

Testimony In Support of House Bill Number 2584

By Kansas 68th District Representative Dave Baker

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Why the need to escrow taxes of residential property appraisal difference when protested: Currently when individuals protest the amount of their property valuation, the funds are spent and no reserve maintained if the appeal results in a refund. Escrowing the difference of the current valuation and the adjusted valuation will provide funds without a "claw back" process. Property Tax is a wealth tax and requires no economic transaction to take place to produce an increase. No improvements need to occur and still the evaluation increases. This proposed change should incent the county to be careful on assessments and resolve disputes quickly. The amount is usually minimal to the county, but significant to the taxpayer. The appeal process takes years to complete and the assessment compounds annually. It is incorrect the first year, and every year following until the appeal process is completed.

We are experiencing a changing economy in Kansas and some valuations will not continue to escalate as they have for the last 25 years. Rising mortgage rates, changes in demand and increasing taxes will force the valuations of property in certain areas to decline. Appraisers in less populated areas have a difficult task finding comparable sales due to a lack of frequency in real estate transactions. The intent of this bill is to assure when taxpayers win an appeal the funds are escrowed and will not force spending cuts to county agencies that were not aware of the liability.

Historically the amount of the entire tax bill was escrowed when protested, but that was changed to allow county government to operate with more certainty to the funding. This bill should not result in a significant change to the total amount of funds available today and will insure disputed dollars are available in the future. Property Tax is never a popular subject, but we need to encourage a fair and equitable resolution to those who contest their appraised valuation. Currently he views himself as a victim of an unfair appraisal and a daunting process to obtain resolution. The goal is to reach a fair and equitable solution to a protested valuation, without causing undue burden to county government or the appealing tax payer. We need to view this bill as an equalizer.