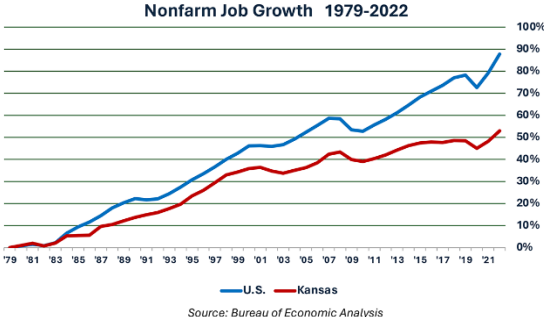


Chairperson Tyson, Chairman Smith, and Members of the Committees,

We appreciate this opportunity to provide testimony in support of tax relief.

The Legislature must provide as much income tax relief as possible for multiple reasons, including this partial list shown in no particular order:

- Kansas is in its fifth straight decade of economic stagnation, falling farther behind national average increases in job growth, population, and economic activity (GDP). High taxes and subsidies for a few businesses have proven ineffective at breaking economic stagnation, and continuing down the same path will dig the hole deeper.
- Some perspective on the economic stagnation comes from the adjacent chart, which tracks job growth from the Bureau of Economic Analysis for Kansas and the United States national average between 1979 and 2022. There would be 415,000 more jobs in Kansas if employment kept up with the national average of 88% rather than just 53%.
- States with lower tax burdens have superior economic growth trends. Between 1998 and 2022, the ten states with the lowest state and local tax burdens (Tax Foundation) averaged 51% growth in private-sector employment versus 34% for the ten states with the highest burdens; Kansas is ranked #44 over the period with 16% growth (Bureau of Economic Analysis).
- Kansas lost almost 198,000 residents due to domestic migration since 2000. The ten states with the lowest tax burden gained 4.6 million from domestic migration, while the ten with the highest burdens lost 10.7 million.
- Internal Revenue Service (IRS) [migration data](#) from 2021, the most recent year available, shows Kansas lost \$2.1 billion in adjusted gross income from people moving in and out of the state since 2017. Even Johnson County has a net loss.

Kansas can also easily afford meaningful tax relief with more than \$4 billion in total reserves.

## Provide property tax relief with a constitutional amendment limiting valuation increases

The tentative tax relief deal reached between Governor Kelly and Legislative Leadership may become law, but there is no guarantee that she will sign the bill. The agreement nearly cuts property tax in half from the previous version of SB 37, so even if the governor signs the bill, much work is still needed on property tax relief.

That’s why the Legislature should pass a constitutional amendment to limit the increase in assessed valuations in the special session.

SCR 1611 limited the increase in assessed valuations to 4% annually. It passed the Senate in 2023, but the House did not vote on the bill.

Approving a similar amendment in the Special Session would greatly benefit taxpayers. Data from the Kansas Department of Revenue shows that 29 counties hiked residential values by more than 10% in 2022 and again in 2023. Residential values jumped more than 10% in at least one year in another 29 counties.

In many cases, elected officials claimed to be ‘holding the line’ on property tax – referring only to the mill rate – while imposing significant tax increases due to skyrocketing valuations. We recently documented an Overland Park council member saying the city held taxes steady; the mill rate declined by 0.3%, but the city still imposed a 10.5% tax increase.

Consider these egregious hikes in residential valuations (not counting new construction) over the last two years: Butler County 31%, Cowley 30%, Douglas 25%, Finney 26%, Johnson 25%, Leavenworth 29%, Linn 44%, Lyon 25%, Miami 37%, Wyandotte 41%. Many rural counties had increases above 30%.

Many local officials hid behind outsized valuation increases to sock voters with large tax increases. The adjacent table lists 28 counties with two-year tax hikes of more than 15%, including several with increases greater than 30%.

Legislators passed the Truth in Taxation Act in 2021, forcing local officials to vote to exceed the revenue-neutral rate and create a record of their increases. Truth in Taxation has helped stem the property tax increase in some counties, but dishonesty persists in many places. An amendment to restrict valuation increases is the next logical step to make elected officials be honest about the tax increases they impose.

2-Year Property Tax Increase 2022 and 2023			
County	Increase	County	Increase
Allen	16.9%	Kearny	35.8%
Anderson	17.2%	Kingman	15.4%
Butler	16.2%	Leavenworth	22.8%
Douglas	20.4%	Lyon	20.2%
Elk	16.6%	Miami	19.4%
Ellis	34.3%	Morton	30.5%
Finney	17.7%	Nemaha	15.9%
Gove	19.7%	Ness	18.9%
Grant	20.5%	Pratt	21.3%
Greenwood	15.5%	Russell	18.2%
Harvey	19.8%	Sedgwick	15.5%
Haskell	16.2%	Shawnee	15.8%
Jefferson	20.0%	Stevens	38.9%
Johnson	15.6%	Wyandotte	27.0%

*Source: Kansas Department of Revenue*

Valuation limits would force local officials to sharpen their pencils a bit to avoid mill rate increases or to be more honest about raising taxes with a mill rate increase. That makes more work for local officials, especially if inflation exceeds the 4% limit on valuation increases. However, taking that pressure off local officials and making it easier for them to raise taxes means homeowners shoulder the dual burden of high inflation and a big tax increase.

Some opponents of limiting valuation increases object to deviating from market-value taxation. Assessed valuations reset to market value if a property is sold, so some homeowners who didn't sell could pay less than the owners of a similar house next door that recently sold. That's true, but in our view, it is much less of an issue than allowing valuations to run rampant and tax some people out of their homes.

Finally, if there's time to consider giving multi-billion dollar subsidies to a professional sports stadium project, there should be time to vote on a constitutional amendment for taxpayers.