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Mark Burghart, Secretary

Laura Kelly, Governor

TO: 2023 Special Committee on Taxation

FROM: David Harper, Director  
 Division of Property Valuation

DATE: November 7, 2023

SUBJECT: Impact of residential assessment rate change.

HCR 5009 amends the Kansas constitutional residential assessment rate to 9.0%. Representative Mike Amyx requested to see the impact to other classes of property at half percent increments from 11.5 % to 9.0%.

A reasonable measurement tool would be to calculate an effective tax rate<sup>1</sup> for each increment of assessment rate change. This can be developed for statewide data and for individual counties. The various classes of property will be impacted differently in each county because of varying percent of property classes as they make up the unique tax base in each county.

As expected, the lowering of the residential assessment rate will shift the tax burden to all the remaining property classes. Table #1 shows this reality using statewide data.

<b>Statewide Effective Tax Rate Shift</b>						
	<b>Assessment Rate</b>					
<b>Subclass</b>	<b>11.5%</b>	<b>11.0%</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.0%</b>
<b>Residential</b>	1.49%	1.46%	1.43%	1.40%	1.36%	1.32%
<b>Commercial</b>	3.25%	3.32%	3.41%	3.49%	3.58%	3.68%
<b>Ag Land</b>	3.89%	3.99%	4.09%	4.19%	4.30%	4.41%

Table #1

What would that really mean for a commercial property owner or an agricultural landowner. Table #2 shows the increasing tax burden on a \$250,000 (market value) commercial property and a \$50,000 (appraised ag use value) tract of agricultural land as the tax decreases on a \$250,000 (market value) residential property.

<sup>1</sup> Effective Tax Rate: The tax rate expressed as a percent of market value.

<b>Tax Burden Shift Example Using Statewide Data</b>						
	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	\$3,732	\$3,656	\$3,576	\$3,491	\$3,403	\$3,309
Commercial	\$8,114	\$8,309	\$8,513	\$8,728	\$8,954	\$9,192
Ag Land	\$1,947	\$1,994	\$2,043	\$2,095	\$2,149	\$2,206

Table #2

Table #3 shows the percent change based on Table #2 as the residential assessment rate changes.

<b>Percent Change from Example Above</b>						
	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential		-2.1%	-2.2%	-2.4%	-2.6%	-2.8%
Commercial		2.3%	2.4%	2.5%	2.5%	2.6%
Ag Land		2.3%	2.4%	2.5%	2.5%	2.6%

Table #3

The next few tables will show the shifts in taxes as the residential assessment rate decreases in selected counties.

It’s worth noting that counties that have the highest percent of residential assessed value will impact the other subclasses the most. The following is a listing of the percent of residential assessed value for the counties in the tables below.

Douglas, 69%; Johnson, 69%; Linn, 22%; McPherson, 40%; Montgomery, 33%; Sedgwick, 62%; Shawnee, 61%; Wallace, 14%.

**Douglas Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	1.50%	1.48%	1.45%	1.43%	1.41%	1.38%
Commercial	3.26%	3.36%	3.46%	3.58%	3.70%	3.83%
Ag Land	3.91%	4.03%	4.16%	4.29%	4.44%	4.60%

Table #4

**Johnson Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	1.29%	1.27%	1.25%	1.23%	1.21%	1.19%
Commercial	2.80%	2.89%	2.98%	3.08%	3.18%	3.30%
Ag Land	3.36%	3.47%	3.58%	3.70%	3.82%	3.96%

Table #5

**Linn Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	1.21%	1.17%	1.13%	1.09%	1.04%	1.00%
Commercial	2.64%	2.66%	2.69%	2.72%	2.74%	2.77%
Ag Land	3.17%	3.20%	3.23%	3.26%	3.29%	3.32%

Table #6

**McPherson Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
<b>Subclass</b>	<b>11.5%</b>	<b>11.0%</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.0%</b>
<b>Residential</b>	1.39%	1.36%	1.32%	1.28%	1.24%	1.20%
<b>Commercial</b>	3.03%	3.09%	3.14%	3.20%	3.26%	3.32%
<b>Ag Land</b>	3.64%	3.70%	3.77%	3.84%	3.91%	3.99%

Table #7

**Montgomery Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
<b>Subclass</b>	<b>11.5%</b>	<b>11.0%</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.0%</b>
<b>Residential</b>	1.88%	1.82%	1.76%	1.71%	1.65%	1.58%
<b>Commercial</b>	4.08%	4.14%	4.20%	4.26%	4.33%	4.40%
<b>Ag Land</b>	4.90%	4.97%	5.04%	5.12%	5.20%	5.28%

Table #8

**Sedgwick Co. Effective Tax Rate Shift**

	<b>Assessment Rate</b>					
<b>Subclass</b>	<b>11.5%</b>	<b>11.0%</b>	<b>10.5%</b>	<b>10.0%</b>	<b>9.5%</b>	<b>9.0%</b>
<b>Residential</b>	1.38%	1.36%	1.33%	1.31%	1.28%	1.25%
<b>Commercial</b>	3.00%	3.09%	3.17%	3.27%	3.36%	3.47%
<b>Ag Land</b>	3.60%	3.70%	3.81%	3.92%	4.04%	4.16%

Table #9

<b>Shawnee Co. Effective Tax Rate Shift</b>						
	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	1.72%	1.69%	1.66%	1.62%	1.59%	1.55%
Commercial	3.73%	3.84%	3.94%	4.06%	4.18%	4.30%
Ag Land	4.48%	4.60%	4.73%	4.87%	5.01%	5.16%

Table #10

<b>Wallace Co. Effective Tax Rate Shift</b>						
	<b>Assessment Rate</b>					
Subclass	11.5%	11.0%	10.5%	10.0%	9.5%	9.0%
Residential	1.86%	1.79%	1.72%	1.65%	1.57%	1.50%
Commercial	4.05%	4.07%	4.09%	4.12%	4.14%	4.17%
Ag Land	4.86%	4.88%	4.91%	4.94%	4.97%	5.00%

Table #11

The following report is provided for additional information only. It will show the county average levy, county average urban levy, the county average rural levy, the urban residential effective tax rate, and the urban commercial effective tax rate. It is sorted by counties with the highest to lowest county average urban levy.

2022 County Average Levies with  
Urban Effective Tax Rates

County	Co Average <i>Rural</i> Levy	Co Average <i>Urban</i> Levy	County Average Levy	Urban Residential ETR	Urban Commercial ETR
Greeley	0.215598	0.272827	0.224925	3.14%	6.82%
Comanche	0.192582	0.269659	0.206430	3.10%	6.74%
Lane	0.154424	0.239364	0.164437	2.75%	5.98%
Elk	0.160143	0.234773	0.171329	2.70%	5.87%
Smith	0.156342	0.228764	0.170981	2.63%	5.72%
Clark	0.181226	0.226719	0.188156	2.61%	5.67%
Graham	0.159281	0.226154	0.168443	2.60%	5.65%
Hamilton	0.185851	0.219144	0.194208	2.52%	5.48%
Phillips	0.161586	0.217157	0.175597	2.50%	5.43%
Wichita	0.154011	0.216193	0.163662	2.49%	5.40%
Morton	0.147418	0.214643	0.158368	2.47%	5.37%
Edwards	0.152998	0.213156	0.163008	2.45%	5.33%
Osborne	0.149553	0.213052	0.163382	2.45%	5.33%
Greenwood	0.157407	0.210792	0.168353	2.42%	5.27%
Hodgeman	0.177730	0.210644	0.182471	2.42%	5.27%
Wallace	0.153497	0.208229	0.161733	2.39%	5.21%
Stanton	0.170908	0.207210	0.177125	2.38%	5.18%
Rush	0.168640	0.206336	0.177332	2.37%	5.16%
Republic	0.147569	0.206301	0.157161	2.37%	5.16%
Allen	0.144249	0.205427	0.163074	2.36%	5.14%
Harper	0.136761	0.204703	0.153296	2.35%	5.12%
Morris	0.147500	0.204441	0.160873	2.35%	5.11%
Ness	0.143191	0.204035	0.153789	2.35%	5.10%
Rooks	0.128560	0.202718	0.144581	2.33%	5.07%
Woodson	0.154550	0.201182	0.163022	2.31%	5.03%
Chautauqua	0.149167	0.201013	0.158279	2.31%	5.03%
Pawnee	0.163329	0.201011	0.173468	2.31%	5.03%
Decatur	0.141023	0.200298	0.149895	2.30%	5.01%
Meade	0.140345	0.200201	0.147899	2.30%	5.01%
Labette	0.146545	0.199178	0.173819	2.29%	4.98%
Kiowa	0.135973	0.198842	0.143576	2.29%	4.97%
Scott	0.133112	0.198468	0.154211	2.28%	4.96%
Gove	0.139245	0.197080	0.147947	2.27%	4.93%
Barber	0.154723	0.194791	0.162115	2.24%	4.87%
Pratt	0.145713	0.194452	0.158454	2.24%	4.86%
Neosho	0.159221	0.193809	0.177475	2.23%	4.85%
Marion	0.139596	0.192338	0.153752	2.21%	4.81%
Jewell	0.142620	0.192221	0.147793	2.21%	4.81%
Mitchell	0.157626	0.191949	0.170943	2.21%	4.80%
Haskell	0.136210	0.191622	0.143223	2.20%	4.79%
Montgomery	0.146928	0.191184	0.162660	2.20%	4.78%
Norton	0.133886	0.190113	0.148360	2.19%	4.75%
Stevens	0.141594	0.189478	0.149956	2.18%	4.74%
Cloud	0.148115	0.187299	0.160470	2.15%	4.68%
Kingman	0.145219	0.187097	0.154350	2.15%	4.68%
Bourbon	0.153262	0.186550	0.168181	2.15%	4.66%
Logan	0.121508	0.185798	0.137951	2.14%	4.64%
Chase	0.129258	0.184151	0.136266	2.12%	4.60%
Cheyenne	0.144356	0.183635	0.152402	2.11%	4.59%
Lincoln	0.143466	0.182949	0.148185	2.10%	4.57%
Seward	0.136866	0.182306	0.158866	2.10%	4.56%
Ellsworth	0.118460	0.182098	0.133108	2.09%	4.55%
Wilson	0.130701	0.181580	0.142147	2.09%	4.54%
Rawlins	0.122201	0.181099	0.131148	2.08%	4.53%
Sheridan	0.124376	0.181094	0.133290	2.08%	4.53%

2022 County Average Levies with  
Urban Effective Tax Rates

County	Co Average <i>Rural</i> Levy	Co Average <i>Urban</i> Levy	County Average Levy	Urban Residential ETR	Urban Commercial ETR
Jackson	0.129139	0.180286	0.141354	2.07%	4.51%
Stafford	0.138994	0.179977	0.145761	2.07%	4.50%
Russell	0.151749	0.179505	0.162055	2.06%	4.49%
Cowley	0.142387	0.178943	0.159777	2.06%	4.47%
Ottawa	0.150131	0.178361	0.155681	2.05%	4.46%
Ford	0.158657	0.177731	0.169394	2.04%	4.44%
Barton	0.149126	0.176855	0.162632	2.03%	4.42%
Kearny	0.137713	0.176340	0.143110	2.03%	4.41%
Sumner	0.142768	0.174885	0.157815	2.01%	4.37%
Sherman	0.133900	0.174868	0.148834	2.01%	4.37%
Trego	0.125234	0.170726	0.134110	1.96%	4.27%
Harvey	0.122001	0.169298	0.151999	1.95%	4.23%
Osage	0.132691	0.168664	0.143884	1.94%	4.22%
Dickinson	0.128583	0.168590	0.143358	1.94%	4.21%
Clay	0.132383	0.167405	0.142113	1.93%	4.19%
Wyandotte	0.123306	0.166837	0.166786	1.92%	4.17%
Marshall	0.114038	0.166518	0.127214	1.91%	4.16%
Gray	0.125828	0.165137	0.137288	1.90%	4.13%
Rice	0.122069	0.164757	0.131019	1.89%	4.12%
Franklin	0.121712	0.164656	0.142662	1.89%	4.12%
Jefferson	0.130920	0.164417	0.138220	1.89%	4.11%
Anderson	0.133101	0.164307	0.141455	1.89%	4.11%
Thomas	0.152794	0.164131	0.157377	1.89%	4.10%
Finney	0.128236	0.162682	0.145875	1.87%	4.07%
Reno	0.141735	0.162593	0.154168	1.87%	4.06%
Butler	0.127672	0.160456	0.143603	1.85%	4.01%
Atchison	0.110447	0.156623	0.131728	1.80%	3.92%
Lyon	0.110779	0.156178	0.137490	1.80%	3.90%
Shawnee	0.136289	0.155354	0.149138	1.79%	3.88%
Washington	0.121451	0.154584	0.126874	1.78%	3.86%
Riley	0.119139	0.154376	0.148529	1.78%	3.86%
Linn	0.098792	0.154278	0.105442	1.77%	3.86%
Grant	0.111100	0.150861	0.119263	1.73%	3.77%
Crawford	0.110167	0.150713	0.136832	1.73%	3.77%
Geary	0.112635	0.150284	0.140801	1.73%	3.76%
Wabaunsee	0.134801	0.147054	0.136844	1.69%	3.68%
Cherokee	0.091243	0.144534	0.111122	1.66%	3.61%
McPherson	0.108506	0.139305	0.121054	1.60%	3.48%
Miami	0.101277	0.137728	0.114462	1.58%	3.44%
Doniphan	0.106200	0.134356	0.112590	1.55%	3.36%
Saline	0.099213	0.132584	0.124757	1.52%	3.31%
Douglas	0.122356	0.131981	0.130132	1.52%	3.30%
Coffey	0.090166	0.130300	0.092407	1.50%	3.26%
Leavenworth	0.113556	0.130081	0.123455	1.50%	3.25%
Pottawatomie	0.090340	0.129190	0.098242	1.49%	3.23%
Brown	0.096921	0.123012	0.102743	1.41%	3.08%
Ellis	0.099047	0.121735	0.113516	1.40%	3.04%
Sedgwick	0.115364	0.120527	0.119902	1.39%	3.01%
Johnson	0.111993	0.112142	0.112137	1.29%	2.80%
Nemaha	0.100329	0.110657	0.100769	1.27%	2.77%