

#### 4. Support Legislation to Prohibit Cities and Counties from Imposing “Driveway Taxes” on Businesses and Home Owners

- Last year, the City of Mission adopted a new tax on all developed real estate that has been commonly referred to as the “driveway tax.” Although the city has tried to argue that the tax is a “user fee,” it is in fact a tax that increases the tax burden on property owners.
- Unless the ordinance is repealed, **we believe that small businesses and home owners will be forced to continue to pay an illegal tax simply for the privilege of owning property in the city**, which should be covered under the existing property taxes levied by the city.

#### 5. Support Legislation Introduced by Kansas Real Estate Appraisal Board to Solve Problems in the Real Estate Appraisal Industry by Regulating Appraisal Management Companies

- Over the last decade, appraisal management companies have become the dominant force in the real estate appraisal industry. Many real estate appraisers have been forced to affiliate with appraisal management companies, which has caused several problems in the appraisal industry.
- In the absence of regulation, several practices adopted by appraisal management companies have resulted in the assignment of appraisers who do not have the necessary geographic competency to appraise certain property, which leads to an increase in the number of inaccurate appraisals and has harmed many parties involved in real estate transactions.
- Under the Dodd-Frank Act, the Kansas Real Estate Appraisal Board is required to seek legislation regulating appraisal management companies. As a result, **we support legislation to regulate appraisal management companies at the state level.**



# 2012 Legislative Agenda

The Kansas Association of REALTORS® (KAR) is the state’s largest professional trade association, representing nearly 8,000 members involved in both residential and commercial real estate for over 90 years. As professionals who advocate on behalf of the 700,000 Kansas homeowners in the pursuit of home ownership and the American Dream, REALTORS® serve an important role in the state’s economy.

REALTORS® are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life, sustainable communities and providing affordable housing opportunities that embrace the environmental qualities we value, while protecting the rights of private property owners.

**Luke Bell**

**Vice President of Government Affairs**

**Kansas Association of REALTORS®**

**3644 SW Burlingame Rd.**

**Topeka, KS 66611**

**785-267-3610 (Office)**

**785-633-6649 (Cell)**

**lbell@kansasrealtor.com**



# 2012 Legislative Agenda

In light of the economic challenges facing the state, REALTORS® believe that increasing the number of affordable housing opportunities for Kansas families and increased investment in commercial real estate positively impacts our state's neighborhoods, communities and the overall environment for economic growth.

Each year, the construction, development and real estate industries generate nearly **\$17 billion in economic growth for the Kansas economy, which is around 13% of the state's total Gross State Product.** The construction and real estate industries contribute the **third-largest share to the state's GDP**, coming in right behind the government and manufacturing sectors and far above the contribution of the agricultural and health care industries.

As a result, these industries play a unique and major role in stimulating economic growth for the Kansas economy and creating new jobs and income for Kansas citizens.

From 2007 through 2011, the total number of home sales in Kansas declined from a peak of nearly 39,000 home sales in 2007 to around 27,000 home sales this year, which is a 31% reduction in just three years. Since every home sale generates around \$46,000 in additional economic benefits (construction labor, sales taxes on materials, etc.), **this reduction in home sales has resulted in an estimated loss of nearly \$554.0 million for the overall Kansas economy.**

To help meet these challenges and help promote economic growth from this important component of the Kansas economy, the Kansas Association of REALTORS® would respectfully request your support of the following public policy priorities during the 2012 Legislative Session:

## **1. Oppose Any Tax Reform Proposals that Seek to "Decouple" from the Federal Income Tax Code and Eliminate the Ability of Home Owners to Claim Itemized Deductions for Mortgage Interest or State and Local Property Taxes**

- REALTORS® support fundamental income tax reform that will provide meaningful tax relief and create economic development opportunities for Kansas families and businesses. However, REALTORS® believe that **the goal of income tax reform should be to reduce the tax burden on Kansans and not simply shift the tax burden between different classes of taxpayers.**
- Any proposals that seek to eliminate the ability of a home owner to claim an itemized deduction for the payment of mortgage interest or state and local property taxes increase the cost of home ownership and unfairly increase the tax burden on home owners. This would "decouple" the Kansas income tax code from the federal income tax code and create a competitive disadvantage for Kansas home owners compared to home owners in other states.
- Faced with the challenges created by a struggling economy and housing market, we believe that **now is not the time to increase the tax burden on Kansas home owners.**

## **2. Oppose Any Tax Reform Proposals That Would Increase the Tax Burden on Businesses and the Self-Employed by Levying a Tax on Home Sales, Eliminating Vitaly Important Business Sales Tax Exemptions or Taxing Services**

- In addition, REALTORS® oppose any efforts to increase the tax burden on Kansas families and small businesses through a sales tax on services, increased taxes on real estate sales or the elimination of vitally important sales tax exemptions for small businesses.

## **3. Support Fundamental Reform of Our Property Tax System to Provide Meaningful Property Tax Relief to Small Businesses and Home Owners**

- From 1997 to 2010, the amount of combined property taxes collected by state and local governments in Kansas nearly doubled from \$1.96 billion in 1997 to just over \$3.8 billion in 2010. Over that same time period, the state's overall population grew only 10% and the average mill levy rate increased by only 19%.
- Property taxes represent a very large burden on household balance sheets and a major part of business input costs. Clearly, the exponential increase in the property tax burden of Kansas small businesses and home owners calls for the fundamental reform of our property tax system.
- We support fundamental reform that will slow the exponential increase in property taxes, ensure that local governments are transparent when approving increased property taxes and provide property owners with predictability on their annual property tax burden.