## 4. Protect Consumer Choice in the Housing Market by Prohibiting Local Governments from Setting Price Controls on the Rental or Sale of Private Property

- In several communities, advocacy groups are pushing local government officials to institute a controversial program known as "inclusionary zoning." Basically, this program places limits on the amount of rent that can be charged or sales price that can be paid for private property in a new or infill housing development.
- These "price controls" act as a tax on new and infill housing construction. Since some housing units in the development will be required to be rented or sold at below market rates, the landlord or developer will be required to recoup the lost revenue on the capped units by increasing the rental amount or sales price on the market rate housing units.
- In other states where price controls have been enacted by local governments, the programs have led to a significant decrease in the number of units built and an increase in the cost of market rate rental and owner-occupied housing units.
- In 2016, the Kansas Legislature should protect consumer choice and the free market by passing legislation to prohibit local governments from establishing or enforcing price controls on commercial or residential private property.



The Kansas Association of REALTORS® (KAR) is the state's largest professional trade association, representing over 8,000 members involved in agricultural, commercial and residential real estate.

REALTORS® are the dedicated advocates for over 700,000 Kansas home owners and commercial property owners. We serve a very important role in creating economic growth, growing jobs and stimulating the overall Kansas economy.

REALTORS® are dedicated to working with elected officials to create a better Kansas by supporting job growth and economic development, a high quality of life and affordable housing opportunities while protecting the rights of private property owners.

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## 2016 Kansas REALTORS® Legislative Agenda



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- 1. Oppose Attempts to Increase the Tax Burden on Middle-Class Kansas Property Owners by Eliminating the Mortgage Interest and Property Tax Deductions
- In 2012 and 2013, the Kansas Legislature passed extensive reforms to the Kansas state income tax code. However, on both occasions, the Legislature protected the ability of Kansans to claim the mortgage interest and property tax deductions on their state income tax returns.
- Eliminating the mortgage interest and property tax deductions would have led to a tax increase for 360,000 middleclass Kansas homeowners. Thankfully, the Legislature has wisely rejected all proposals that would eliminate these important deductions.
- Economic growth depends on a stable investment environment with a consistent tax code. If the Legislature makes further changes to the state income tax code, this will continue to send a negative signal to Kansas families, farmers and small businesses and create uncertainty.
- In 2016, the Kansas Legislature should do no harm to the recovering real estate market by opposing attempts to re-open the state income tax reform debate.

- 2. Reduce Property Tax Burden on Kansas Property Owners by Allowing Voters to Vote on Property Tax Increases by Cities and Counties by More Than Inflation
- In 2015, the Legislature passed a law that gives voters the right to vote when cities and counties increase the property tax burden by more than the rate of inflation over the preceding year. In doing so, Kansas became the 20<sup>th</sup> state to grant this right to voters.
- Since the repeal of the previous "public vote requirement" in 1999, the property tax burden on Kansas property owners has grown exponentially. Over the last 17 years, the property tax burden has increased by 119%, which is three times the rate of inflation over that time period.
- According to many studies, Kansas has one of the worst property tax burdens in the entire nation. Your constituents demand and deserve the right to vote on whether their property taxes will continue to skyrocket in future years.
- In 2016, the Kansas Legislature should move up the effective date of the "public vote requirement" and give voters the right to vote on any future increases in the property tax burden.

- 3. Restore Fairness to the Commercial Property Tax Valuation Process and Reduce the Property Tax Burden on Commercial Property Owners and Small Businesses
- According to the Tax Foundation, Kansas has one of the worst (if not the worst) property tax burdens on commercial property in the entire nation. This burden makes Kansas a less attractive location for starting and running a business.
- This high property tax burden is made worse by an unfair property tax valuation process on commercial properties that further discourages investment in Kansas commercial real estate.
- The PEAK program and state income tax cuts have improved the commercial real estate business climate in Kansas, but the Legislature must make major changes to the commercial real estate property tax valuation process in order to continue to create a business-friendly environment for entrepreneurs and small businesses.
- In 2016, the Kansas Legislature should stimulate economic development and job growth by passing legislation to restore fairness to the property tax valuation process and reduce the tax burden on commercial property owners.