Why I am filing House Bill 2430 in the 2019-2020 session

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Under Kansas State Statute 79-2925c (passed in 2015, effective date 2017), city and county governments have to hold a public vote and pay for the election costs if they want to raise spending by more than an adjusted Consumer Price Index rate to be set by the state of Kansas. K-12 Schools, Community Colleges, and township budgets are not capped. If voters don't approve spending increases, cities and counties will have to cut or hold their property tax rates to adjust to the spending level allowed by the state.

I am a firm believer in stopping the property tax increases in Kansas. The state of Kansas receives less than 1.5% of property tax each year, where the schools, cities, counties and other taxing jurisdictions get the remaining 98.5%. According to the Kansas Dept. of Revenue, Property Valuation Division, , total property taxes have gone up 151% from 1997 to 2018. I do not think the State should be controlling local governments, as it should be the citizens that are paying the tax.

Under the Legislative statute tax cap, spending increases would be automatically capped near the CPI. That forces counties and cities, **not schools**, to evaluate their budgets each year to try to keep them the same and not approve increases. Yet, immediately after the passing of this tax cap, the counties and cities were coached about the exceptions to the cap and then they changed their budget categories to work around the cap.

The original goal of the cap legislation was to increase transparency of local governments, to share more information with the public on income and spending in the hopes of convincing voters to approve tax increases. This has not happened. When citizens do not show up at the preliminary tax budget meetings and monthly meetings, there is no understanding by the public when the "Budget is published". Under this tax lid legislation, voters' authority will be increased to control county and city spending increases. When no one shows up, nothing is done.

Property tax usually polls as the least popular form of taxation in Kansas, and claim is always that local authorities are trying to keep the mil levy down. In reality, elected county commissioners, city commissioners, even school boards, do little more than take the recommendation of paid advisors, accountants and auditors to just keep the levy the same. Worse, in some instances the levy is increased by the CPI and the county appraisers office ends up doing the heavy lifting to increase township, city, school, and county revenues through increased property valuations. In 2018, schools from K-12 got 37.7% of property taxes, cities and counties collectively got 45.3% and townships received just 1.7%

I agree that, city, school and county elected members could be voted out in the next election, but the public attendance at monthly meetings would be more effective. The public understanding of where the money is being spent as it is being budgeted each year is important. Typically, the departments will bring individual budgets to the officials, and an advisor or accountant puts the amounts together in order to build the budget. Budgets are jobs, jobs are people, and it is hard for human beings to be hard to other human beings.

This has been a case where the State of Kansas has tried to control a few bad actors (counties and cities) of the 105 counties and 627 **incorporated** municipalities. Even though the Tax Lid directly affects these jurisdictions, the amount of **property tax** owed depends on the appraised fair market value of the **property**, as determined by the **property tax** assessor. When the appraised value is increased and the mil levy remains the same, the effect is property tax revenue increases and more money is forced (by government) out of the hands of Kansas citizens.

If citizens do not pay this tax or question this increase, the consequences are traumatic. Very few homeowners will object to small monthly increases in their mortgage payment each year and would be completely intimidated to appeal to the professionally-trained county appraisers office. It is because of this that I have proposed two pieces of legislation in the 2019-2020 session: HB 2236, to promote and evaluate customer service by the Appraisers Office; and HB 2275, to allow citizens to have a local board to appeal tax increases.

We have so many exemptions to the “tax lid”, that the private citizen cannot imagine that the Cap is unworkable as is. Here is some of the exception wording in the statute:

A resolution by the governing body of a city or county otherwise required by the provisions of this section shall not be required to be approved by an election required by subsection (a) under the following circumstances:

(1) **Increased property tax revenues that, in the current year, are produced and attributable to the taxation of:**

(A) **The construction of any new structures or improvements or the remodeling or renovation of any existing structures or improvements on real property, which shall not include any ordinary maintenance or repair of any existing structures or improvements on the property;**

(B) **increased personal property valuation**;

(C) real property located within added jurisdictional territory;

(D) **real property which has changed in use**;

(E) **expiration of any abatement of property from property tax**; or

(F) **expiration of a tax increment financing district, rural housing incentive district, neighborhood revitalization area or any other similar property tax rebate or redirection program.**

(2) **Increased property tax revenues that will be spent on:**

(A) **Bond, temporary notes, no fund warrants, state infrastructure loans and interest payments not exceeding the amount of ad valorem property taxes levied in support of such payments, and payments made to a public building commission and lease payments but only to the extent such payments were obligations that existed prior to July 1, 2016**;

(B) **payment of special assessments not exceeding the amount of ad valorem property taxes levied in support of such payments;**

(C) **court judgments or settlements of legal actions against the city or county and legal costs directly related to such judgments or settlements;**

(D) **expenditures of city or county funds that are specifically mandated by federal or state law with such mandates becoming effective on or after July 1, 2015, and loss of funds from federal sources after January 1, 2017, where the city or county is contractually obligated to provide a service**;

(E) **expenses relating to a federal, state or local disaster or federal, state or local emergency, including, but not limited to, a financial emergency, declared by a federal or state official. The board of county commissioners may request the governor to declare such disaster or emergency**; or

(F**) increased costs above the consumer price index for law enforcement, fire protection or emergency medical services.**

(3) **Any increased property tax revenues generated for law enforcement, fire protection or emergency medical services shall be expended exclusively for these purposes but shall not be used for the construction or remodeling of buildings.**

(4) **The property tax revenues levied by the city or county have declined: (NOTE: this is like a property tax pad in case taxes might go down)**

(A) In one or more of the next preceding three calendar years and the increase in the amount of funding for the budget or appropriation from revenue produced from property taxes does not exceed the average amount of funding from such revenue of the next preceding three calendar years, adjusted to reflect changes in the consumer price index for all urban consumers as published by the United States department of labor for the preceding calendar year; or

(B) the increase in the amount of ad valorem tax to be levied is less than the change in the consumer price index plus the loss of assessed property valuation that has occurred as the result of legislative action, judicial action or a ruling by the board of tax appeals.

(5) **Whenever a city or county is required by law to levy taxes for the financing of the budget of any political or governmental subdivision of this state that is not authorized by law to levy taxes on its own behalf, and the governing body of such city or county is not authorized or empowered to modify or reduce the amount of taxes levied therefore, the tax levies of the political or governmental subdivision shall not be included in or considered in computing the aggregate limitation upon the property tax levies of the city or county**.

So, what is not a budgeted exemption? Seems like very little but it all adds up to increases in property tax revenue. The next time you are complaining about your taxes going up 15-25 percent, ask yourself: Is it the appraisers office increasing by valuation? Or is it the school board, city, or county commission increasing my mil levy?

It is my opinion that usually it is the valuation that went up more often than the mil levy. What is needed is a cap on valuations, a cap on total property tax assessment and more public involvement and transparency in budgeting not a poorly designed cap on mil levies alone.