

## Written Only Neutral Testimony of HB 2023:

### Changing to an eight-year simple average when determining values of ag land

#### House Taxation Committee

#### Josh Roe, Vice President for Market Development and Public Policy, Kansas Corn Growers Association

Good afternoon Chairman Smith and members of the committee, my name is Josh Roe, and I am with the Kansas Corn Growers Association (KCGA). KCGA represents more than 1,200 members on state and national levels on legislative and regulatory issues and actively works with other organizations to maximize the voice of Kansas corn producers. I appreciate the opportunity to provide this neutral testimony today.

As evidenced by Table 1 on the following page which shows actual per-acre assessments and tax on a farm in Republic County, **valuations and property taxes on agricultural lands have increased by approximately 160% since 2008**. Kansas farmers and ranchers also have faced low commodity and net farm incomes for the past 5+ years (longer in some areas of the state) that have mirrored the 1980s farm crisis for many producers.

KCGA greatly appreciates the intention behind this bill to lessen the burden experienced by agricultural producers. However, KCGA is neutral on HB2023 because we feel that only addressing assessments will have little impact on property tax levels, since a vast majority of taxes are assessed at the local level where mill levies can be easily adjusted. Additionally, we feel that although not perfect, Kansas' agricultural use value taxation law is a model that other states have duplicated and are envious of. **Therefore, we feel the political risk of opening this statute and the potential for more volatile valuation changes outweighs the potential benefits for potential valuation declines.**

As indicated in Table 1 for this land class, valuations and total taxes have increased steadily since 2008. Over this time, the mill levies on SGF and State USD that make up the portion of taxes collected by the state have stayed constant at 1.5 and 20 mills, respectively, because they are set in statute. However, the local mill levies have fluctuated over this time to keep the total tax increases roughly equal to increases in valuation.

Table 2 on the following page illustrates what percent of the tax was paid to state and local entities, this percentage has remained largely unchanged, averaging 86% local and 14% state. **If valuations were to fluctuate more rapidly due to HB2023 we expect local entities to simply adjust the mill levies to account for valuation changes, therefore the tax impact would be at best neutral from local sources, or approximately 86% of the determinant of total taxes.** Even with new policies in place at the state level to require notice if mill levies increase above revenue neutral, there is nothing to ensure that tax levels will decrease on 86% of the makeup of total taxes. Property taxes assessed from local sources will either stay constant due to adjustments in levies, or even increase given proper public notice.

Again, I appreciate the opportunity to provide this testimony and even more importantly, efforts to assist producers who have suffered great losses. Feel free to contact me with any questions or comments.



**Table 1: Tax and Assessment History, Dry Land Cultivated, Republic Co, 2008-2020**

Year	Assessed Value Per Acre	Percent Change	State Taxes Per Acre	Percent Change	Local Taxes Per Acre	Percent Change	Total Tax Per Acre	Percent Change
2008	\$59.03		\$1.27		\$7.36		<b>\$8.63</b>	
2009	\$54.88	-7%	\$1.18	-7%	\$7.20	-2%	<b>\$8.38</b>	-3%
2010	\$54.88	0%	\$1.18	0%	\$7.91	10%	<b>\$9.09</b>	8%
2011	\$57.28	4%	\$1.23	4%	\$8.23	4%	<b>\$9.46</b>	4%
2012	\$62.56	9%	\$1.35	9%	\$8.93	9%	<b>\$10.27</b>	9%
2013	\$70.25	12%	\$1.51	12%	\$10.20	14%	<b>\$11.71</b>	14%
2014	\$79.44	13%	\$1.71	13%	\$11.64	14%	<b>\$13.35</b>	14%
2015	\$91.51	15%	\$1.97	15%	\$13.22	14%	<b>\$15.19</b>	15%
2016	\$103.89	14%	\$2.23	14%	\$13.99	6%	<b>\$16.22</b>	6%
2017	\$120.12	16%	\$2.58	16%	\$15.43	10%	<b>\$18.01</b>	11%
2018	\$134.79	12%	\$2.90	12%	\$17.52	14%	<b>\$20.41</b>	13%
2019	\$145.73	8%	\$3.13	8%	\$18.21	4%	<b>\$21.35</b>	5%
2020	\$154.73	6%	\$3.33	6%	\$18.95	4%	<b>\$22.27</b>	4%

**Table 2: Percent State and Local Taxes, 2008-2020**

Year	State	Local
2008	15%	85%
2009	14%	86%
2010	13%	87%
2011	13%	87%
2012	13%	87%
2013	13%	87%
2014	13%	87%
2015	13%	87%
2016	14%	86%
2017	14%	86%
2018	14%	86%
2019	15%	85%
2020	15%	85%

