

# Kansas

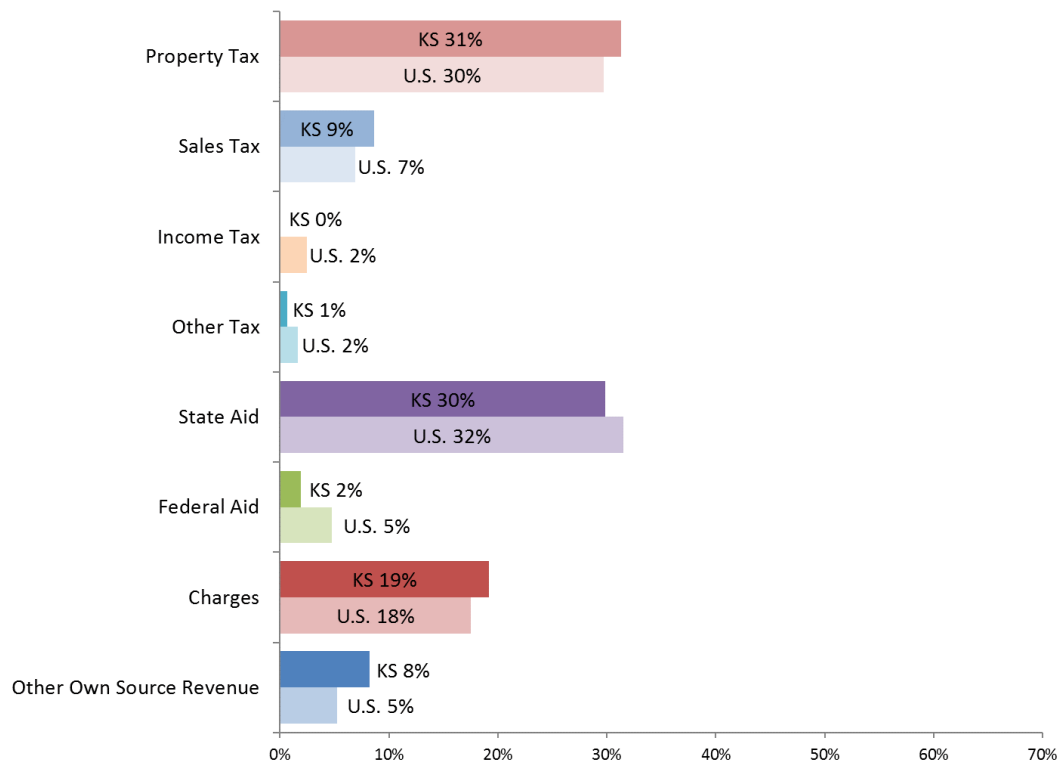
## Highlights

Property taxes support expenditures by the state, counties, cities, townships, schools, and special districts. Almost three-fourths of total general property tax revenue goes to support school and county functions; the state receives only one percent of the total (Kansas Department of Revenue 2015) (Figure KS-1).

Property is classified into 13 different classes with different assessment ratios. Seven of these classes are for real property, and six are for personal property. Residential property receives the lowest assessment ratio, 11.5 percent. Thus, homeowners multiply the stated property tax rate by \$11,500 if their home's market value is \$100,000 ( $\$100,000 \times 0.115$ ).

Kansas does tax tangible personal property other than business inventories or household goods but has reduced its reliance on this source by exempting commercial and industrial machinery and equipment purchased or leased after 2006. A locally assessed intangibles personal property tax is imposed by some counties, by a few cities, but mostly by townships.

**Figure KS-1**  
**Sources of Local General Revenue, Kansas and U.S., 2013**



Source: U.S. Census via Significant Features of the Property Tax

## Property Tax Reliance

Traditionally, Kansas sought to be average in national rankings of state-local taxation, and selected property tax statistics mostly confirm that preference (table KS-1).

**Table KS-1**  
**Selected Kansas Property Tax Statistics, 2013<sup>1</sup>**

	Kansas	U.S. Average	Rank (of 51) <i>1 is highest</i>
<a href="#">Per capita property tax</a>	\$1,426	\$1,441	20
<a href="#">Property tax percentage of personal income</a>	3.2%	3.2%	21
<a href="#">Total property tax as percentage of state-local revenue</a>	17.0%	16.9%	16
Median owner-occupied home value <sup>2</sup>	\$128,400	\$176,700	41
Median real estate taxes paid for owner-occupied home <sup>2</sup>	\$1,793	\$2,107	24
Effective tax rate, median owner-occupied home <sup>3</sup>	1.4%	1.2%	15

Sources: U.S. Census via Significant Features of the Property Tax, American Community Survey

<sup>1</sup> All revenue numbers in this table include the state government as well as local governments.

<sup>2</sup> The statistics for median owner-occupied home value and median real estate taxes paid for owner-occupied home are five-year average statistics for years 2009–2013.

<sup>3</sup> Calculated as the median real estate tax paid on owner-occupied homes as a percent of the median owner-occupied home value.

## Administration and Assessment

The Kansas Constitution requires a “uniform and equal rate of assessment and taxation,” with statutes providing a definition of fair market value that county appraisers are required to follow in placing values on property. An exception to fair market value is agricultural land, which is valued on its productivity, or use value.

Each of the state’s 105 counties is a separate appraisal district with responsibility for the determination of assessed valuation (and the collection of property taxes) under state oversight. Based on constitutional amendments in 1986 and 1992, real property is divided into seven subclasses (including residential purpose property assessed at 11.5 percent and commercial and industrial property assessed at 25 percent), while personal property is divided into six subclasses.

Local appraisers are certified by the state and hired by counties and must follow state rules to ensure assessment uniformity. The statistical standards were established by a 1993 state district court case and a court-ordered consent decree.

## Limits on Property Taxation

In 1999, a tight tax lid was allowed to expire and was replaced by a simple “truth in taxation” provision. This provision required a city or other taxing jurisdiction to adopt an ordinance if revenues from property taxes for the next budget year exceeded those of the prior year unless the increase was due to new improvements to real property, annexations, or certain other reasons. The law did not apply to property taxes levied for the sole purpose of repaying debt. The 1999 provision was replaced by a tighter tax lid in 2015 (see Recent Developments section).

## Property Tax Relief and Incentives

The Kansas Homestead Refund Program, a type of circuit breaker enacted in 1970, provides a rebate of a portion of the property taxes paid on a Kansas resident’s homestead based on the total household income (table KS-2). The maximum refund is \$700. A Kansas resident for the entire year is eligible if the total household income is \$32,900 (in 2014) or less and the individual is 55 years of age or older *or* was blind or disabled in the year *or* had a dependent child under 18 who lived there all year and was claimed as a personal exemption. Changes in 2007 excluded 50 percent of Social Security benefits from the definition of income and barred from the program any homeowners with a residence valued at \$350,000 or more. In 2012, the homestead program was amended to make it available only to owners, thereby excluding renters.

In 2008, Kansas enacted the Selective Assistance for Effective Senior Relief (“SAFE Senior”) Act, providing a refundable income tax credit of 75 percent of residential property taxes paid for those taxpayers age 65 or older with household income of 120 percent or less of the federal poverty level for two persons. An individual can claim either the Homestead refund or a SAFE Senior refund, but not both.

Kansas allows governmental units to exempt real and personal property, and to enter into in lieu payments, to induce certain economic development activities. These programs are tied to the issuance of industrial revenue bonds, the Economic Development Exemptions program, and/or Tax Increment Financing.

**Table KS-2**  
**Kansas Property Tax Features, 2013**

Feature	Kansas	Count for 50 states plus DC
<a href="#">Statewide classification of real property</a>	Yes	25
<a href="#">Assessment of property primarily by county</a>	Yes	30
<a href="#">Limits on property tax rates or levies</a>	Yes	45
<a href="#">Limits on the rate of growth of assessed value</a>	No	19
<a href="#">Circuit breaker property tax relief program</a>	Yes	34

Sources: Significant Features of the Property Tax

## Key Property Tax History

From 1964 to 1988, all Kansas property was assessed at 30 percent of market value. In 1986, the state moved to a property tax classification system, which was expanded and modified in 1992.

In 1997, a law was enacted allowing homesteads an exemption from the statewide school levy.

In 1998, the legislature enacted an income tax credit against property tax paid on commercial and industrial machinery and equipment. A 2006 law exempted from property taxation all commercial, industrial, telecommunications, and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 (or transported into the state after that date) for the purpose of expanding an existing business or creating a new business. In 2005, machinery accounted for 6.1 percent of statewide assessed valuation; by 2014, it accounted for 2.1 percent with the run-off of older properties continuing.

## Recent Developments

In March 2014, the Kansas Supreme Court issued its opinion in *Gannon v. State* reaffirming that there is both an adequacy and equity component in determining whether the legislature has met its constitutional obligations for funding education. In February 2016, the Kansas Supreme Court ruled in *Gannon II* that the legislature had not sufficiently complied with its prior equity order in *Gannon I*. Specifically, the court stated that state aid formulas do not provide students with “reasonably equal access to substantially similar educational opportunity through similar tax effort.”

In 2015, the Kansas legislature enacted a new property tax lid. The new tax lid provides that subject to certain exceptions, no city or county may increase the amount of ad valorem tax to be levied over the

amount levied in the prior year by an amount greater than the consumer price index without a vote of the public. This lid was modified in 2016 and given an effective date of 2017 (Lefler 2016).

In February 2016, the Kansas Supreme Court struck down a 2014 law that gave favorable tax treatment to taxpayers who successfully challenged the assessed value of their property. Specifically, the law had allowed a two-year moratorium on assessment increases for taxpayers who had won a valuation appeal. The court found that this law violated the state's uniformity provision (Wingerter 2016).

## Resources

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