

JUDICIARY SUBCOMMITTEE ON CIVIL PROCEDURE

Senator Richard Rock, Chairman

March 28, 1991
10:00 a.m.
Room 514-S

HB 2469 - release of taxes during bankruptcy.

Regards settlement of property tax claims by expanding the allowances for compromise in bankruptcy situations.

PROPOSERS

David Cunningham, Kansas Department of Revenue (ATTACHMENT 1)

OPPOSERS

none appeared.

Subcommittee recommendation: to amend to override that the county's abatement authority be limited to claims dischargeable in bankruptcy; and to recommend favorable for passage as amended.

SB 368 - requires social security or federal identification number on every UCC financing statement.

Requires these numbers on Uniform Commercial Code financing statements.

PROPOSERS

Sherman Parks, Deputy Secretary of State (ATTACHMENT 2)

Linda Fincham, Register of Deeds Association (ATTACHMENT 3)

OPPOSERS

none appeared.

Subcommittee recommendation: to amend to raise county UCC fee to 6.00 in keeping with the state fee; and to recommend favorable for passage as amended.

The subcommittee concluded its currently assigned business.



KANSAS DEPARTMENT OF REVENUE

Division of Property Valuation
Robert B. Docking State Office Building
Topeka, Kansas 66612-1585

MEMORANDUM

TO: Senator Wint Winter Jr.
FROM: David C. Cunningham, Director
DATE: March 27, 1991
SUBJECT: HB 2469

David C. Cunningham

House Bill 2469 concerns the right of the board of county commissioners to settle tax claims during a pending bankruptcy proceeding. Currently such authority exists only where the taxpayer is a railroad. House Bill 2469 would extend the commissioners' authority to abate taxes owed by a "person, partnership or corporation" who has failed to pay taxes by reason of a pending bankruptcy.

I recommend that subsection (b) of Section 1 be amended to provide that the county's abatement authority be limited to those claims which are dischargeable in bankruptcy, and that the county's action be subject to approval by the state board of tax appeals.

HB 2469

(b) In the event a ~~railroad~~ *person, partnership or corporation* has failed to pay any portion of the taxes assessed or levied against its property located within any county by reason of a pending bankruptcy proceeding in the federal courts pursuant to federal statutes, the county commissioners of any such county may compromise, assign, transfer or otherwise settle such tax claim in such fashion as the commissioners deem to be in the best interest of the state and all taxing subdivisions affected thereby, *subject to approval by the state board of tax appeals, and only with respect to claims which are dischargeable in a pending bankruptcy action*; except that, the state and each other taxing subdivision affected by any such settlement shall receive the same proportional share of its respective tax claim.

Bill Graves
Secretary of State



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STATE OF KANSAS

TESTIMONY BEFORE THE SENATE JUDICIARY COMMITTEE
SUB-COMMITTEE ON CIVIL PROCEDURE AND PROBATE
SENATE BILL NO. 368

March 28, 1991

SB 368 requires that a social security number or federal employer identification number be included on every Uniform Commercial Code financing statement.

A UCC financing statement is the document that a lender files with the Secretary of State's office to provide notice that a debtor has used collateral to secure a loan. The financing statement now contains the name of the debtor, the location and description of the collateral and the signature of the debtor. There may be several financing statements with the same name or similar names listed. Without a unique number listed, it is difficult to distinguish between debtors.

In June, 1990, we met with representatives of the banking community, Farmers Home Administration and private industry to discuss new ways we could serve them through UCC search procedures. All representatives agreed that we should require customer FEIN and/or SSN's on financing statements to better identify debtors, and to make requests for debtor information more accurate.

The FEIN/SSN numbers are already required on Agricultural filings under the 1983 Food Security Act that has been adopted by a number of states. Six other states require the numbers on all UCC filings. (South Dakota, North Dakota, Nevada, Montana, Colorado and Louisiana.) UCC computer programs already have space provided for the inclusion of FEIN/SSN's and there would be no fiscal impact.

We respectfully ask for your support of SB 368 and urge its passage.

Thank you.

Carol Beard
Deputy Assistant Secretary of State
Uniform Commercial Code Division

Subcommittee - Senate Judiciary
Attachment 2
3-28-91

Mr. Chairman, and members of the committee, I am Linda Fincham, Legislative Chairman for the Register of Deeds Assn. Our Association supports SB368 as proposed but wish to offer an amendment which addresses the filing fees of UCC's with the Register of Deeds. This proposed amendment would make the fees uniform with the fees now being collected by the Secretary of State and eliminate confusion with the customers that file UCC's in both offices.

I would like to point out that the filing fees have been the same for both offices since the enactment of the UCC law in 1966. The change in filing fees came about with the the 1990 legislative session and quite frankly it was an oversight of the ROD that we did not address the issue at that time.

A feasibility study shows that the current fee being charged at the county level does not cover the cost of processing a UCC. A study by IACREOT, a national association, shows that Kansas is low in comparison with fees charged in other states.

We propose the omission of line 24 with the insertion of the word THE and the omission of lines 31-36 on page 5 and the omission of line 3 with the insertion of the word THE and the omission of lines 7 thru that part of 10 as indicated on page 9 of the attached handout.

We appreciate the opportunity to address SB368 and request the adoption of the amendment offer and the passage of this bill as amended.

Thank You.

Subcommittee - Judiciary - Senate
Attachment 3
3-28-91