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League of Kansas Municipalities

Date: March 6, 2012  
To: Senate Committee on Taxation and Assessment  
From: Larry R. Baer  
Assistant General Counsel  
Re: SCR 1612  
Testimony in Opposition.

Thank you for allowing me to appear before you today and present testimony on SCR 1612 on behalf of the League of Kansas Municipalities and our member cities.

SCR 1612 would amend the Kansas constitution to allow the legislature to limit valuation increases on single-family residential real estate that is owned and occupied by persons who are 65 years or older. The legislature would be permitted to enact legislation to limit application and such other legislation as it deemed necessary.

While the League understands the intent and reasoning behind SCR 1612, we oppose the bill. In order to maintain fair and equal taxation, the League supports valuations based upon fair market value and oppose caps or limitations on valuations as inequitable. Limitations, when applied to specified classes of property, result in shifting the tax burden to other classes of tax payers. In addition, limitation of this type erode the property tax base.

The League also has a concern in the form that legislation to enact the limitation may take. In prior incarnations, this type of limitation has had application to all who are over the designated age without regard to financial or needs based testing. We believe that this results in the inequitable application of the valuation limitations.

The League opposes SCR 1612 because it does not provide for fair and equal taxation of similarly situated properties; it erodes the property tax base by artificially limiting value on a class of property; and, the underlying enactment legislation can allow the benefits that may be available to any and all residential property owners who are 65 years or older, without regard to any other qualifications or needs. The net effect is a tax shift to other home owners and small businesses. Should the Committee chose to work this bill, we ask that you not recommend it for passage.

Thank you.