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To: Senate Assessment and Taxation Committee  
Date: February 14th, 2019  
Subject: Testimony in Support of SB 91.

Honorable Chairwoman Tyson and members of the Senate Assessment and Taxation Committee:

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to appear before you today in support of SB 91.

KAR represents nearly 10,000 members involved in both residential and commercial real estate and has advocated on behalf of the state's property owners for over 95 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

REALTORS® believe that the private ownership of real property is the foundation of our nation's free enterprise system. Homeownership is the cornerstone of the American Dream and deserves a preferred place in our system of values as it contributes to community responsibility; business, civic, and economic stability; family security; and our Kansas quality of life.

Furthermore, we reaffirm our national goal of a decent home and a suitable living environment for every family. As such, we encourage policies that expand the ability and capacity of Kansas citizens to own and maintain their homes.

KAR does have a continued concern regarding Kansas homeowners' property tax burden. While we realize the importance of many programs funded through property tax revenue, government leaders need to consider the impact that property taxes have on Kansans' ability to continue to afford to own their own home or just afford housing, whether they own or rent. We feel it is an absolute tragedy that someone would be forced to sell their home because they cannot keep up with rising property taxes.

SB 61 endeavors to mitigate the impact of rising property taxes by enacting the "golden years homestead property tax freeze act" which operates as a "circuit breaker" form of tax relief. As the committee is aware, a "circuit breaker" is a form of property tax relief in which the benefit is dependent on income or other criteria and the amount of property taxes paid. The moniker developed as analogy to the device that breaks an electrical circuit during an overload, just as the property tax relief benefit begins to accrue once a person's property taxes have become overloaded relative to his or her income.

SB 61 would provide relief from rising property taxes to low-income senior citizens (65 and older) and disabled veterans.<sup>1</sup> Furthermore, SB 61 is means-tested in that it is only available to claimants with household income of

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<sup>1</sup> SB 61, New Section 1, page 1.

\$50,000 or less; the appraised value of the homestead is \$350,00 or less; and the homestead is not subject to a mortgage or any other security interest.<sup>2</sup>

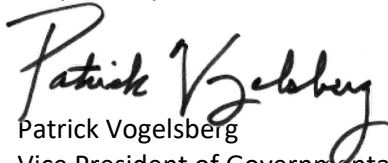
The benefit to this approach of property tax relief is that it is targeted to those most impacted by property tax increases. In other words, a circuit breaker can take the regressiveness out of property tax increases on certain citizens.

Everyone should have the opportunity to own, hold, and pass property to their heirs whether it is a home, a farm, or a business. The long-term social, economic, family, and civic benefits of private property ownership, especially homeownership, are numerous. Homeownership rivals any other vehicle of generational wealth creation for citizens regardless of starting means.

It is with this knowledge that KAR has a growing concern with the constantly increasing cost of property taxes on households and the erosion these taxes have on affordability of housing. Therefore, KAR continues to encourage the committee to explore property tax relief for all families and businesses.

That being said, KAR supports SB 91 and encourages the committee to act favorably on the legislation.

Respectfully submitted,

A handwritten signature in black ink that reads "Patrick Vogelsberg". The signature is written in a cursive style with a large, prominent initial "P".

Patrick Vogelsberg  
Vice President of Governmental Affairs  
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<sup>2</sup> SB 91, New Section 16, page 7.