



To: Senate Assessment and Taxation

From: Randall Allen – Kansas Association of Counties Executive Director

Date: March 6, 2012

Re: Senate Concurrent Resolution 1612

Chairman Donovan and members of the committee, my name is Randall Allen, Executive Director for the Kansas Association of Counties. Thank you for the opportunity to present testimony on Senate Concurrent Resolution 1612, which authorizes the Legislature to prohibit or limit valuation increases on single-family residential property owned by Kansas residents who are 65 years of age or older as of January 1 of the tax year. This resolution provides a gateway to legislation that is inequitable and disregards the essential infrastructure – both in terms of facilities and services – that property owners receive from local government through property taxes. The KAC flatly opposes SCR 1612.

On behalf of our 102 member counties, the Kansas Association of Counties expresses its opposition to this and any other legislation that artificially caps changes in residential property valuation. We object to this proposal for the following reasons:

- 1) Limiting the growth in appraised valuation of real estate to a legislatively-established cap would not guarantee the intended impact of lowering taxes. The amount of taxes owed on any single property is a product of the **tax rate**, in mills (amount of tax per thousand dollars of property value) multiplied by the **assessed valuation** of the property, expressed in dollars. If aggregate values of a certain group of properties are suppressed by legislation despite the market's natural valuation, then the mill levy rate (set by county clerks) to generate the needed dollars to finance school districts, counties, cities, and special-district budgets will increase to the extent necessary to produce the same amount of revenue. As such, the increased mill levy rate would apply to all properties – whether they are owned by senior citizens or non-senior citizens. The rate would also apply to commercial properties, which are classified at a higher rate of assessment.

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2) Our second concern about this proposal is the inequity that could be created by applying the cap to all properties of senior citizens, including those with a much greater ability to pay than others. Although line 23 of SCR 1612 would give discretion to the Legislature to "limit application" of the Constitutional measure through some statutorily-mandated means testing, without any such limitation, approval of the constitutional amendment alone would open the door for Kansans over 65 with substantial means – even those still comfortably working – to receive a tax break just like Kansans with less means to support themselves. Being 65 and older does not automatically equate to being poor or less able to pay; in fact, some of our senior citizens are most able to pay taxes, especially when compared to young families with children who are trying to eke out a living while pursuing home ownership. If there is a desire to assist senior citizens in need of assistance, it would be more prudent to expand the homestead property tax refund program through a simpler statutory change. This program has a long history of providing tax relief to not only senior citizens, but households with disabled persons. A statutory change to the homestead property tax refund program would be a more targeted method to direct property tax relief to senior citizens than amending the Constitution.

KAC supports the American dream of home-ownership, and our counties respect this body's efforts to help those in need. This proposal, however, paints with a broad brush through a potential constitutional amendment. There are far better methods to address property taxes, and we urge the committee to refrain from presenting this proposed constitutional amendment to the voters. Thank you for your consideration.