KANSAS POLICY INSTITUTE

ADVOCATING FOR FREE MARKETS AND THE PROTECTION OF PERSONAL LIBERTY

Testimony to House Taxation Committee
HB 2614 Informational Hearing on Property Valuation
January 21, 2015
Dave Trabert, President

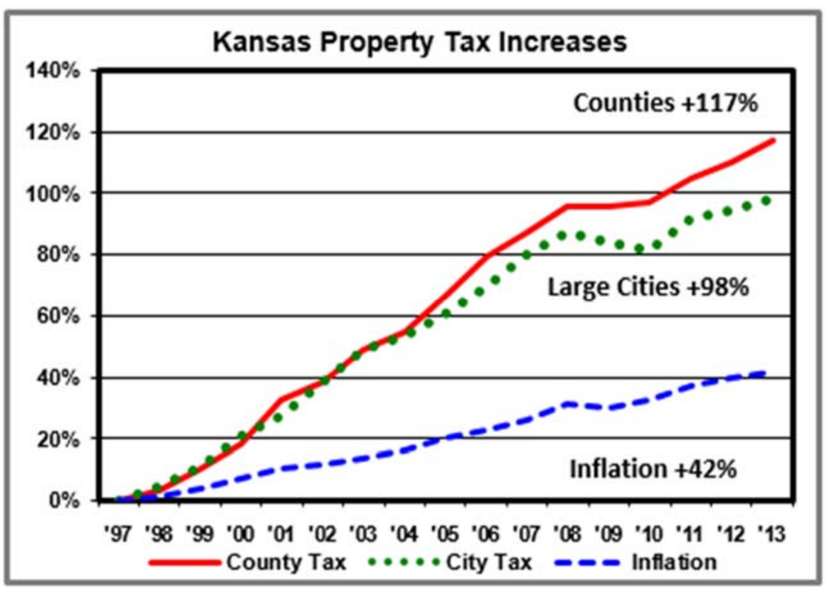
Chairman Kleeb and members of the Committee:

We appreciate this opportunity to testify on the need for additional property tax reforms. Kansas Policy Institute has been in engaged in property tax issues for several years and the unfairness of the appeals process is one of the most frequent complaints we hear.

Since other conferees are presenting thoughts on commercial valuations, I'll focus most of my remarks on residential valuations.

The attached table shows how residential assessed valuations of existing property changed annually between 1998 and 2009 for the State of Kansas and the home counties of Committee members. (Changes to assessed valuations due to new construction have been removed each year). A comparison to inflation is also provided; while not an exact indication of changes in market value, it is intended to provide Committee members with some basis of comparison.

Residential assessed valuations have increased much more rapidly than inflation each year, both statewide and in most counties. Even if these valuations are accurate, local government has imposed unnecessary tax increases on all taxpayers; instead of making corresponding downward adjustments in mill rates, local government pushed mill rates higher and forced large tax increases on homeowners. While inflation increased by 42% between 1997 and 2013, tax collections for Cities of the 1st Class jumped 98% and County taxes rose by 117%.



The data confirms many citizens' belief that the assessed valuation process is unnecessarily increasing taxes and we encourage the Committee to adopt measures that provide citizens with protection from unnecessary and unfair property tax increases.

		Average Change in Assessed Valuation on Residential Property Excluding New Residential Property Added Each Year													
Year	Inflation	State of KS	Allen	Barton	Cowley	Harvey	Johnson	Lane	McPherson	Meade	Pottawatomie	Riley	Saline	Sedgwick	Shawnee	Wyandotte
1998	1.7%	4.5%	6.7%	4.5%	2.5%	2.9%	6.3%	0.0%	2.9%	2.3%	6.4%	2.6%	6.0%	2.9%	2.2%	1.3%
1999	2.1%	5.3%	3.9%	3.0%	3.9%	5.2%	7.3%	1.8%	6.1%	3.2%	4.0%	5.0%	3.2%	5.9%	3.9%	3.2%
2000	3.4%	6.8%	7.6%	2.3%	6.0%	4.0%	10.6%	2.2%	5.4%	2.4%	4.2%	4.1%	6.2%	5.3%	5.2%	3.9%
2001	2.7%	5.4%	3.1%	-0.5%	3.3%	3.4%	6.7%	2.5%	5.2%	3.9%	4.1%	7.0%	3.7%	4.5%	5.2%	11.4%
2002	1.2%	3.8%	3.5%	1.0%	4.5%	4.2%	4.1%	2.2%	-0.1%	2.3%	3.7%	6.0%	3.9%	2.5%	3.8%	10.1%
2003	1.9%	4.6%	2.4%	6.1%	0.9%	1.3%	3.8%	2.0%	4.0%	1.9%	4.2%	4.2%	1.2%	6.9%	4.5%	18.3%
2004	2.4%	3.5%	2.2%	0.4%	1.5%	1.9%	3.1%	-2.0%	2.2%	4.6%	5.6%	5.8%	1.9%	3.5%	4.1%	6.3%
2005	3.2%	3.9%	2.3%	4.2%	2.0%	3.1%	3.9%	-5.4%	3.6%	2.5%	6.9%	5.9%	2.3%	3.6%	4.0%	5.9%
2006	2.4%	4.6%	3.7%	2.4%	1.8%	2.4%	3.8%	-1.6%	3.7%	1.0%	16.6%	16.1%	7.5%	4.0%	3.9%	7.1%
2007	2.6%	4.1%	3.2%	2.0%	2.0%	3.5%	3.6%	0.2%	2.3%	1.4%	12.7%	12.7%	5.2%	4.5%	1.9%	7.9%
2008	3.7%	1.7%	3.6%	2.9%	2.3%	2.9%	0.2%	0.1%	4.1%	4.4%	0.3%	0.9%	3.9%	3.5%	1.9%	-0.9%
2009	-0.6%	-0.9%	3.4%	1.1%	0.6%	-1.1%	-2.3%	1.5%	1.2%	2.1%	-3.6%	-1.5%	-0.2%	0.2%	0.2%	-7.2%
Avg.	2.2%	3.9%	3.8%	2.4%	2.6%	2.8%	4.2%	0.3%	3.4%	2.7%	5.4%	5.7%	3.7%	3.9%	3.4%	5.6%

Source: Kansas Dept. of Revenue, Division of Property Valuation; Bureau of Labor Statistics (Midwest Urban Cities inflation). Variance to average is not fully indicative of the impact on taxpayers; for example, higher variances in early years would have a compounding effect going forward. Variances to inflation are highlighted in gray.