

SEDGWICK COUNTY, KANSAS

BOARD OF COUNTY COMMISSIONERS



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100 NORTH BROADWAY • SUITE 630 • WICHITA, KANSAS 67202-2212 • TELEPHONE (316) 660-9300 • FAX (316) 660-9330

March 19, 2024

The Honorable Adam Smith, The Honorable Brian Bergkamp and the Honorable Tom Sawyer
Opposition SCR 1611

Dear Chairman Smith, Vice Chair Bergkamp, and Ranking Minority Member Sawyer:

I am writing on behalf of the Sedgwick County Board of County Commissioners in opposition to SCR 1611 because it creates inequity in the collection of property taxes while not addressing the underlying issue, which is the increased reliance of local governments in Kansas on property tax revenue. **The Sedgwick County Commission strongly encourages a statutory legislative action for property tax relief in lieu of, or instead of, a constitutional amendment.**

1. SCR 1611 is an exception to uniform and equal property taxation.

SCR 1611 would cap the increase in appraised fair market value for real property each year except in some limited situations, including when improvements to the property occur and when title to the property transfers. This will create great disparity among the property taxes collected from similarly situated properties. Real property held for long periods will make up an increasingly smaller portion of the assessed value used to determine the mill levies set by local governments. This shifts the tax burden away from appreciating property held for extended periods onto new development, property that does not appreciate, and to new residents buying real property in our state. This creates disincentives to move, improve, or develop new real estate in Kansas.

2. SCR 1611 does not address the underlying issue with property taxation in Kansas, which is the increased reliance of local government on property taxes to generate revenue.

Since the great recession, the assessed value for Sedgwick County has increased by nearly 50%. In that time, Sedgwick County reduced its mill levy. The property tax levied by the county increased 38% at a time when inflation increased by 39%. A fair amount of the tax levy increase derives from both increased expenses and a reduction in revenue from other sources, largely because of state

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Page 2

legislative action. In 2023, Sedgwick County estimates around \$30 million of revenue previously available to the county was lost because of state legislative action. The estimated number would account for 17% of the property taxes levied by the county. In addition, costs related to KPERS have more than doubled since 2008 because of increases in state-set rates, accounting for an additional 4% of the property tax levied by Sedgwick County. The impact of state legislative action since 2008 accounts for more than a fifth of the property taxes levied by the county in 2023. Future state legislative action needs to provide local government with alternative revenue sources to reduce reliance by local government on property taxes to fund operations. The people voting for such local governments, not state legislators, should determine whether said government is misusing its funds by exercising their rights to vote and weighing in on the annual budget.

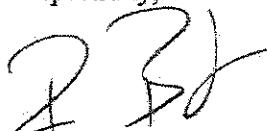
3. SCR 1611 does not grant taxpayers the relief they seek. It merely shifts the tax burden away from some taxpayers to the benefit of others.

SCR 1611 suggests to taxpayers that a cap on the appraised value of their properties would result in a reduction in the property taxes they pay. The appraised value provides for the distribution of property tax costs within a taxing subdivision. Capping the appraised value by constitutional amendment does not affect the number of dollars that taxing subdivisions need to operate. SCR 1611 merely modifies the distribution of the property tax burden to the benefit of property owners holding appreciating property for extended periods. Property tax reliance will continue to be problematic under SCR 1611, and most, if not all, taxpayers will not receive any form of relief as a result.

Attachment – Sedgwick County Demographics and Fiscal Performance

Thank you for considering our testimony in this matter.

Respectfully,



Ryan K. Baty, Chairman
Board of County Commissioners of Sedgwick County

Sedgwick County after the Great Recession												Growth from Year-to-Year				
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
1. Projected values \$																
2. Assessed value & change	\$2,016,480,064	\$2,24,913,005	\$2,245,446,880	\$2,279,582,271	\$3,302,213,281	\$4,348,455,432	\$5,301,086,880	\$6,410,060,706	\$5,521,486,166	\$5,657,741,600	\$5,856,131,231	\$5,99,916,882	\$5,90,135,627	45.9%	45.9%	
3. Average home value	5,95k	4,93k	5,77k	6,58k	7,55k	8,75k	9,68k	1,15k	1,45k	1,76k	2,06k	2,36k	2,66k	46.3%	46.3%	
4. Property tax levy	\$116,057	\$115,822	\$115,402	\$116,815	\$116,001	\$116,605	\$117,005	\$121,622	\$122,606	\$123,316	\$123,249	\$124,307	\$125,264	\$161,175	51.5%	
5. Mill levy rate	31.333	30.377	30.359	30.359	30.359	30.359	30.359	30.359	30.359	30.359	30.359	30.359	30.359	\$161,175	51.5%	
6. National CPI-U	3.8%	4.4%	1.65%	2.1%	1.65%	1.56%	1.56%	0.0%	0.0%	1.3%	2.0%	1.2%	1.2%	3.1%	3.1%	
7. National income (\$billions) (a)	\$2,015,393	\$465,006	\$193,592,262	\$209,595,959	\$22,493,827	\$22,918,174	\$26,134,238	\$26,134,238	\$21,063	\$13,092	\$13,092	\$13,092	\$13,092	\$13,092	0.0%	
8. Personal Income (\$billions) (a)	\$2,015,393	\$465,006	\$209,592,262	\$22,918,174	\$22,493,827	\$22,918,174	\$26,134,238	\$26,134,238	\$21,063	\$13,092	\$13,092	\$13,092	\$13,092	\$13,092	0.0%	
9. County Property Tax-Supported Funds	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth from Year-to-Year	
10. Total expenses	\$222,409,346	\$225,528,188	\$228,890,508	\$232,815,778	\$237,711,157	\$237,711,051	\$233,009,564	\$235,944,449	\$241,328,082	\$255,344,791	\$255,702,983	\$255,677,922	\$270,592,374	\$265,790,368	\$265,808,353	32.0%
11. Adopted FTEs	1,990,68	2,023,28	2,031,10	2,054,42	1,991,25	1,995,87	1,900,63	1,902,87	1,922,22	1,957,92	1,992,89	1,992,89	2,010,07	2,034,25	2,058,81	2.0%
12. Average employee salary	\$40,926	\$42,077	\$42,423	\$43,119	\$42,280	\$43,491	\$44,812	\$45,820	\$45,986	\$46,922	\$47,681	\$48,157	\$48,212	\$47,218	\$47,218	43.0%
13. Health insurance costs	\$12,416,155	\$12,675,074	\$12,816,643	\$16,048,949	\$16,628,339	\$18,100,220	\$17,883,504	\$18,580,945	\$19,504,442	\$19,814,355	\$20,654,779	\$21,707,055	\$21,526,036	\$21,422,152	\$20,632,223	65.0%
14. Pension costs	56,384	56,277	57,090	58,228	58,228	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040	59,040	52.0%
15. Per FTE cost	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	\$5,713,316	52.0%
16. KFERS employee rate	17.9%	18.0%	18.1%	18.2%	18.3%	18.4%	18.5%	18.6%	18.7%	18.8%	18.9%	19.0%	19.1%	19.2%	19.3%	14.1%
17. KFERS employee rate (benefit)	17.2%	17.3%	17.4%	17.5%	17.6%	17.7%	17.8%	17.9%	18.0%	18.1%	18.2%	18.3%	18.4%	18.5%	18.6%	14.1%
18. Utilities costs	\$3,189,597	\$3,278,710	\$3,555,397	\$3,611,455	\$3,686,157	\$3,958,523	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	\$3,958,485	35.0%
19. Revenue and Net revenues (b)	\$1,143,120	\$1,709,215	\$2,388,765	\$3,573,975	\$5,340,071	\$2,919,242	\$2,375,072	\$1,357,073	\$1,385,256	\$1,001,247	\$1,355,649	\$1,355,649	\$1,355,649	\$1,355,649	\$1,355,649	54.3%
20. Services generated on behalf of the State	\$42,899,185	\$43,781,771	\$46,430,552	\$43,261,402	\$41,568,346	\$40,157,648	\$44,784,941	\$47,821,345	\$46,665,716	\$49,726,647	\$51,078,959	\$53,761,533	\$54,212,056	\$55,840,668	\$60,041,455	61.3%
21. All operating funds	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Growth from Year-to-Year	
22. State revenues for mandatory State services	\$19,165,827	\$19,624,789	\$19,802,308	\$19,913,310	\$18,783,530	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	\$18,665,455	15.0%
23. Sales taxes	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Loss from Net from NB to 22	
24. Local Ad Valorem Tax Reduction (AVTR) loss	\$54,106,020	\$54,350,020	\$54,709,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	\$54,399,020	0.0%
25. Commercial/RM&E Revenue Sharing Loss	\$563,900,000	\$522,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	\$512,500,000	0.0%
26. Mortgage Reg./Per. Page Fee loss (base rate)	50	50	50	50	50	50	50	50	50	50	50	50	50	50	50	45.3%
27. Value of Mortg. Reg./Per. Page Fees	\$8,029,204	\$7,461,911	\$6,402,595	\$5,741,704	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	\$5,652,650	45.3%
28. Price of Government (as % of Cred. Util.)	0.95	1.00	0.98	0.88	0.84	0.80	0.84	0.84	0.80	0.82	0.82	0.81	0.84	0.81	0.83	11.3%
29. Conclusions	The county's personal income has grown less than the growth in state personal income. The county's total revenue has increased, but at a slower rate than the state. The county's property tax base has grown less than the state's property tax base. The county's sales tax base has grown less than the state's sales tax base. The county's commercial/revenue sharing loss has decreased over time.															
(a) 2023 information not yet available																
(b) 2023 grants and contributions																
(c) Price of Government in the computation of governmental revenues/losses fees, etc. relative to the community's total personal income																
30. Pay pool %	4%	4%	2%	2%	2%	2%	2%	2%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	
31. OTHER KEY SPENDING CATEGORIES	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Software/hardware maintenance	\$1,14,497,77	\$1,66,350	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	\$1,62,373	22.9%
Property/lease maintenance	\$254,978	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	\$2,627,241	45.3%
Inmate medical	\$4,044,913	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	\$8,211,174	45.3%
Inmate food	\$4,297,107	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	\$2,280,956	45.3%
Overtime	\$4,279,537	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	\$7,397,764	45.3%
Total e-fake-home	\$18,015	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	45.3%
County collections - current money taxes	\$11,171,173	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	\$16,706,424	45.3%
Total revenues collected in prop tax funds	\$15,851,180,393	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	\$19,943,51,933	45.3%
54. Reliance on property taxes:	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%	51%

32. EMPLOYEE IMPACT	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	
Average salary	\$40,926	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	\$48,529	45.3%
KHRS e-fee \$	\$1,639	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	\$1,511	45.3%
Health	\$1,273	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	\$2,093	45.3%
Total e-fake-home	\$18,015	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	\$52,925	45.3%

33. Price of Government (as % of Cred. Util.)

(a) 2023 grants and contributions

(b) 2023 information not yet available

(c) Price of Government in the computation of governmental revenues/losses fees, etc. relative to the community's total personal income