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To: House Taxation Committee  
From: Mark Tomb, VP of Governmental Affairs  
Date: March 21, 2023

Re: Written Testimony in Support of HB 2457

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide written testimony in support of HB 2457, legislation that makes numerous changes to income, sales and property taxes, including an increase to the residential exemption for the statewide school levy.

The Kansas Association of REALTORS® represents over 11,000 members involved in residential, agricultural and commercial real estate and has advocated on behalf of the state's property owners for over 100 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.

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.

KAR has historically supported the state-mandated school mill levy so long as exemptions remain in place. The \$20,000 exemption was first put into effect in 1997 to reduce the local property tax burden on households, arguably shifting the responsibility back to the state, which has more options for revenue from which to fund schools. KAR argued in 2022 that the \$20,000 exemption has not remained meaningful because the exemption failed to keep pace with inflation or home values. The mechanics of this exemption provides a fairly direct way to provide property tax relief and the legislature raised the exemption to \$40,000 in HB 2239 passed and signed into law in 2022. This legislation (HB 2457) sets the exemption at \$65,000, while also providing a yearly adjustment to account for inflation.

If not fully adjusted, the K.S.A. 79-201x exemption loses its intended level of property tax relief. In conclusion, KAR supports HB 2457's effort to increase the K.S.A. 79-201x exemption. Thank you for your time and consideration of our testimony.