



Date: February 3, 2015

To: Senate Assessment and Taxation Committee

From: Larry R. Baer
Legal Counsel

Re: SB 63
Testimony in Support

Thank you for allowing me to appear before you today and present testimony in support of Senate Bill 63 on behalf of the League of Kansas Municipalities and its member cities.

Senate Bill 63 would amend current law regarding property held in a municipal land bank to allow more flexibility in the manner in which special assessments may be handled when the land bank sells the property. Under current law, property held in a land bank is exempt from payment of all ad valorem taxes. But, land bank properties are subject to special assessments to finance public improvements. The specials are not paid until the property is sold. Cities do have the ability to waive or abate special assessments.

Waiver and abatement of special taxes causes these revenues to go uncollected by the city. Principal and interest is required to be paid from "at large" assessment rather than from revenues generated by the special assessments. SB 63 would permit the accrued specials to be deferred and reamortized over an agreed upon term. This can result in more favorable terms to the new purchaser while replacing revenues that would otherwise be lost by the city. Whether or not to use the deferral and amortization permitted by SB 63 would be a policy decision that a city could approach on a case by case basis. It would allow a city to recover some, or all, of the special taxes on property where the tax revenue may have been lost under current law.

For these reasons, the League stands in support of SB 63. We ask that you pass it out of committee favorable.

I will stand for questions.