



Patrick Vogelsberg, JD  
Vice President of Governmental Affairs  
Kansas Association of REALTORS®  
3644 SW Burlingame Rd.  
Topeka, KS 66611  
Email: patrick@kansasrealtor.com

To: Senate Select Committee on Education Finance  
From: Patrick Vogelsberg  
Date: May 19th, 2017  
Subject: Written comments on SB 251.

Honorable Chairman Denning and Members of the Senate Select Committee on Education Finance:

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide some written comments regarding SB 251 which provides both support and describes concerns that we have with specific provisions of the bill.

KAR represents over 8,500 members involved in both residential 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.

SB 251 brings up significant issues for KAR regarding school finance the revenue needed to have strong public schools. The 2017 KAR Legislative Policy Statement provides:

As REALTORS®, we realize the importance of quality public schools to the local real estate market. The quality of education in our schools has proven to be a driving force in the growth or demise of our residential and business communities. It is these communities, not merely the homes within them, which are bought and sold. As such, REALTORS® support responsible funding for public schools.

KAR members are involved in recruiting new residents to our local communities on a daily basis and realize the importance of quality public schools in building a high quality of life for Kansas residents. We also believe in the importance of a low tax burden on Kansas businesses and families that will help keep our state competitive in the search for new economic development and job growth opportunities.

Again the 2017 KAR Legislative Policy Statement provides:

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.

Having stated that, KAR has no objection to the current, state mandated mill levy of 20 mills. In continuing the state mandated mill levy rate of 20 mills for schools, SB 251 also continues an exemption of \$20,000 of assessed valuation on residential property. K.S.A. 79-201x provides property tax relief for Kansas homeowners and, as such, KAR supports this exemption and would respectfully ask that the current K.S.A. 79-201x exemption be retained in this legislation.

However, we do have concerns with the expansion of local option budget authority of school boards both for the local option budget (LOB) and capital outlay mill levy increase. Historically, the amount of ad valorem property taxes that can be levied by a public school district for local option (foundation) budgets have been capped at a state prescribed percentage (30%) and any increases above that percentage must be approved by a majority vote of the qualified electors of the public school district. In our opinion, the requirement of a public vote on LOB increases, historically provided for in law, is good public policy and justifiably limit the property tax burden on Kansas property owners without their approval.

SB 251 allows a local school board the ability to increase its local option budget up to the state prescribed percentage of 33% subject only to protest petition. Furthermore, the bill allows the mill levy for capital outlay to increase from 8 mills to 10 mills, subject to a 10% protest petition. Protest petitions are overly burdensome on those who attempt to organize them, resulting in few successful petitions. Instead of taxpayers being forced to organize, petition and defend against property tax increases, the burden should be on the taxing authority, in this case the local public school board, to simply explain why additional revenues are needed and let that explanation stand against a public vote.

Therefore, KAR would ask the committee to consider an amendment to restore the public vote requirement on LOB increases over a state prescribed percentage of 30% and require the same for capital outlay increases.

Additionally, New Section 51 imposes a monthly school funding fee in the amount of \$2.25 for each residential utility customer. On page 60, starting on line 23, the bill indicates that as used in this section, "Utility" means any person that furnishes electricity, water or natural gas at retail to a person in this state." Therefore, assuming a Kansas household receives each of these services the result would be a \$6.75 increase per month on residential utility bills, annualized to \$81 per residential customer. Using our 2015 housing data, Kansas had a total of 1,111,582 occupied housing units. Of these, 738,336 were owner occupied and 373,246 were renter occupied. Using these number and assuming that each household consume electricity, water, and natural gas, Kansas homeowners would see their expenses go up \$59,805,216 and for renters it would be \$30,232,926, for a combined total increase of \$90,038,142 on Kansas households.

KAR has a growing concern on the seemingly ever increasing cost of homeownership and SB 251 only moves further in that direction. While imposing a utility fee spreads the impact broader than a mill levy increase, this approach does not take in to consideration the ability to pay, consumption, or even valuation of property in assessing the fee. It will disproportionately impact low-income Kansans and those living on a fixed income.

### Conclusion

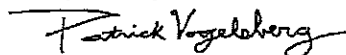
The mill levy increases and imposition of new fees on essential household services that SB 251 contains will impact Kansans' ability to not only purchase a home, but their ability to remain in their home, especially for those on a fixed income. Some may argue that the fees and expanded levy authority contained in SB 251 will have a minimal impact. Regardless, our concerns about the consistent increase in financial burden on property

owners remain. Specific provisions contained in SB 251 continue to increase the burden on property owners and corrode the benefits of homeownership and private property rights in Kansas.

KAR would respectfully request that the Senate Select Committee on Education Finance consider our concerns as the issue of school finance is further discussed this session.

Thank you for your time and consideration of this matter.

Respectfully submitted,

A handwritten signature in black ink that reads "Patrick Vogelsberg". The signature is written in a cursive style with a horizontal line above the first few letters.

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