

To: Senate Assessment and Taxation

From: Trey Cocking, Deputy Director

Date: February 19, 2020

RE: Neutral testimony on Senate Bill 301

Good Morning Madam Chair and Committee Members and thank you for allowing the League of Kansas Municipalities to present neutral testimony on Senate Bill 301.

SB 301 would move Kansas from annual appraisals to triennial appraisals. Under SB 301, property valuation would be frozen for three years following the implementation of bill. The bill would also keep property valuation at the rate set when it has been adjusted by the Board of Tax Appeals for the remainder of the triennial period.

SB 301 would give property owners certainty that their appraised value would be steady for three years, and their tax bill would only vary because of a change in mill levy.

Under Kansas Law, taxing entities in Kansas do set a mill levy, but they levy an exact amount of dollars needed to run their entity. So, the enactment of this bill will not change how cities in Kansas budget for their needs.

Our concern is at the end of three-year period when property is reappraised, property owners may be surprised by a significant shift in value. This can happen when commercial property decreases in value and residential property increases in value. This can also occur when real estate prices fall sharply in one part of an area but increase in another part of the area. The result is shock to a property owner when they receive their first tax bill after reappraisal. Under the current system, values move on annual basis and they are phased in when there is a shift from one area to another area of the community.

We would ask the committee to take a critical look at this bill and weigh its pros and cons.