Health Forward
FOUNDATION

Reassessing property taxes:
Advancing equity in Kansas and Missouri

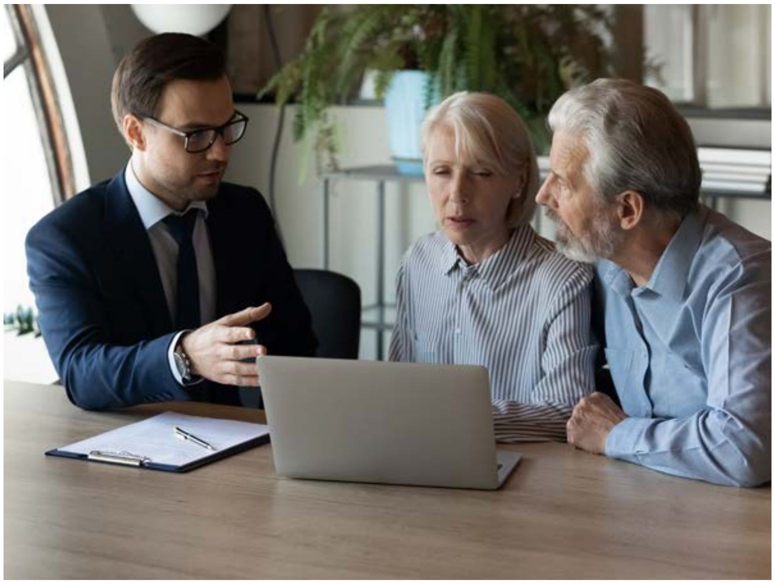
Property taxes and property tax assessment

In Kansas and Missouri, we have everything we need to solve deeply entrenched health issues that have troubled our communities for decades. Most importantly, we have the people who can make it happen.

At Health Forward Foundation, we know that the places we live impact how healthy we are. We also know that economic stability significantly impacts health outcomes. It's why part of our purpose-driven work includes building homeownership opportunities for people who have been excluded in the past.

One pressing issue we must consider when identifying ways to support homeowners in building wealth and staying healthy is the unfair execution of real property tax assessment. Property taxes were designed to fund essential public services, but have, in many cases, deepened inequality. Outdated valuation systems and inconsistent policies often place an undue burden on people who aren't paid very much and communities of color. By addressing these disparities, we can create a more just and sustainable system, ensuring that all households can thrive without being unfairly taxed.

Property taxes serve as the single largest source of state and local revenue in the U.S., aiding the funding of schools, roads, fire departments, hospitals, law enforcement, and other public services.[1] However, in recent years, drastically increasing property taxes have served as significant financial burdens for many homeowners nationwide. Nationally, homeowners have seen an average increase in property tax bills of 18% over the past five years.[2] Those increases have been seen in the region as well. In Kansas, Wyandotte County and Johnson County residents have seen their property values increase by 41% and 15% in two years.[3] In Missouri, neighborhoods like the Westside Neighborhood in Jackson County have seen their assessed property values increase by an astonishing 128%, skyrocketing the cost of their property taxes and increasing the financial stress of owning and maintaining a home.[4] With economic stability outlined as a social driver of health[5], it is crucial to address the issues of fair taxation to ensure residents have the best opportunities for their health and wellbeing.



FINDINGS

U.S. homeowners pay a median of $2,690 each year in property taxes.[7]

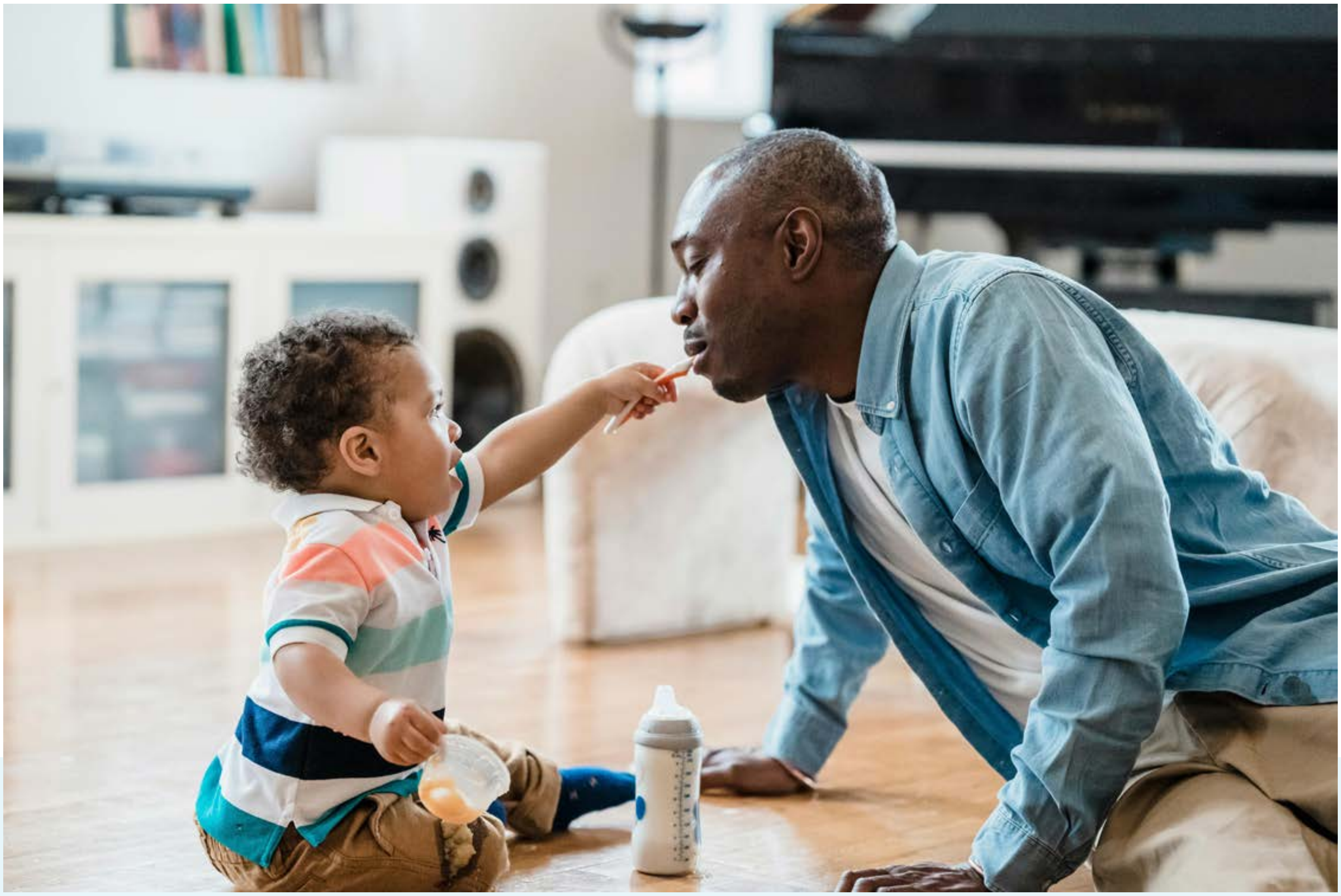
In August 2023, there were 54,539 property assessment appeals made in Jackson County, 18% of properties.[8]

Nearly 100 bills were filed in Missouri looking to reform property taxes in the state. Many of these were from Jackson County after nearly 55,000 residents appealed their property taxes last year.[9]

A critical opportunity to addressing the burden of property taxes on homeowners revolves around the property tax assessment process. Property tax assessments are values placed on your property, determined by a government assessor, and used to calculate the amount of property taxes owed.[6] Effective property tax assessment is the cornerstone of fair and efficient revenue generation for local governments. By accurately evaluating the value of properties within their jurisdiction, local governments can ensure that tax burdens are distributed fairly among property owners while also providing essential funding for public services and infrastructure. Transparent and precise assessment processes build taxpayer trust, promote economic stability, and facilitate informed decision-making by policymakers.

Organizations like Westside Housing have already shown the positive impact of equitable and inclusive property tax assessments and taxation. Residents have seen a drastic decrease in property taxes through the strategic and innovative approach to creating alternative taxing structures, such as their Westside Chapter 353 Redevelopment Plan. These structures create opportunities for residents to reduce the burden of high property taxes, increase economic stability, and maintain homeownership, enabling people to keep wealth in their families and stave off displacement and gentrification.

However, our communities need support beyond what can be fairly expected of community-based nonprofit organizations. By creating more equitable and effective property tax assessment practices, governments can alleviate the pain of high property taxes for all while creating economically stable communities. Governments need to create sustainable fiscal structures that support development and infrastructure while also supporting environments for more socioeconomic development.



Real property tax versus personal property tax

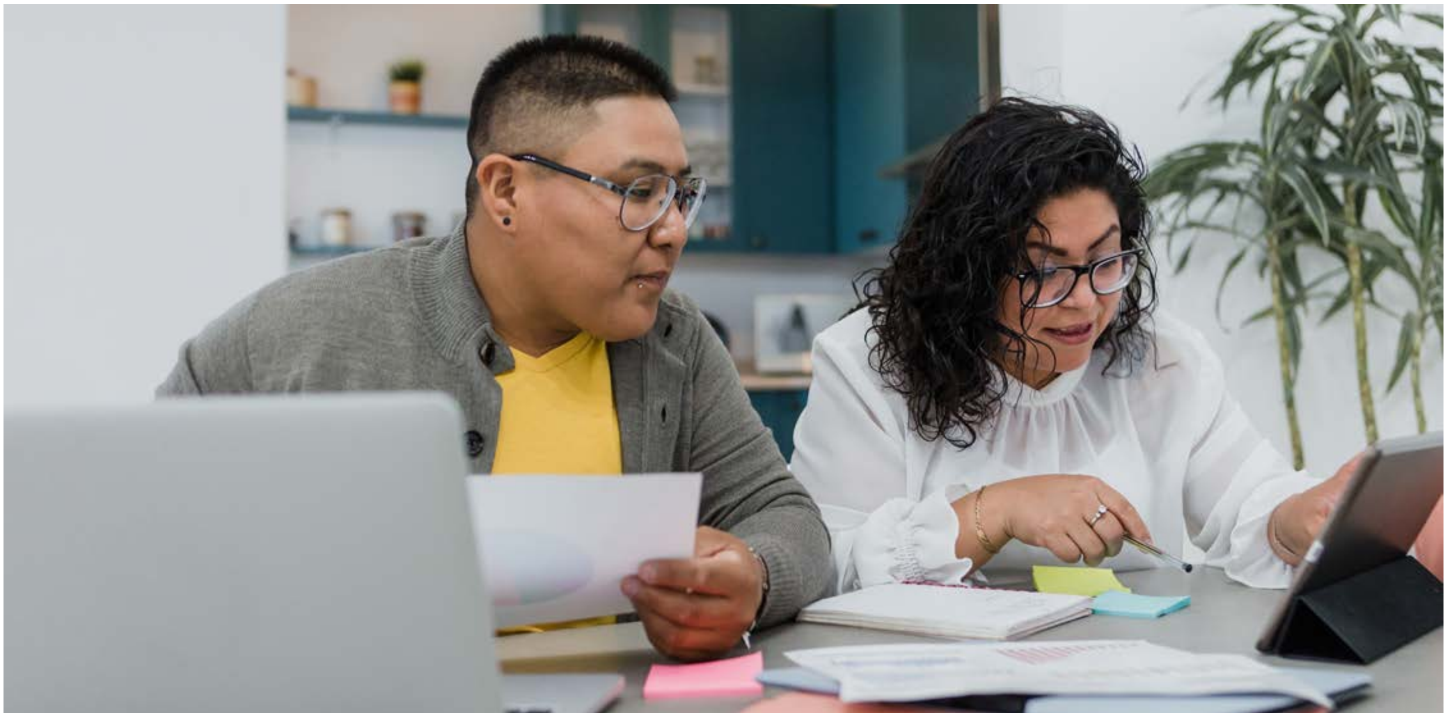
The differences between real property tax and personal property tax can be confusing. Though local governments levy real and personal property taxes to fund public services and infrastructure within the community, there are differences between taxation sources and the process for assessing them.[10]

In simple terms, **real property** (land or buildings) stays in one place, while **personal property** (vehicles, boats, and machinery) can be moved.

We are focusing this brief exclusively on real property tax assessments (land or buildings).

When our government assesses real property tax on real estates, including land, buildings, and permanent fixtures, it bases the tax on the assessed value of the property.12

In this brief, we are examining how policies and legislation around real property tax can impact the assessment process. Transparency ensures fairness, accuracy, and public trust in our property tax system.



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Kansas median annual property taxes paid: $2,355[14]
Kansas average annual property tax bill: $3,177[15]
Missouri median annual property taxes paid: $1,676[16]
Missouri average annual property tax bill: $2,326[17]

Real property tax assessment and taxation

The process for assessing real property varies from state to state, though Kansas and Missouri are noticeably similar. In Kansas and Missouri, county assessors conduct property assessments. County assessors ensure fair and accurate assessment of real estate values to levy property taxes equitably among homeowners within a community.[13] Property assessors conduct property inspections, analyze market data, and consider factors such as location, size, condition, and home improvements to determine a property's assessed value.[18]

Both states use three key variables to determine real property taxes: fair market value, assessed value, and the tax levy.[19,20]

- Fair market value is the price a property would sell between a willing buyer and a willing seller.[21,22]
- The assessed value is a percentage of the fair market value determined by the jurisdiction.[23,24]
- The tax levy, set by jurisdictions, is the amount of money that can be collected in taxes based on a property's assessed value.[25,26]

In Missouri specifically, the tax levy is framed in large by the Missouri Constitution Hancock Amendment.[27] The Hancock Amendment requires the state to refund money to income tax payers when revenues collected from taxes are greater than 1% of the revenue limitation.[28] Effectively, this means that if the state of Missouri collects more money than they're allowed to spend, they have to give some back to the people.

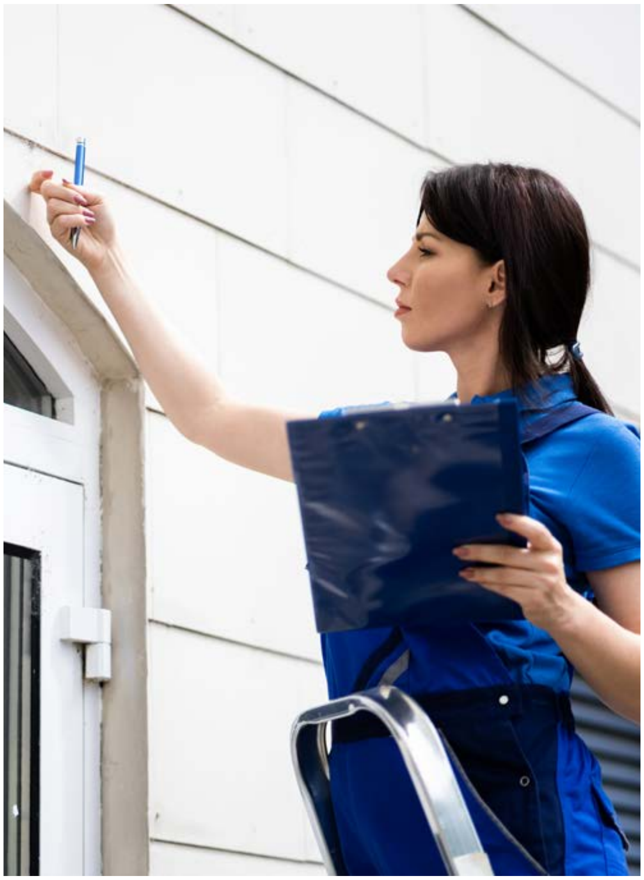
Valuing real property

Challenges in the assessment process occur largely in how assessors determine the fair market value of a property. To do this, assessors analyze a property's location, size, condition, comparable sales in the area, and current market trends.[29] The combination of these factors determines the fair market value of a person's property.

In Missouri, the Missouri State Tax Commission is charged with overseeing adequate assessment standards in Missouri counties while the Kansas Department of Revenue oversees assessment standards in Kansas.

Questions arise when residents are unaware of the process for determining fair market value and the weight that accessors give to each fair market value assessment factor. The opaqueness can lead to unfair property valuations and inequitable taxation.

Additionally, it makes it difficult for property owners to appeal their assessments or understand how to challenge inaccuracies. In Jackson County, Missouri, lack of clarity regarding the assessment process has led to community outcry, frustration, and confusion, leading to thousands of property tax appeals.[30]



Shifting the paradigm

Though some issues continue to exacerbate the property tax burden for homeowners, some practices and policies are working to change the structure of property taxation and provide relief.

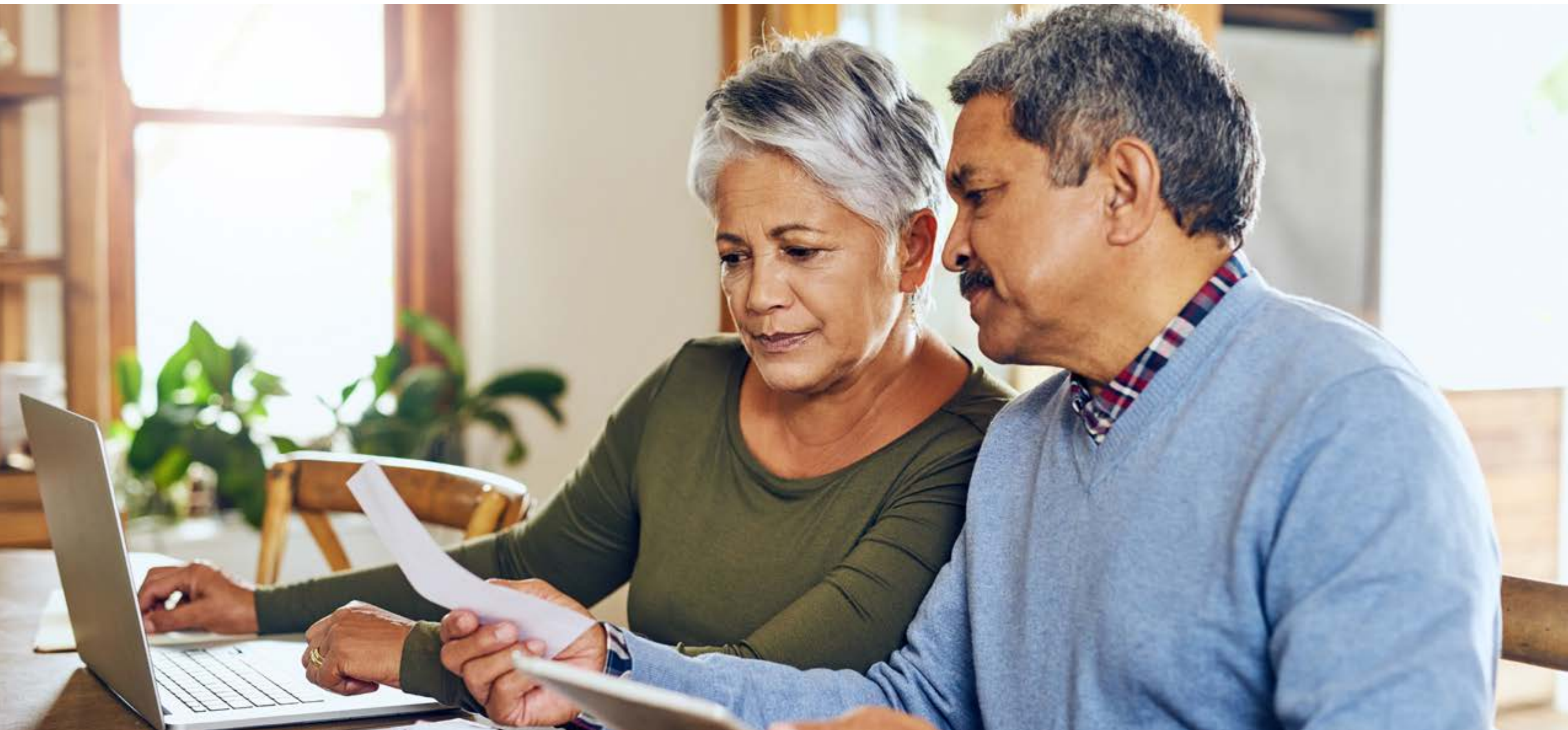
Progress in Kansas

In Kansas, bills like House Bill 2239 created a property tax freeze for certain Kansas senior citizens and disabled veterans in 2023.[31] It also allowed homeowners to exempt the first $40,000 of their assessed home value.[32] The most recent win in Kansas regarding property taxation was the unanimous vote in Wyandotte County to halt raising property taxes for the upcoming year, highlighting the impact of the groundwork dedicated to equitable property taxation.[33]

Progress in Missouri

In Missouri, programs like the Westside Chapter 353 Redevelopment Plan worked to provide alternative taxing structures for residents to reduce their property taxes.[34] Through the program, eligible homeowners receive a tax abatement based on their income, not the value of their home, where homeowners who make less than $75,000 have their taxes lowered so they only pay 2.65% of their income.[35] The program also freezes the property taxes of those homeowners for 25 years, creating long-term financial savings for residents in the neighborhood.[36] Additionally, Missouri passed Senate Bill 756, which expands upon previous legislation and provides property tax freezes to senior citizens 62 and over, given that a county has adopted an ordinance authorizing such a freeze.[37,38]

This work provides residents greater economic stability and security. By addressing and resolving unfair property tax increases, residents can keep and stay in their homes, creating opportunities for wealth generation for themselves and their families. By addressing inequitable property taxation, residents can stay in their communities and buffer against harmful development practices that lead to displacement and gentrification. However, there is still an opportunity to create greater reach and fairness in the property tax ecosystem. There is a clear need for equitable property tax practices that provide transparency to residents regarding the assessment process, as well as guidelines and policies that lead to equitable property taxation.



Policy recommendations

Research on property tax assessment in Kansas and Missouri and input from community members and key stakeholders has revealed a critical need to educate the public about how property tax assessments impact their lives and communities. Additionally, there is a need to explore and develop alternatives to the current property tax assessment and taxation approach. To foster equitable and inclusive practices around property tax assessment and taxation in the region, consider the following recommendations:

Recommendation 1: Conduct equitable community engagement regarding property taxation policy

By centering community voices and experiences, residents and homeowners can contribute their knowledge and strengths to the development and success of fair property taxation policies that reflect the needs of all residents.

Strategy:

- **Develop effective education materials and strategies for property tax assessment:** Create educational materials that provide residents with useful information about property tax assessment in their community. The information can explain what assessors evaluate, the typical timeframe for assessment, how to calculate the property tax rate, and how property owners can appeal assessed values. The information should be available in multiple media formats and languages for readers. Make this information available online in ways that are accessible to all residents.

- **Develop thorough, culturally relevant community engagement initiatives and practices:** Create equitable community engagement practices that provide community members with settings and experiences to engage in policy and educational discussions regarding property taxation. Use traditional community engagement methods such as town halls, council meetings, tabling, flyering, and creative initiatives such as farmers markets, block parties, community festivals, community messaging platforms, and other opportunities for high community involvement. These initiatives should approach engagement through a lens of cultural relevance and accessibility while also considering the demographics of community members and previous experiences and possible pain points with outside engagement.

> **There were a lot of conversations happening about the [assessment] process. This is an issue that a lot of the community-based organizations are advocating for.**
>
> Colleen Hernandez
> Retired CEO
> Homeownership Preservation Foundation

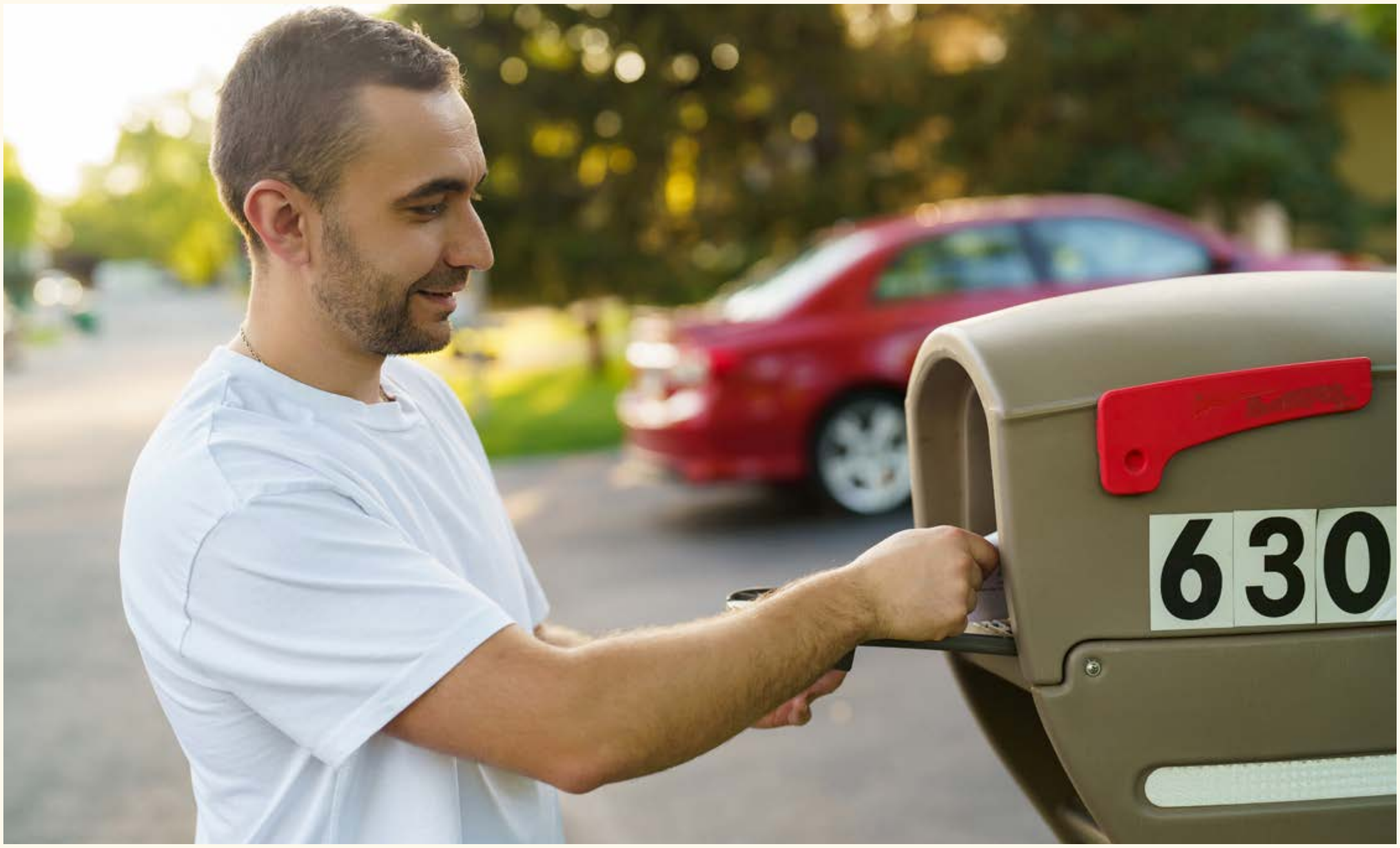
Recommendation 2: Create transparency in the property tax assessment process

Transparency around property tax assessment is critical to equitable property tax assessment practices. Transparency fosters trust between the government and taxpayers, where property owners understand how their taxes are calculated and can best advocate for equitable and fair assessments. Transparent property tax assessments hold the government accountable and ensure assessors base their evaluations on fair and objective criteria.

Strategy:

- **Inform residents of assessment:** Develop a comprehensive engagement strategy to inform residents of upcoming assessments. This can include distributing clear informational materials through mail, local newspapers, geo-targeted social media ads, Connected TV (CTV) ads on streaming services, SMS geofencing, and community bulletin boards, both physical and digital. Assessment offices should send personalized assessment notices well in advance and establish a feedback mechanism both digitally and in-person for residents to express concerns or ask questions.

- **Provide detailed assessment reports:** Give residents who have recently received assessments detailed reports that explain what assessors evaluated, how they conducted the assessment, and how they determined the assessed value. An in-depth assessment report enables residents to better understand how assessors evaluated their properties and equips them with the necessary information to dispute an assessment. Detailed reports should be available in multiple formats and languages so they are accessible for all residents.



Recommendation 3: Advocate for property tax cap legislation in Kansas and Missouri

Regarding property tax assessments, three key limiting caps can ensure that property tax assessments are more equitable for residents and taxpayers: assessment limits, rate limits, and levy limits.[39]

- **An assessment limit caps the amount a property's assessed value can increase from one period to the next.**
- **A rate limit caps the rate at which a jurisdiction can tax property.**
- **A levy limit caps how much property tax revenue a government can collect. The levy limit refers to all revenue collected in a jurisdiction, not only from one property.**

Create a strategy to support the development of property tax cap legislation.[40] In Missouri, there is a cap on rate limits and levy limits.[41] In Kansas, there is only a cap on levy limits.[42] Implementing caps on key assessment factors creates opportunities to positively impact property tax assessments for homeowners.

Strategy:

- **Advocate for assessment limit cap legislation in Missouri:** Missouri currently has no legislation limiting property assessment values.[43] There is a need for legislation that limits increases in property assessments and provides additional safeguards to homeowners to prevent unfair property tax assessments and unexpected tax hikes.

- **Advocate for assessment limit cap legislation in Kansas:** In Kansas, there is currently no legislation that caps the assessed value of a property.[44] Similar to Missouri, adding additional legislation that caps assessed values protects homeowners from experiencing drastic increases in their property taxes.

- **Advocate for rate limit cap legislation in Kansas:** Kansas has no rate limit cap.[45] Rate limit cap legislation, like the other caps, provides additional support to homeowners against unfair and unjust property tax increases.

- **Assess and evaluate the effectiveness of rate limit cap legislation in Missouri:** Missouri currently has a cap on the tax rate. However, we need more evaluation on the effectiveness and equity of the current rate limit cap. Further evaluation ensures that legislation remains equitable for Missouri residents.

- **Develop effective education materials on property tax caps:** Provide community members with information about the different kinds of property tax caps and the impacts that those different caps can have on their communities. Developing educational materials and holding educational engagement events can help community members understand the different types of caps and determine if advocating for one tax cap would benefit their community better than another.

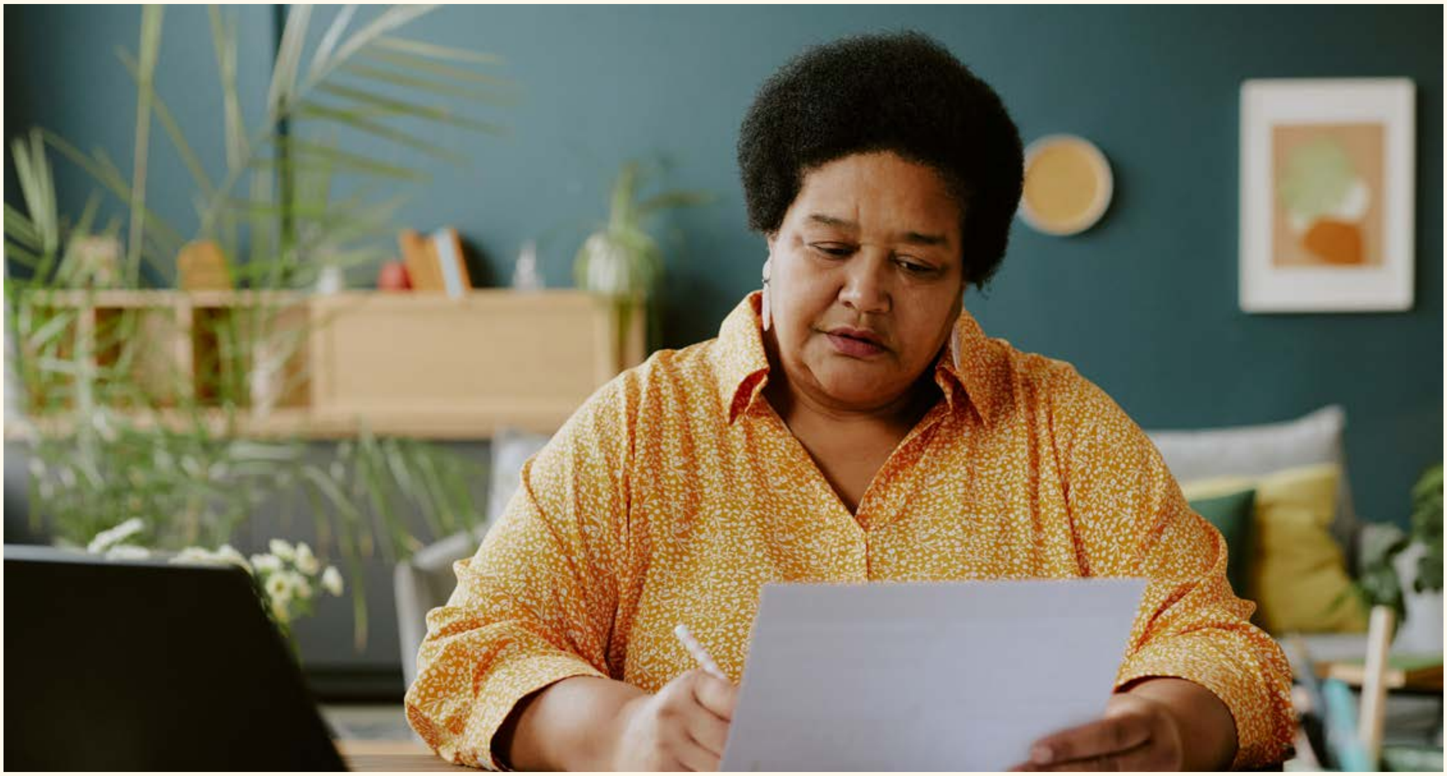
Recommendation 4: Advocate for property tax abatement legislation in Kansas. Increase use of existing legislation in Missouri

Property tax exemptions excuse specific property owners from paying some or all of their property taxes. Authorities typically grant these exemptions to provide financial relief for certain people, like older adults and veterans.

There are also other general tax exemptions that exist. In Kansas, for example, all Kansans have up to $40,000 of exemptions without additional qualifiers.[46] Advocating for additional tax exemptions can provide residents additional financial relief when paying their property taxes.

Strategy:

- **Advocate for socially equitable tax exemption legislation:** Support the development of legislation related to tax exemptions that improve equitable outcomes for homeowners. Lawmakers can use factors such as improving the social drivers of health, income, and age as foundational elements for developing tax exemption legislation for homeowners.



> **Property tax is a form of wealth tax.**
>
> Michael Duffy
> Former Managing Attorney at Legal Aid of Western Missouri

Recommendation 5: Advocate for property tax abatement legislation in Kansas and Missouri

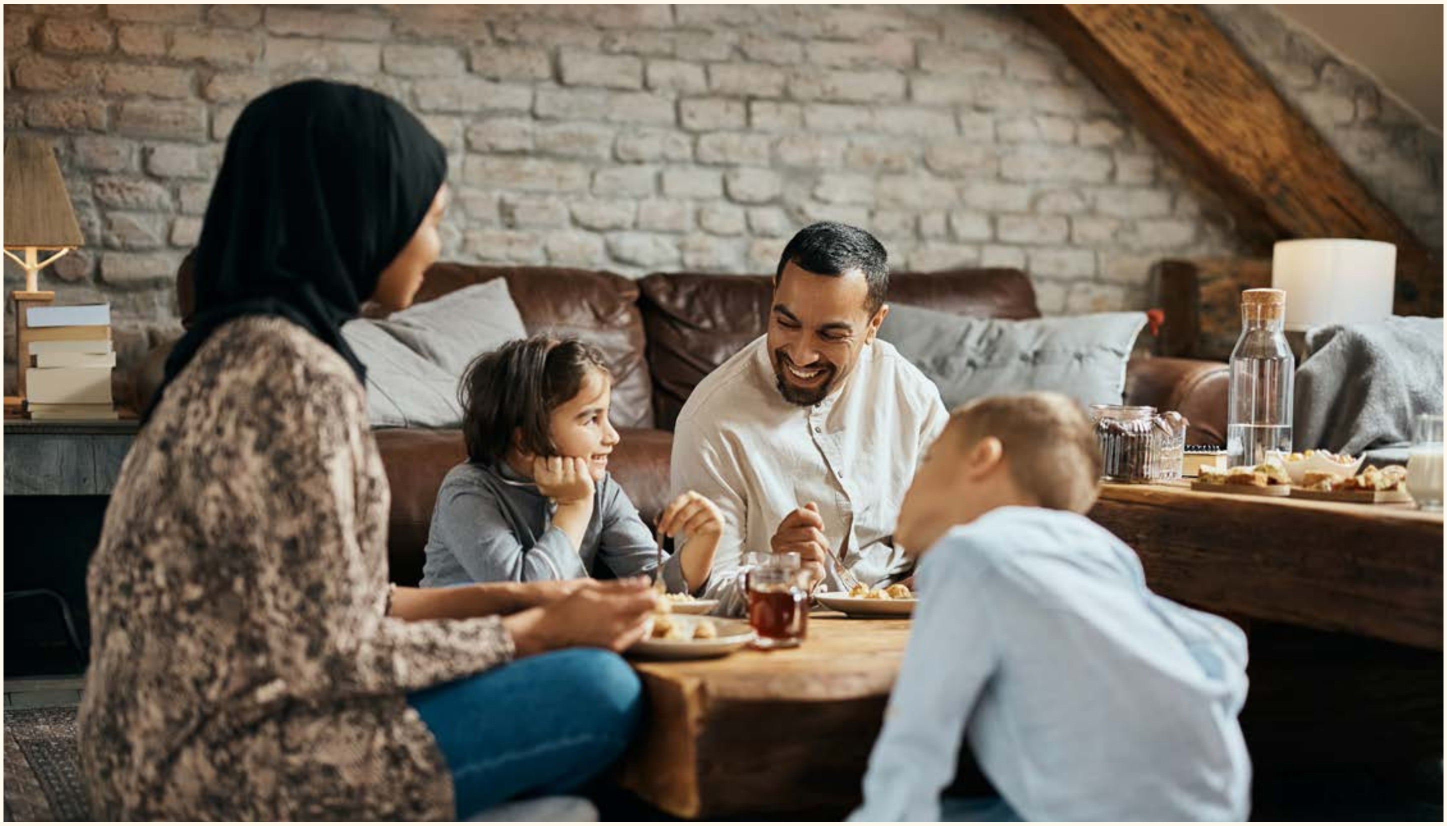
Property tax abatements can reduce or eliminate property taxes on specific properties, either temporarily or permanently. Local governments often offer this kind of abatement as an incentive to encourage particular types of development or development activities.

In Missouri, the Chapter 353 Tax Abatement is a specific and unique example of this. Created by the Missouri General Assembly, it aims to promote the redevelopment of historically excluded areas as well as vacant, abandoned, and deteriorated properties. Missouri cities are eligible to apply for this abatement.

Kansas does not have a similar tax abatement available for cities, which we see as an opportunity for focused advocacy efforts.

Strategy:

- **Advocate for income-based tax abatement legislation:** Address inequitable property tax by advocating for socially equitable, income-based tax abatement legislation. As previously mentioned, under the Westside Housing's Chapter 353 Redevelopment Plan, eligible homeowners receive a tax abatement based on their income, not the value of their home, and those homeowners who make less than $75,000 have their taxes lowered to only 2.65% of their income while also freezing the bill at that amount for 25 years.[49] Organizations like Westside Housing prove it's possible to develop equitable strategies to address issues in property tax assessments.



Recommendation 6: Pursue third party auditing of assessment agencies

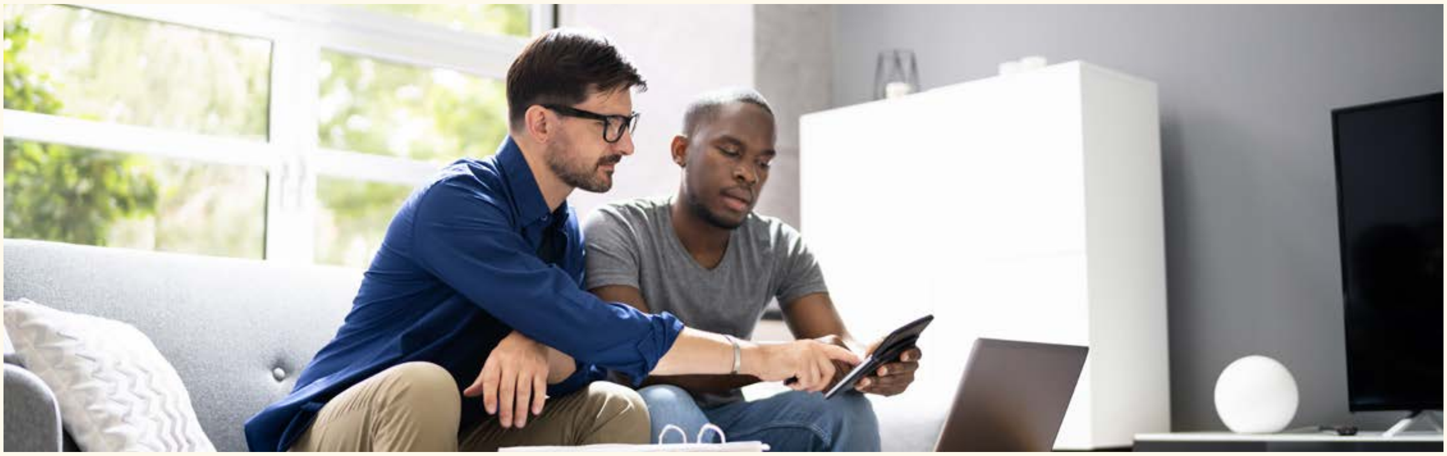
Residents in Kansas and Missouri have taken issue with the unclear processes of assessment agencies.

By allowing third party auditing, residents have the opportunity to receive an unbiased review of the assessment processes that determine their property taxes.

Strategy:

- **Allow third party auditing of assessment agencies:** Create guidelines for third party auditors to audit assessment agencies. Third party auditors can use assessment guidelines created by notable assessment organizations such as the International Association of Assessing Officers, which has published detailed professional property assessment standards.

- **Provide the public with auditing results for greater transparency:** Create platforms that provide the public with results from the auditing of assessment agencies. This publicly available information can foster a greater sense of understanding and trust within communities regarding the assessment process.



Recommendation 7: Support capacity building efforts at the Jackson County Board of Equalization to promote equitable appeals

The Jackson County Board of Equalization is charged with deciding property tax owner tax assessment appeals. Currently the agency has minimal capacity to support the appeals process of property owners in an equitable way. Due to understaffing and issues with due process expectations, many property owners are discouraged from appeals or have difficulty making appeals. Increasing capacity to process appeals creates a more equitable property assessment process for Jackson County residents.

Strategy:

- **Support capacity building through resource sharing and funding:** Develop a resource sharing and funding strategy to provide the Jackson County Board of Equalization with adequate staff, funds, and resources to support the agency's primary function regarding property tax assessment appeals.

Conclusion

Equitable property tax assessment practices are crucial in maintaining a fair and equitable tax system within a community. By ensuring an accurate assessment of property values and transparent, consistent evaluation methods, governments can distribute the tax burden fairly among residents.

Reliable property tax assessment practices are vital for maintaining the financial stability necessary to fund essential public services such as education, infrastructure development, emergency response, and public safety. When governments create fair and just property tax assessment practices, they instill in homeowners the confidence that tax assessments are accurate and fair, fostering greater trust between the government and the community.

At its core, good property tax assessment practices ensure the financial stability of local governments and contribute to the overall well-being and prosperity of communities. By implementing these practices effectively, fairly, and equitably, governments can create a more just and sustainable financial framework that benefits all residents, now and in the future.

Gratitude:
We would like to thank Michael Duffy and Colleen Hernandez for their gracious contribution and valuable insights to the development of this policy brief. Also, we would like to thank our partners across both Kansas and Missouri who are making valuable contributions to this work.

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