



**KANSAS CITY  
MISSOURI**

# Annual Property Tax Levy Rate Certification

September 27, 2023

Finance, Governance and Public Safety Committee



# Property Taxes and Assessment Process

Property tax levy rates are set at time of budget adoption the fourth week of March

- Ordinance No. 230171 set property tax levy rates in connection with the FY2023-24 Adopted Budget

Every summer, County assessors provide assessed valuation for real and personal property

- Revised data is used to recalculate estimated property tax revenue and associated levy rates

# Goals for Property Tax Levy Certification

**Hancock Amendment:** Ensure jurisdictions maintain revenue levels despite changes in assessed values and have no revenue windfall or shortfall

| Controlled Growth                                                        | New Construction                             | Decreased Levy                                          | Increased Levy                                                                                                     |
|--------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|
| Allowed the lesser of inflationary or actual assessed value growth or 5% | Allow additional credit for new construction | If assessed value increases, levy rates must be reduced | If assessed value decreases, levy rates may be increased (subject to statutory and voted maximums and recoupments) |

# 2023 Certification Timeline



# Assessed Value History (in 000's)



# Assessed Valuation by County

| County       | FY 2022-23              | FY 2023-24              | Percent Change |
|--------------|-------------------------|-------------------------|----------------|
| Cass         | \$902,739               | \$923,743               | 2.33%          |
| Clay         | 2,807,844,111           | 3,219,716,226           | 14.67%         |
| Jackson      | 6,172,544,208           | 7,630,073,078           | 23.61%         |
| Platte       | <u>1,579,540,356</u>    | <u>1,715,282,852</u>    | <u>8.59%</u>   |
| <b>Total</b> | <b>\$10,560,831,414</b> | <b>\$12,565,995,899</b> | <b>18.99%</b>  |

# Assessed Valuation by Property Type

| Property Type                               | FY 2022-23              | FY 2023-24               |
|---------------------------------------------|-------------------------|--------------------------|
| Real Property                               | \$8,111,264,091         | \$10,091,862,614         |
| Railroad and Utility Real Property          | \$368,401,439           | \$428,803,381            |
| Personal Property                           | \$2,040,628,836         | \$2,016,609,467          |
| Railroad and Utility Personal Property      | <u>\$180,394,892</u>    | <u>\$196,058,681</u>     |
| <b>Total</b>                                | <b>\$10,700,689,258</b> | <b>\$12,733,334,143</b>  |
| Subtract New Construction                   | <u>\$139,857,844</u>    | <u>\$167,338,244</u>     |
| <b>Adjusted Current Year Assessed Value</b> | <b>\$10,560,831,414</b> | <b>\$12,565,995,899*</b> |

\*Increase of \$2,005,164,485 or 19% compared to prior year.

# Allowable Recoupment

RSMo 137.073 provides:

- For any political subdivision which experiences a reduction in...assessed valuation relating to a prior year...may revise the tax rate ceiling for each purpose it levies

Kansas City has over 12,800 open 2023 appeals impacting \$842,366,469 in assessed value\*

Levy rate for FY2024-25 can be increased to recoup lost revenues from tax year 2023

\*Information obtained from Jackson County Assessor on September 12, 2023.

# Proposed Change in Levy Rate

| Levy Type                  | Adopted<br>FY 2023-24<br>Rate | Allowable<br>Levy Rate<br>Reductions | New Proposed<br>Rate |
|----------------------------|-------------------------------|--------------------------------------|----------------------|
| General                    | \$ 0.6074                     | \$(0.0673)                           | <b>\$ 0.5401</b>     |
| Health                     | 0.4220                        | (0.0468)                             | <b>0.3752</b>        |
| Health (Temp)              | 0.1856                        | (0.0205)                             | <b>0.1651</b>        |
| Museum                     | 0.0168                        | (0.0019)                             | <b>0.0149</b>        |
| Debt                       | <u>0.4800</u>                 | <u>(0.0800)</u>                      | <b><u>0.4000</u></b> |
| <b>Total Levy<br/>Rate</b> | <b>\$ 1.7118</b>              | <b>\$ (0.2165)</b>                   | <b>\$ 1.4953</b>     |

# City Levy History

| Levy Type     | FY 21           | FY 22           | FY 23           | Adopted         | *Proposed       | Maximum Rate    |
|---------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|               |                 |                 |                 | FY 24           | FY 24           |                 |
| General       | \$0.6573        | \$0.6105        | \$0.6074        | \$0.6074        | \$0.5401        | \$1.0000        |
| Health        | \$0.4566        | \$0.4241        | \$0.4220        | \$0.4220        | \$0.3752        | \$0.5000        |
| Health (Temp) | \$0.2008        | \$0.1866        | \$0.1865        | \$0.1856        | \$0.1651        | \$0.2200        |
| Museum        | \$0.0182        | \$0.0169        | \$0.0168        | \$0.0168        | \$0.0149        | \$0.0200        |
| Debt          | <u>\$0.4200</u> | <u>\$0.4600</u> | <u>\$0.4600</u> | <u>\$0.4800</u> | <u>\$0.4000</u> | <u>\$0.7906</u> |
| <b>Total</b>  | \$1.7529        | \$1.6981        | \$1.6918        | \$1.7118        | \$1.4953        | \$2.5306        |

\*Debt levy reduced due to accumulated fund balance and growth in assessed value.

# Revised FY2023-24 Revenue Estimate

| Levy Type     | Adopted Budget       | Revised Estimate*    | Increase/ (Decrease) |
|---------------|----------------------|----------------------|----------------------|
| General       | \$61,532,457         | \$67,067,174         | \$5,534,717          |
| Health        | 41,314,359           | 46,590,638           | 5,276,279            |
| Health (Temp) | 18,561,524           | 20,501,371           | 1,939,847            |
| Museum        | 1,703,518            | 1,850,215            | 146,697              |
| Debt          | <u>49,245,297</u>    | <u>49,670,190</u>    | <u>424,893</u>       |
| <b>Total</b>  | <b>\$172,357,155</b> | <b>\$185,679,587</b> | <b>\$13,322,432</b>  |

\*Based on a 92% collection rate.

# Estimated Property Tax Bill Impact – City Portion

| Home Value | No Increase in Market Value | *Market Value Increase of 19% |
|------------|-----------------------------|-------------------------------|
| \$50,000   | (\$18.67)                   | \$8.32                        |
| \$100,000  | (\$37.34)                   | \$16.65                       |
| \$200,000  | (\$74.67)                   | \$33.29                       |
| \$300,000  | (\$112.01)                  | \$49.94                       |
| \$400,000  | (\$149.34)                  | \$66.58                       |

\*Real property values increased by approximately 19%.

# Committee Substitute for Ordinance No. 230719

- Amends Ordinance No. 230171
- Sets property tax levy rates equal to the maximum allowable rate
- Accelerated effective date

# Questions?