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March 19, 2024

The Honorable Adam Smith, The Honorable Brian Bergkamp and the Honorable Tom Sawyer

Opposition SCR 1611

Dear Chairman Smith, Vice Chair Bergkamp, and Ranking Minority Member Sawyer:

I am writing on behalf of the Sedgwick County Board of County Commissioners in opposition to SCR 1611 because it creates inequity in the collection of property taxes while not addressing the underlying issue, which is the increased reliance of local governments in Kansas on property tax revenue. **The Sedgwick County Commission strongly encourages a statutory legislative action for property tax relief in lieu of, or instead of, a constitutional amendment.**

1. SCR 1611 is an exception to uniform and equal property taxation.

SCR 1611 would cap the increase in appraised fair market value for real property each year except in some limited situations, including when improvements to the property occur and when title to the property transfers. This will create great disparity among the property taxes collected from similarly situated properties. Real property held for long periods will make up an increasingly smaller portion of the assessed value used to determine the mill levies set by local governments. This shifts the tax burden away from appreciating property held for extended periods onto new development, property that does not appreciate, and to new residents buying real property in our state. This creates disincentives to move, improve, or develop new real estate in Kansas.

2. SCR 1611 does not address the underlying issue with property taxation in Kansas, which is the increased reliance of local government on property taxes to generate revenue.

Since the great recession, the assessed value for Sedgwick County has increased by nearly 50%. In that time, Sedgwick County reduced its mill levy. The property tax levied by the county increased 38% at a time when inflation increased by 39%. A fair amount of the tax levy increase derives from both increased expenses and a reduction in revenue from other sources, largely because of state

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legislative action. In 2023, Sedgwick County estimates around \$30 million of revenue previously available to the county was lost because of state legislative action. The estimated number would account for 17% of the property taxes levied by the county. In addition, costs related to KPERS have more than doubled since 2008 because of increases in state-set rates, accounting for an additional 4% of the property tax levied by Sedgwick County. The impact of state legislative action since 2008 accounts for more than a fifth of the property taxes levied by the county in 2023. Future state legislative action needs to provide local government with alternative revenue sources to reduce reliance by local government on property taxes to fund operations. The people voting for such local governments, not state legislators, should determine whether said government is misusing its funds by exercising their rights to vote and weighing in on the annual budget.

- 3. SCR 1611 does not grant taxpayers the relief they seek. It merely shifts the tax burden away from some taxpayers to the benefit of others.**

SCR 1611 suggests to taxpayers that a cap on the appraised value of their properties would result in a reduction in the property taxes they pay. The appraised value provides for the distribution of property tax costs within a taxing subdivision. Capping the appraised value by constitutional amendment does not affect the number of dollars that taxing subdivisions need to operate. SCR 1611 merely modifies the distribution of the property tax burden to the benefit of property owners holding appreciating property for extended periods. Property tax reliance will continue to be problematic under SCR 1611, and most, if not all, taxpayers will not receive any form of relief as a result.

Attachment – Sedgwick County Demographics and Fiscal Performance

Thank you for considering our testimony in this matter.

Respectfully,



Ryan K. Baty, Chairman
Board of County Commissioners of Sedgwick County

