



February 8, 2009

**Pro: Proposition K is Fair, Equal, Transparent**

*By Dave Trabert*

In response to a WE Blog excerpt ("Plenty of reasons for concern about Proposition K," Feb. 1 Opinion):

Proposition K places no limit on the amount of revenue that government can raise, places no limit on the mill rate that can be charged, provides a predictable revenue stream (2 percent from baseline growth plus new construction, which has averaged 3 percent of prior years' total valuation), and protects government from losing revenue in the event of future declines in valuation.

When an Eagle reporter asked me why government would oppose it, that's when I said, "There's not much reason to oppose this other than you don't like transparency." Government can raise as much revenue as it wants, but most of it has to be done by raising the mill rate instead of relying on large annual increases in appraised values. That's the transparency part.

The blog item expressed concerns that Proposition K would disadvantage homeowners in poorer areas, could result in significant disparities and a disconnect from market values, and possibly violate the Kansas Constitution's principle of uniform and equal valuation. Fortunately, the facts indicate otherwise.

As explained in the study authored by Art Hall, executive director of the Center for Applied Economics at the University of Kansas (available at the Web site [www.PropositionK.org](http://www.PropositionK.org)):

- A home currently valued at \$400,000 is charged five times as much tax as one valued at \$80,000. Under Proposition K, all properties adopt their Jan. 1, 2010, appraised value as their baseline value, so that 5-1 ratio is carried forward.
- Each year baseline values increase 2 percent, which means that 5-1 ratio never changes.
- Since the current appraised values are constitutional and they are adopted and raised uniformly by 2 percent, Proposition K absolutely complies with the uniform and equal standard.

I agree that Proposition K departs from basing tax on market value. It does so quite deliberately. Hall's paper endeavors to provide a detailed logic for the reasons.

A full understanding of Proposition K requires people to think in a fresh way. To quote Hall's paper: "For the concerned Kansans who are willing to reflect on the good-government reasons for a property tax, Proposition K offers a commonsense means to modernize the age-old property tax system in a way that reasonable people may perceive as more effective and fair."

Market value appraisals might work if government reduced the mill levy so that the combination of

those two variables produced reasonable annual changes in total taxation, perhaps enough to cover inflation and significant changes in population. Unfortunately, that has not been the case.

Over the past 10 years, property taxes in Sedgwick County have increased 97 percent but population has only grown 9 percent. Taxes in Butler County have jumped 136 percent, with a 5 percent population gain. Inflation has averaged about 2.5 percent per year, so the net result is a significant increase in the tax burden on all residents.

A recent KWCH, Channel 12, poll by SurveyUSA showed that 77 percent of Kansans think the state needs to change the way property taxes are figured.

Hence, Proposition K.

*Dave Trabert is president of the Flint Hills Center for Public Policy*

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