

HB 2668 Proponent Testimony – in person
Property tax relief act
House Taxation Committee
Dave Trabert, CEO
February 24, 2020



Chairman Johnson and Members of the Committee,

We appreciate this opportunity to testify in support of HB 2668, which provides some much-needed property tax relief to homeowners.

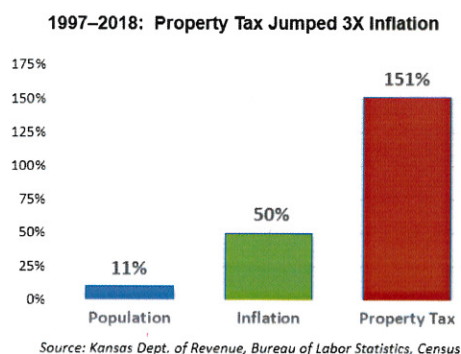
Kansans have multiple complaints about property tax and being taxed out of their home is one of the most common grievances we hear from supporters and followers. Just last week, we received this email:

As a senior citizen and a lifetime Kansan, Over my many years in this state, I have built numerous schools, funded hundreds of disadvantaged people, paid for public housing that was promptly destroyed by the ungrateful occupants, paid for food programs, welfare programs, unlimited school programs, etc, etc.

Upon my retirement I was comfortable in my financial position, after saving and conservative spending for years in order to reach this point in my life, but Due to the relentless mining of Kansas taxes on my income, coupled with the continued increases to my property evaluation, the only conclusion I can draw is that Kansas does not want me to stay and live in this state any longer. Taxes and cost of living, (ref, medical insurance premiums) amount other things have degraded my savings, and being on a fixed income leave me few choices other than find a more Senior friendly state in which to live.

My family all live in Kansas, most within 20 miles. We planned it this way so my children can assist my wife and I in these later years. Now, that plan is destroyed due solely to the taxes in Kansas. There is a great possibility that my children will be forced to leave the State also in order to help care for us, which brings up quite a migration out of the state as we are hardly the only seniors facing this same scenario. We love the state of Kansas, but are left with little choice unless something is done to stop the relentless mining of senior retirement funds by this state.

Our Facebook page has hundreds of property tax complaints from taxpayers, and with good reason.

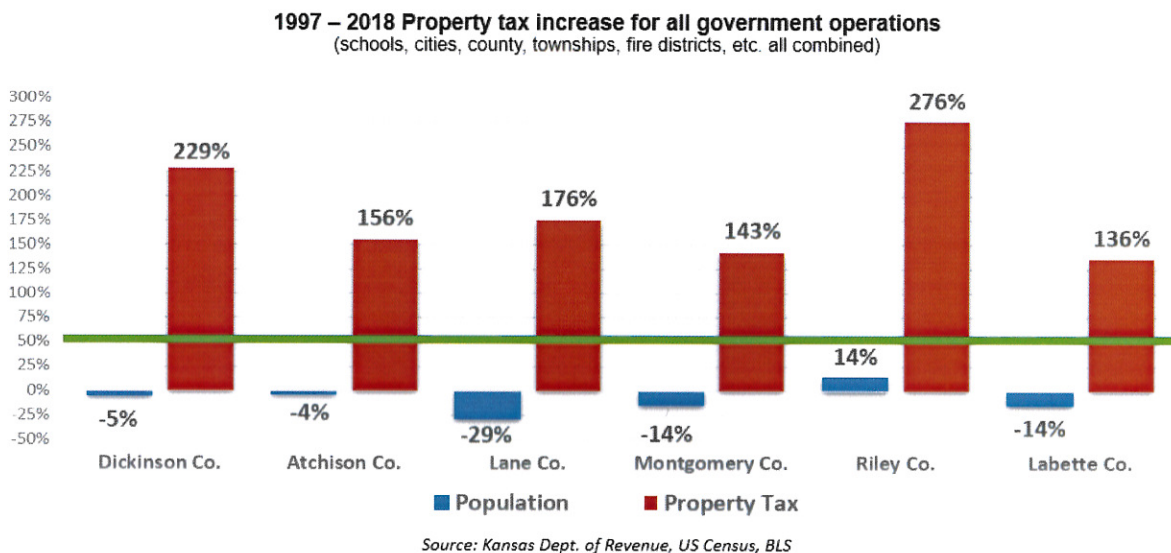
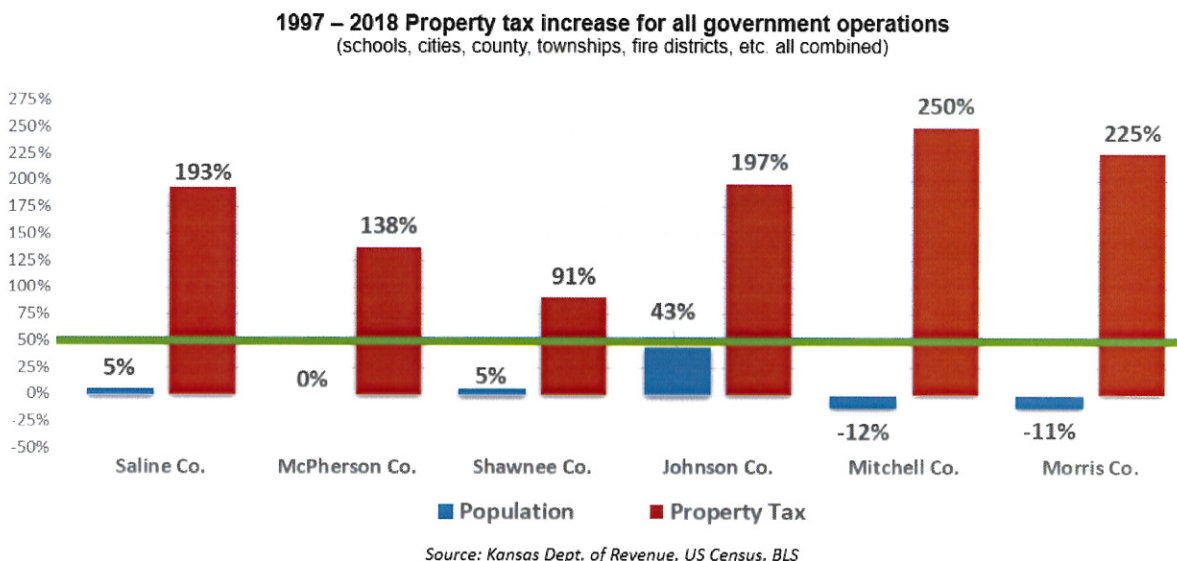


Property tax jumped 151% statewide between 1997 and 2018, going from \$1.96 billion to \$4.93 billion according to the Kansas Department of Revenue.

That's more the three times the increase in the Consumer Price Index for Midwest cities, which was 50%. The state population, meanwhile, grew by just 11%.

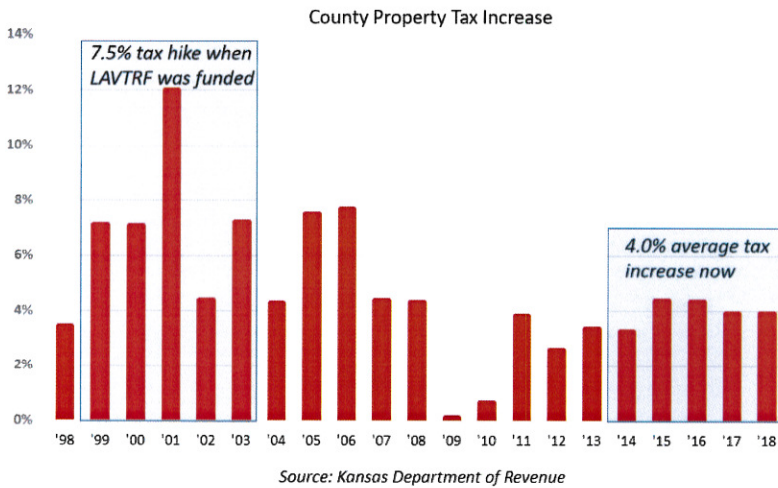
This data combines real estate and personal property. The impact on homeowners has been even worse. Homeowners pay 50% of all property tax in Kansas - \$2.45 billion of the \$4.93 billion total – and residential taxes jumped 217% since 1997.

The property tax increase by county varies significantly, as shown by the following dozen examples.



LAVTR didn't work and isn't the solution

Governor Kelly's Tax Council members propose resurrecting the Local Ad Valorem Tax Reduction (LAVTR) program as their solution to high property taxes, saying "...local governments would once again have a strong tool to begin lowering local property taxes."¹ But that program didn't work the last time, and it won't provide tax relief now.



LAVTR was last funded in 2003. County property taxes increased by an average of 7.5% during LAVTR's last five years; without LAVTR, county property taxes 'only' averaged a 4% annual increase over the five years ended in 2018.

There is no enforcement mechanism in LAVTR. In other words, cities and counties don't have to prove they reduced property tax or even hold property tax flat. But even if it produced dollar-for-dollar local property tax reductions, the

program merely leads to higher state sales and income taxes.

Kansas is already facing long-term budget deficits, so giving state money to cities and counties only increases the deficit and puts more pressure on sales and income tax increases.

Conclusion

The property tax relief act will provide a bit of much-needed relief to the many Kansans who struggling with ever-increasing property taxes while living on relatively fixed incomes.

We encourage Committee members to approve HB 2668 and we thank you for your consideration.

¹ Governor Kelly's December 3, 2019 press statement <https://governor.kansas.gov/meeting-for-the-governors-council-on-tax-reform-produces-recommendations/>