

## MINUTES

### SENATE COMMITTEE ON ASSESSMENT AND TAXATION

June 17, 2024  
Room 112-N—Statehouse

#### **Committee Members Present**

Senator Caryn Tyson, Chairperson  
Senator Tom Holland, Ranking Minority Member  
Senator Molly Baumgardner  
Senator Chase Blasi  
Senator Ethan Corson  
Senator Michael Fagg  
Senator Dan Kerschen  
Senator Mike Petersen  
Senator Usha Reddi  
Senator Mike Thompson

#### **Committee Members Absent**

Senator Virgil Peck – Excused

#### **Staff Present**

Edward Penner, Kansas Legislative Research Department  
Chardae Caine, Kansas Legislative Research Department  
Amelia Kovar-Donohue, Office of Revisor of Statutes  
Adam Siebers, Office of Revisor of Statutes  
Lea Gerard, Committee Assistant

#### **Conferees**

Dave Trabert, Kansas Policy Institute  
Eric Stafford, Kansas Chamber  
Jay Hall, Kansas Association of Counties  
Representative Neelly, 42nd District  
Lanell Griffith, Private Citizen  
Mike Stieben, Leavenworth County Commissioner  
Aaron Popelka, Kansas Livestock Association  
Martha Neu Smith, Kansas Manufactured Housing Association

**Monday, June 17**  
**Afternoon Session**

**Welcome**

Chairperson Smith called the meeting to order at 1:00 p.m. and welcomed the members of the House Committee on Taxation and the Senate Committee on Assessment and Taxation, staff, conferees, and guests. Chairperson Smith noted the objective of the meeting was to provide an informational hearing on the proposed tax bill that had been discussed, noting that a bill number was not yet available because the 2024 Special Session had not started.

**Informational Hearing: Proposed Tax Plan Draft**

Adam Siebers, Office of Revisor of Statutes, provided an overview of the proposed tax bill for the 2024 Special Session. He stated the proposed bill would modify income tax rates for individuals, eliminate the income threshold to qualify for a subtraction modification for Social Security income, increase the Kansas standard deduction and the Kansas personal exemption, increase the tax credit amount for household and dependent care expenses, decrease the normal privilege tax rates, increase the extent of exemption for residential property from the statewide school levy, exclude Internal Revenue Code Section 1031 exchange transactions as indicators of fair market value, provide for certain transfers to the state school district finance fund, and abolish the local ad valorem tax reduction fund and the county and city revenue sharing fund ([Attachment 1](#)) ([Attachment 2](#)). Mr. Siebers stood for questions from the Committee.

In response to a question, Chairperson Smith stated the objective of the meeting was to provide an informational briefing. He stated no action would be taken and the Committee would not provide a recommendation. He further stated the bill would be a Senate bill and would be introduced in the Senate the next day. Chairperson Smith noted the provisions of the proposed tax plans were derived from various pieces of legislation that passed one or both chambers during the 2024 session. Other than adjusting some numbers and dates, he stated the content had been thoroughly vetted.

In response to a question, Mr. Siebers provided information on the property tax valuation exemption. He noted that currently there is a rise or a potential rise in what was \$40,000 subject to an increase due to inflation that was removed, and in its place is \$75,000 for the residential exemption from the Statewide school levy, which will be a hard number going forward.

Edward Penner, Kansas Legislative Research Department, provided the fiscal overview of the proposed tax plan in comparison with SB 37 and in the context of the other tax bills that were passed during the 2024 Session. He noted that one table represents the comparison of the proposed bill with SB 37 and the other table represents the proposed bill and the individual lines for the three other tax bills that were enacted during the 2024 Session. The combined state fiscal impact begins at \$471.6 million in FY 2025 and then goes to \$378.9 million in FY 2026 due to the retroactivity of a number of the provisions to the beginning of tax year 2024. The true annualized cost in the years after FY 2025 increases to \$383.1 million by FY 2029. Mr. Penner noted the two largest items of the fiscal impact are the individual income tax restructuring and the Social Security exemption ([Attachment 3](#)). Mr. Penner stood for questions from the Committee.

## ***Proponent Testimony***

Dave Trabert, Kansas Policy Institute, testified as a proponent for tax relief and stated he is hopeful the bill will go into law, but he noted that it is much less tax relief than is needed and is much less than is affordable. He further stated that with more than \$4.0 billion in total reserves, Kansas can easily afford tax relief. He noted the Legislature must provide more income tax relief for the following reasons:

- Kansas is in its fifth-straight decade of economic stagnation, falling further behind national average increases in job growth, population, and economic activity (GDP);
- There would be 415,000 more jobs in Kansas today if employment growth kept up with the national average of 88.0 percent;
- States with lower tax burdens have better economic growth; and
- Kansas lost almost 198,000 residents since 2000 due to domestic migration.

Mr. Trabert stated Kansas needs a constitutional amendment to restrain property tax increases, stating local government officials were dishonest about why property tax obligations were growing faster than inflation. Mr. Trabert further stated a valuation limit would help taxpayers, noting there may be a tax increase but it would not be a double-digit increase ([Attachment 4](#)).

Mr. Trabert stood for questions from the Committee.

Eric Stafford, Kansas Chamber, testified in support of tax relief for Kansas. He stated Kansas has fallen even further behind other states regarding a cut to income taxes. He also stated the proposed tax relief is better than nothing and is a step in the right direction. Mr. Stafford noted the Kansas Chamber likes the single rate and it would be very competitive for the State of Kansas if the state can get to 4.0–4.5 percent. Kansas' current top rate is 5.7 percent ([Attachment 5](#)).

Mr. Stafford stood for question from the Committee.

Mark Tomb, Kansas Association of Realtors, provided written-only proponent testimony ([Attachment 6](#)).

## ***Neutral Testimony***

Jay Hall, Kansas Association of Counties (KAC), provided neutral testimony. He noted the KAC supports retaining the local ad valorem tax reduction fund. He also stated KAC does not take a position on increasing residential tax exemption to \$75,000 for school funding. He further stated KAC requests that whatever changes are made are passed quickly and signed into law so county clerks and other local officials can account for the changes ([Attachment 7](#)).

Mr. Hall stood for questions from the Committee.

## ***Opponent Testimony***

Representative Neelly testified as an opponent to the comprehensive tax plan, noting that further tax relief should be included in the plan, especially other items that were passed by the Legislature during the 2024 Session but vetoed. No written testimony was presented.

Representative Neelly stood for questions from the Committee.

## **Recess**

Chairperson Smith stated the Senate Committee on Assessment and Taxation would reconvene at 3:00 p.m. for an informational hearing regarding the Constitutional Amendment to limit the increase in taxable assessed valuations.

Chairperson Smith recessed the Senate Committee meeting and adjourned the House Committee meeting at 2:45 p.m.

## **Reconvene**

Chairperson Tyson reconvened the Committee for an informational hearing on SCR 1611, the proposed Constitutional Amendment concerning taxable valuation growth limits, at 3:00 p.m. She noted information will be provided by conferees and the Committee will consider any recommendations.

## **Informational Hearing: Proposed Constitutional Amendment Concerning Taxable Valuation Growth Limit Concurrent Resolution Draft**

Amelia Kovar-Donohue, Office of Revisor of Statutes, stated the draft for SCR 1611 is designated as 2024-rs-0014 for the Special Session of 2024 and is a proposition to amend Section 1 of Article 11 of the *Kansas Constitution* relating to property taxation. She noted the resolution proposes to limit valuation increases of real property except in certain circumstances. For the assessment and taxation of property on or after January 1, 2025, the amendment would provide that the final taxable appraised value of any real property shall not increase by more than 4.0 percent or lesser percentage if provided by law in any year, except when one of the following occurs:

- The property includes new construction, or improvements have been made to the property;
- The class or subclass of the property changes for assessment rate purposes;
- The property becomes disqualified from exemption;
- The property is first listed as escaped or omitted property, or an error is corrected; or

- The legal description of the land, lot, or parcel changes, or title to the property is transferred, changed, or conveyed to another person.

Further, the Legislature may define new construction or improvements by law and enact other legislation to administer this provision. Additionally, all or any portion of the benefits of the evaluation limitation may be portable or transferable under certain circumstances as defined and provided by state statute. The proposed amendment would be submitted to the electors at the November 2, 2024, general election unless a special election is called at a sooner date ([Attachment 1](#)).

Ms. Kovar-Donohue stood for questions from Committee members.

### ***Proponent Testimony***

Dave Trabert, Kansas Policy Institute, testified in support of SCR 1611, noting that while there are concerns with this approach, it is preferable to people losing their homes because of sharp tax increases associated with rapid growth in valuations and local governments raising property taxes ([Attachment 2](#)). Mr. Trabert stood for questions from Committee members.

Lanell Griffith, Topeka citizen, stated Kansans are suffering under rising taxes and noted one of the most attractive reasons to live in Kansas is the low cost of living, housing included. As property taxes rise, this benefit is lost. She stated Kansas has an excess of funds, so lowering taxes can be done. She further stated that Kansans need tax relief ([Attachment 3](#)). Ms. Griffith stood for questions from Committee members.

Mike Stieben, 5th District Commissioner, County of Leavenworth, provided testimony from all five members of the Board of Leavenworth County Commissioners in support of the adoption of SCR 1611. He stated the resolution would eliminate the potential yearly spikes in property valuations, capping them at 4.0 percent, preventing Kansas citizens from being taxed out of their homes by the rise of market prices. He further stated Kansas citizens are being squeezed by tax spikes and many are threatened with the loss of their ability to own and maintain a home in Kansas because of the increased cost associated with residential real estate taxes ([Attachment 4](#)). Mr. Stieben stood for questions from Committee members.

Written-only proponent testimony was submitted by the following persons:

Greg Bohannon, Franklin County, Kansas ([Attachment 5](#)).

Debbie Detmer, Shawnee, Kansas ([Attachment 6](#)).

### ***Opponent Testimony***

Aaron Popelka, Kansas Livestock Association, testified as an opponent to SCR 1611, noting the amendment would invalidate the current use-value appraisal method used to appraise agricultural land and inequitably shift the tax burden among different classes of property. He stated the use-value appraisal method provides a stabilized approach to the valuation of agricultural land and protects landowners from large one-year valuation increases. The use-value appraisal method works by taking the eight-year average of a landowner's net income to determine the land's agricultural productivity. He noted adding a constitutional

amendment to require a 4.0 percent cap on property valuation increases would effectively invalidate this formula and force a change in the current statutory formula ([Attachment 7](#)).

Mr. Popelka stood for questions from Committee members.

Mr. Popelka referenced document titled “Valuation Growth Analysis for Real Property by Subclass” during his testimony ([Attachment 8](#)).

Written-only opponent testimony was submitted by Leah Fliter, Kansas Association of School Boards ([Attachment 9](#)).

### **Neutral Testimony**

Martha Smith, Kansas Manufactured Housing Association, provided neutral testimony, stating that the amendment does not include limiting valuation increases for personal property manufactured homes. She noted the Kansas Manufactured Housing Association requests that the Committee consider including the limit of valuation increases for tangible personal property manufactured homes used for residential purposes so that all housing is treated the same way ([Attachment 10](#)). Ms. Smith stood for questions from Committee members.

Jay Hall, Kansas Association of Counties, submitted written-only neutral testimony ([Attachment 11](#)).

Chairperson Tyson asked the Committee if there were any suggested amendments for the resolution.

Chairperson Tyson stated that, if the Committee is acceptable, the language for the mobile home resident would be included in the resolution, if feasible. Seeing no objections, Chairperson Tyson stated they would look into this amendment.

There was Committee discussion regarding lowering the percentage from 4.0 percent to 2.0 or 3.0 percent. Chairperson Tyson noted that it is stated as 4.0 percent or lower in statute.

### **Adjourn**

Chairperson Tyson adjourned the meeting at 4:15 p.m.

Prepared by Lea Gerard

Edited by Edward Penner

Approved by the Committee on:

January 10, 2025

(Date)