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To: House Taxation Committee  
Date: March 13<sup>th</sup>, 2019  
Subject: Opposition Testimony on HB 2368.

Honorable Chairman Johnson and members of the House Taxation Committee:

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide testimony in opposition regarding HB 2368, which would add an exemption to the public vote requirement under K.S.A. 79-2925c.

KAR represents nearly 10,000 members involved in residential, agricultural and commercial real estate and has advocated on behalf of the state's property owners for over 95 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

### **Guiding Policy**

REALTORS® believe that the private ownership of real property is the foundation of our nation's free enterprise system and we adamantly oppose any governmental actions that discourage or diminish the ability and capacity of Kansas citizens to own private property.

Further, we maintain that every citizen should have the right to acquire real property with the confidence and certainty that the value of such property will not be unreasonably diminished by governmental action, including excessive taxation. REALTORS® believe that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. While we realize the importance of many programs funded through property tax revenues, we believe tax revenues should be equitably collected from a variety of sources and encourage taxing jurisdictions to consider the negative impact to the housing market associated with any potential increase in property tax rates.

### **Background on Public Vote Requirement**

In 2015 and 2016, the Kansas Legislature passed legislation giving voters the ability to weigh in on certain city and county budget increases. Encouraged by strong public support<sup>1</sup>, KAR advocated for this legislation because

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<sup>1</sup> In October of 2015, American Strategies, a bipartisan national polling firm, conducted a statewide poll of 600 likely 2016 general election voters on the property tax vote requirement. According to the findings of this poll, 76 percent of likely Kansas voters supported the property tax vote requirement. Virtually all Republicans (84 percent) favored the new law as did most independents (78 percent) and Democrats (61 percent).

we support policies that give citizens a greater voice in decisions impacting their tax burden. As such, we support policies that put calls for increases in revenue to a public vote.

During the 2016 Session, proponents and opponents reached consensus on several exemptions. Significant concessions were made to accommodate legitimate concerns of local government and many opportunities to increase budgets without having to have a public vote were added to the law.

Below is a summary of the existing exemptions to the public vote requirement of K.S.A. 79-2925c(a)(1)

#	Summary of budget increases exempt from public vote requirement of K.S.A. 79-2925c(a)(1)	Statute Citation
1	Previous year's budget adjusted to reflect 5 year average of CPI increase	K.S.A. 79-2925c(a)(1)
2	Revenue from construction of new structures or improvements or remodeling of any existing structures or improvements on real property	K.S.A. 79-2925c(b)(1)(A)
3	Revenue from increased personal property valuation	K.S.A. 79-2925c(b)(1)(B)
4	Revenue from real property located within an added jurisdiction	K.S.A. 79-2925c(b)(1)(C)
5	Revenue attributed to real property that has changed in use	K.S.A. 79-2925c(b)(1)(D)
6	Revenue from the expiration of abatement	K.S.A. 79-2925c(b)(1)(E)
7	Revenue from the expiration of a TIF district, RHID district, neighborhood revitalization area, or similar property tax rebate or redirection program	K.S.A. 79-2925c(b)(1)(F)
8	Revenue spent on certain debts	K.S.A. 79-2925c(b)(2)(A)
9	Revenue spent on special assessments	K.S.A. 79-2925c(b)(2)(B)
10	Revenue spent on court judgements or settlements and related costs	K.S.A. 79-2925c(b)(2)(C)
11	Revenue spent on certain federal and state mandates	K.S.A. 79-2925c(b)(2)(D)
12	Revenue spent on federal, state or local disasters	K.S.A. 79-2925c(b)(2)(E)
13	Increased cost above CPI for law enforcement, fire protection, and EMS (but not for construction or remodeling of buildings K.S.A. 79-2925c(b)(3))	K.S.A. 79-2925c(b)(2)(F)
14	Increased revenue in response to a decline in property tax revenue	K.S.A. 79-2925c(b)(4)(A)-(B)
15	Revenue levied for other political or government subdivisions	K.S.A. 79-2925c(b)(5)
16	PUBLIC VOTE	K.S.A. 79-2925c(a)(1)

**HB 2368**

HB 2368 would add an additional exemption to the public vote requirement under K.S.A. 79-2925c which would provide that:

(b) 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: ...

(2) Increase property tax revenue that will be spent on: ...

*(G) expenses relating to transportation projects that do not exceed 20% of the appropriation or budget of the next preceding year if the transportation project is first certified by the secretary of transportation as a transportation construction project.*

KAR continues to believe that the exemptions reflected in current law were adequate to address the reasonable concerns of cities and counties when the law was enacted. We generally oppose adding any new exemptions as each weakens voters' ability to have a voice on their property tax burden. That being said, KAR does not have a blanket policy opposing any new exemptions. KAR reviews each proposal on its merits.

This Session, KAR has testified on two other bills that would add exemptions to the tax lid – HB 2063 (proponent) and HB 2345 (neutral). In reviewing proposals for additional exemptions, KAR considers whether the exemption will make it easier to increase property taxes. If the answer is yes, then we are unlikely to be supportive.

HB 2368 would make it easier to increase property taxes without having a public vote. As a policy, HB 2368 assumes that Kansas property owners are willing to shoulder a property tax increase to cover costs associated with transportation projects. KAR argues that before making such assumption, counties and cities first consider whether budgetary savings and efficiencies can be found to pay for such increases. If savings cannot be found to pay for these cost, then voters should have the opportunity to vote on the increase spending rationale of the city or county.

Voters are intelligent enough to make informed choices on these issues and the Kansas Legislature should not frustrate this capability by eroding the public vote requirement with the addition of this exemption to K.S.A. 79-2925c.

Therefore, KAR would respectfully request that the House Taxation Committee reject the provisions contained in HB 2368. Thank you for the opportunity to provide the committee with written comments regarding the proposals set out in HB 2368. I am happy to stand for questions at the appropriate time.

Respectfully submitted,



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