

Approved _____ Date 4/1/92

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE

The meeting was called to order by SENATOR RICHARD L. BOND at _____
Chairperson

9:10 a.m./p.m. on Tuesday, March 31, 1992 in room 529-S of the Capitol.

~~XX~~ members ~~xxx~~ were present ~~xxxxx~~: Senators Bond, Francisco, McClure, Moran, Parrish, Reilly, Salisbury, Strick, and Yost.

Committee staff present:

Fred Carman, Revisor
Bill Wolff, Research
Richard Ryan, Research
June Kossover, Committee Secretary

Conferees appearing before the committee:

Sara Ullman, Register of Deeds, Johnson County

The meeting was called to order by Chairman Bond at 9:10 a.m.

Senator Strick made a motion, seconded by Senator Salisbury, to approve the minutes of the meeting of March 30, 1992 as submitted. The motion carried.

The Chairman opened the hearing on HB 3050, which concerns registration fees in multi-county and multi-state circumstances and filing fees for mortgages filed as financing statements. Sara Ullman, Register of Deeds for Johnson County, appeared before the committee to testify in support of HB 3050. (Attachment #1.) Chairman Bond clarified for the committee that this bill relates to multiple jurisdictions and the method of determining value and would bring fees charged in line with other UCC filings. The bill would allow multi-county and multi-state mortgages to be apportioned on the basis of appraised value of real estate instead of assessed value. In response to Senator Strick's question, Ms. Ullman explained the current method for collecting mortgage recording fees and stated that this bill would bring all jurisdictions in line.

Jim Maag, Kansas Bankers Association, advised the committee that KBA has no objection to the bill; however, he stated that it is important that any future increases in filing fees should be coordinated with the Secretary of State so that there are not several levels of fees being charged.

There being no further conferees and no further questions, the hearing on HB 3050 was closed.

The Chairman opened the hearing on HB 2676. Richard Ryan, Legislative Research Department, appeared before the committee to explain the bill, which is one of four bills recommended by the Legislative Budget Committee. HB 2676 was proposed in contemplation of enactment of SB 480. The bill will base transfers of interest earnings from the State General Fund to other funds on the rate of return on repurchase agreements. An amendment was requested by the Department of Administration to amend K.S.A. 40-2307 to cancel the investment duties of the Pooled Money Investment Board in regard to the State Contribution Fund, which is no longer permissible due to Public Law No. 99509 which mandates that this function be the responsibility of the IRS. (Attachment #2.)

The hearing on HB 2676 was closed. Senator Salisbury made a motion to amend HB 2676 as requested by the Department of Administration. Senator Yost seconded the motion. The motion carried.

Senator Salisbury made a motion to move HB 2676 favorably as amended. Senator McClure seconded the motion. The motion carried.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FINANCIAL INSTITUTIONS AND INSURANCE,
room 529-S, Statehouse, at 9:10 a.m./~~p.m.~~ on Tuesday, March 31, 1992.

The discussion on HB 3050 was reopened. Chairman Bond advised the committee that SB 599, which came from Senate Assessment and Taxation Committee, is currently in the House Taxation Committee. The purpose of SB 599 is to make sure registration fees are assessed on the amount of the mortgage and not on the appraised value of the property involved. The original language in SB 599 has been modified with assistance from the Registers of Deeds. Senator Moran made a motion to amend the language of SB 599 into HB 3050. The motion was seconded by Senator Francisco. The motion carried.

Senator Yost made a motion to pass HB 3050 favorably as amended. The motion was seconded by Senator Francisco. The motion carried.

The committee adjourned at 9:33 a.m.

REGISTER OF DEEDS

KANSAS

ASSOCIATION

PRESIDENT Mary Ann Holsapple, Nemaha Co.
VICE-PRESIDENT Charlotte Shawver, Riley Co.

Janice Gillispie, Thomas Co.
Rose Ann Rupp, Ellis Co.

SECRETARY
TREASURER

H.B. 3050

The Kansas Register of Deeds Association supports H.B. 3050. This legislation addresses three statutes, one dealing with multi-county mortgages, one dealing with multi-state registration and the third dealing with mortgages filed as financing statements. This bill will allow for the equitable allocation of mortgaged property in both the multi-county and multi-state mortgages and bring the charges for mortgages filed as financing statements into line with charges for all other U.C.C. filings.

Multi-county mortgages are currently apportioned on the basis of assessed value of the real estate in each county. This bill would allow for the apportionment to be based on appraised value of each county rather than assessed value. This means that the portion of the mortgage registration tax due to each county would be based on the appraised value before the classification percentages are applied. This is a more equitable way of apportionment. Commercial property would be on the same plane as residential and agriculture. This brings the multi-county apportionment in line with the suggested apportionment for multi-state mortgages:

Multi-state mortgages are currently apportioned on the basis of assessed value of the real estate in each state. This has presented numerous problems since not all states have assessed value, or in many cases the assessed value is determined by formulas different than those used by Kansas. In addition their assessed value may be based on appraisals that are far out of date. H.B. 3050 would allow for the apportionment to be made on the basis of the fair market value or the appraised value of the properties involved. This again would give a much clearer indication of the true value of the properties being mortgaged and the apportionment due to the state of Kansas would be comparing like values.

The portion of the bill dealing with mortgages filed as financing statements simply brings into line the fees charged for this other U.C.C. filings.

We fully support this bill and would be happy to answer any questions. Thank you for the opportunity to appear before this committee.

FI+I 3/31/92
Attachment #1

STATE OF KANSAS



Joan Finney, *Governor*

DEPARTMENT OF ADMINISTRATION

LEGAL SECTION

107 Landon State Office Building

900 Jackson

Topeka, Kansas 66612-1214

(913) 296-6000

FAX #(913) 296-0043

M E M O R A N D U M

TO: Senator Richard Bond, Senate Committee on
Financial Institutions and Insurance

FROM: Rogers L. Brazier, Jr., ^{RLB} Staff Attorney

DATE: March 27, 1992

RE: House Bill 2676

Attached is a memorandum from James Cobler, Director of Accounts and Reports, to Arthur Griggs, Chief Attorney of Department of Administration, suggesting repeal of K.S.A. 40-2307. The attached memorandum fairly explains the reasoning behind this request.

House Bill 2676, which would amend K.S.A. 40-2307, is presently in your committee. Rather than amend this statute I would appreciate consideration by your committee of repealing the existing statute.

Thank you for your consideration of this request.

RLB:db
4869L

attachment

cc: Fred Carman, Revisor's Office

FI&I 3/31/92
Attachment #2

STATE OF KANSAS
DEPARTMENT OF ADMINISTRATION

JOAN FINNEY, Governor
HAROLD F. GIBBON, Director of Accounts and Reports
900 S. W. Jackson, Room 355
(913) 296-2311
FAX (913) 296-6841

MEMORANDUM



DATE: March 25, 1992
TO: Arthur H. Griggs
FROM: James R. Cobler, Director *JRC*
SUBJECT: Revocation of K.S.A. 40-2307

K.S.A. 40-2307 established the State Contribution Fund to accumulate OASDHI contributions from various political subdivisions and allow the state to combine the monies into one remittance to the U.S. Treasury. On October 21, 1986, Public Law No. 99509 mandated that this function be the responsibility of the IRS, negating the state's role as collection agent. Thus, the fund is no longer used and the balance is zero. House Bill 2676 amends K.S.A. 40-2307 to cancel the investment duties of the Pooled Money Investment Board in regard to the State Contribution Fund. Since the original purpose of this fund is no longer permissible, we request that K.S.A. 40-2307 be revoked in its entirety.

If you have any questions, please contact me. Thank you for your cooperation in this matter.

JRC:SLF:cv