and which is included in this subclass by law..12%

(5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed...33%

(6) Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use..25%

(7) All other urban and rural real property not otherwise specifically subclassified...30%

Class 2 shall consist of tangible personal property. Such tangible personal property shall be further classified into six subclasses, shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

(1) Mobile homes used for residential purposes............................$11^1/_2$%

(2) Mineral leasehold interests except oil leasehold interests the average daily production from which is five barrels or less, and natural gas leasehold interests the average daily production from which is 100 mcf or less, which shall be assessed at 25%...............................30%

(3) Public utility tangible personal property including inventories thereof, except railroad personal property including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed...........................33%

(4) All categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985.........30%

(5) Commercial and industrial machinery and equipment which, if its economic life is seven years or more, shall be valued at its retail cost when new less seven-year straight-line depreciation, or which, if its economic life is less than seven years, shall be valued at its retail cost when new less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property 25%

(6) All other tangible personal property not otherwise specifically classified...30%

(b) All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation."

Sec. 2. The following statement shall be printed on the ballot with the amendment as a whole:

"*Explanatory statement.* This amendment would ~~limit annual valuation increases to 3%, or a lesser percentage as provided by law, for purposes of property taxation for real property classified in any subclass and personal property classified as mobile homes used for residential purposes except when the property includes new construction or improvements have been made to the property, the class or subclass of the property changes, the property becomes disqualified from exemption, the property is first listed as escaped or omitted property, an error is corrected,~~ ~~***or***~~ ~~the legal description of the property changes or title to the property is transferred, changed or conveyed to another person or entity~~ ~~**value real property used for residential purposes provided under section 1 of article 11 of the Constitution of the State of Kansas in subclass (1) of class 1, real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use pursuant to subclass (6) of class 1 and tangible personal property classified as mobile homes used for residential purposes pursuant to subclass (1) of class 2 based on the lesser of the fair market value or the average fair market value of that portion. The amendment would also authorize the legislature to establish by law the number of years in determining the average fair market value and provide valuation adjustments by law in certain circumstances**~~ **{allow the legislature to provide for the freezing or limiting of property tax valuations for owner-occupied homes of qualifying seniors as prescribed by law. The amendment would also require certain property, including residential, commercial and industrial property, agricultural improvements and mobile homes, to be valued for property tax purposes based on the lesser of the current fair market value or an average of fair market values over a period of years, which may reduce the impact of rapid increases in property values. The number of years used to calculate the average value and any adjustments in specific circumstances would be prescribed by law}**.

"A vote for this proposition would ~~limit annual valuation increases to 3%, or a lesser percentage as provided by law, for real property classified in any subclass and personal property classified as mobile homes used for residential purposes except when the property includes new construction or improvements have been made to the property, the class or subclass of the property changes, the property becomes disqualified from exemption, the property is first listed as escaped or omitted property, an error is corrected,~~ ***~~or~~*** ~~the legal description of the property changes or title to the property is transferred, changed or conveyed to another person or entity.~~ ***~~The amendment would provide for the benefits of the valuation limitation to remain in place whenever title to the property is transferred, changed or conveyed to another person or entity, unless the legislature enacts provisions that provide for exceptions. The amendment would clarify that for property subject to the valuation limitation, the final taxable appraised value each year would be the appraised value of the property determined without the application of the valuation limitation provisions or the limited appraised value of the property determined by the application of the valuation limitation provisions, whichever is less. {The amendment would also roll back the valuation starting point to provide that for tax year 2026, the final taxable appraised value of such property shall not increase by more than 3%, or a lesser percentage as provided by law, as compared to the tax year 2022 appraised value of such property unless an exception applies.}~~*** ~~The amendment would authorize the legislature to define new construction or improvements and enact other legislation to administer the provision. The amendment would also allow for the portability or transfer of all or any portion of valuation limitation benefits under certain circumstances as defined and provided by state statute.~~ **~~value parcels of real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located, real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use and tangible personal property classified as mobile homes used for~~**

~~**residential purposes based on the lesser of the fair market value or the average fair market value of that portion. The amendment would also authorize the legislature to establish by law the number of years in determining the average fair market value and provide valuation adjustments for new construction or improvements, changes in property use, property that is listed as escaped or omitted property, changes to the description of the land, lot or parcel and property that lacks established valuations**~~ **{allow the legislature to provide for the freezing or limiting of property tax valuations for qualifying seniors and would base certain property valuations on the lower of current value or an average value over time, as prescribed by law}.**

"A vote against this proposition would provide no change to the Kansas constitution **{and would not allow the legislature to provide for the freezing or limiting of property tax valuations for qualifying seniors and would retain the current system of valuing property based on fair market value without averaging}**."

Sec. 3. This resolution, if approved by two-thirds of the members elected (or appointed) and qualified to the Senate and two-thirds of the members elected (or appointed) and qualified to the House of Representatives, shall be entered on the journals, together with the yeas and nays. The secretary of state shall cause this resolution to be published as provided by law and shall cause the proposed amendment to be submitted to the electors of the state at ~~a special election, which is hereby called on November 4, 2025, pursuant to section 1 of article 14 of the constitution of the state of Kansas, to be held in conjunction with the general election held on such date~~ **{the general election in November in the year 2026, unless a special election is called at a sooner date by concurrent resolution of the legislature, in which case, the proposed amendment shall be submitted to the electors of the state at the special election}**.