

Approved: _____
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on January 25, 2000, in Room 519-S of the Capitol.

All members were present except: Rep. Wilk - excused
Rep. Johnston - excused
Rep. Campbell - excused

Committee staff present: Chris Courtwright, Legislative research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Ann Deitcher, Committee Secretary

Conferees appearing before the committee: Rep. Sloan
Bob Krehbiel, KIOGA
Karen France, Kansas Assoc. of Realtors
Larry Kipp
Matthew Goddard, Heartland Community Bankers, Assoc.
Pat Wells, Douglas County Treasurer
Eileen King, Riley County Treasurer

The Chair introduced Richard Jones, Executive Director of Kansas Association of Conservation Districts who offered the Committee a copy of a resolution to be introduced. This would call for the Legislature to put forth for a vote in the General Election, a one quarter cent sales tax increase for conservation of wild life and parks.

Representative Vickory moved for the adoption of this resolution, Representative Kirk seconded the motion and it passed on a voice vote.

Next to appear before the Committee was Bob Krehbiel, Exec. Vice President of Kansas Independent Oil and Gas Association who requested a sales tax exemption for oil and gas machinery and equipment, presently a part of **HB 2009**, that the Association has decided to separate the two provisions. This bill would extract the oil and gas portion from the manufacturer's portion of that sales tax bill.

Representative Long moved and Representative Gatewood seconded the adoption of this bill. The motion carried on a voice vote.

The second bill Mr. Krehbiel called to their attention had to do with a request by the Corp. of Engineers that deals with the enhanced recovery exemption to the severance tax. He said that the practical application of the bill that passed two years has come in conflict with the underlying intent and needs some clarification language in a couple scenarios which existed.

Representative Tedder made the motion to adopt the bill and Representative Osborne seconded the motion which carried on a voice vote.

Representative Minor moved for the adoption of a concurrent resolution memorializing Congress to eliminate or significantly reduce the tax based on Social Security benefits. Representative Findley seconded the motion which passed on a voice vote.

CONTINUATION SHEET

The Chair recommended the adoption of a committee bill regarding property tax presented by a group of legislators having to do with the evaluation of land devoted to agricultural use. The motion was seconded by Representative Gilbert and was passed on a voice vote.

Next on the agenda was Representative Sloan who explained **HB 2620. (Attachment 1).**

Speaking before the Committee was Karen France, representing Kansas Association of Realtors who spoke in support of **HB 2620. (Attachment 2).**

Larry Kipp appeared as a proponent of **HB 2620. (Attachment 3).**

Representative Sloan then addressed the Committee in regard to **HB 2621. (Attachment 4).**

Matthew Goddard of the Heartland Community Bankers Association spoke to the Committee in support of **HB 2621. (Attachment 5).**

Douglas County Treasurer, Pat Wells appeared as a proponent of **HB 2621. (Attachment 6).**

Next to appear as a proponent of **HB 2621** was Eileen King, Riley County Treasurer. **(Attachment 7).**

Karen France of the Kansas Association of Realtors, appeared again before the Committee in support of **HB 2621. (Attachment 8).**

Representative Minor asked if this legislature was passed, would it mean that the property tax payer was no longer responsible for any penalties. He felt that if that was the case, he wondered how there going to collect these monies. Representative Sloan said he didn't think that would be a problem.

The meeting adjourned at 9:50 a.m. The next meeting is scheduled for Wednesday, January 26, 2000.

TOM SLOAN
REPRESENTATIVE, 45TH DISTRICT
DOUGLAS COUNTY

STATE CAPITOL BUILDING
ROOM 446-N
TOPEKA, KANSAS 66612-1504
(913) 296-7677
1-800-432-3924

772 HWY 40
LAWRENCE, KANSAS 66049-4174
(913) 841-1526



TOPEKA

HOUSE OF
REPRESENTATIVES

TESTIMONY ON HB2620 - CONCERNING PROPERTY VALUATION APPEALS

Thank you Madame Chairman, committee members. During the summer and fall, 1999, several taxpayers contacted me after they had appealed the valuation assigned to their property by the County Appraisers.

While the appraisers do an excellent job, the values assigned are more subjective than rigorously scientific. This being the case, differences of opinion will sometimes arise over the value assigned when the value is not determined by the sale of that property, but rather by examining the sale of what may, or may not, be comparable properties.

The residential and commercial property owners who contacted me had all formally appealed their property valuations and lost. They unanimously complained that when the decision was made by the hearing officers, they were provided little explanation for that decision.

HB2620 was introduced to address the taxpayers concern that they do not understand how the information presented by the appraiser could outweigh the information provided by the taxpayer. HB2620 would require property valuation hearing officers to provide, in writing, the "findings of fact and law upon which such order is based". In speaking with Tony Folsom, Executive Director and General Counsel for the Board of Tax Appeals, we agreed that this is not the appropriate standard. Instead we agreed that hearing officers should "provide a brief explanation of their decision".

This requirement will necessitate more work for the hearing officer, but an important principle of governance is involved here - the right of the people to understand and have confidence in the taxation system. Without an adequate explanation for the hearing officer's decision, taxpayers are left without a tangible basis on which to decide whether to appeal further or upon which to, begrudgingly, accept the logic and fairness of the hearing officer's decision.

The entire tax system of Kansas and the United States relies on the goodwill and compliance of the taxpayers. One way in which the goodwill can be enhanced is by making the workings of government more accessible and evident to the citizenry. HB2620 will minimally inconvenience

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agents of the government, while significantly increasing taxpayer confidence in the fairness of the tax laws and the implementation.

Thank you for the opportunity to testify on this simple bill. I ask you to support **HB2620**, with the change in reporting language, and to provide more useful information to taxpayers. Remember - these citizens already question the fairness of the tax system, let's reassure them that due consideration of their documented objection and evidence were provided.

PROPOSED AMENDMENTS TO HB 2620

On page 2, in line 25, by striking "the findings of fact and law" and inserting "an explanation of the reasoning";

On page 3, in line 30, by striking the second "the"; in line 31, by striking "findings of fact and law" and inserting "an explanation of the reasoning"



Kansas Association of REALTORS®

3644 S.W. BURLINGAME ROAD • TOPEKA, KANSAS 66611-2098
TELEPHONE 785/267-3610 • 1-800-366-0069
FAX 785/267-1867



TO: HOUSE TAXATION COMMITTEE

FROM: KAREN FRANCE, DIRECTOR OF GOVERNMENTAL RELATIONS *KCF*

DATE: JANUARY 25, 2000

SUBJECT: HB 2620, PROPERTY TAX APPEALS

Thank you for the opportunity to testify. On behalf of the Kansas Association of REALTORS®, I appear today to support HB 2620.

Since the implementation of Reappraisal and Classification in 1989, the legislature has been working to simplify and clarify the property tax appeals process for property taxpayers. This bill is another step in this direction, which property taxpayers will appreciate.

The property tax appeals process is not easy. It can be time consuming, which often means property taxpayers give up early in the game because they have to earn a living, unlike the county appraiser who does this for a living. Can you imagine how frustrating it is for a taxpayer to do all of the research, find comparable properties and pull together whatever pertinent information they can think of to take to their appeal, only to have the decision from the Small Claims Division come in the mail with no explanation of why they won or lost their case?

We think it is important to taxpayers to be given an explanation of the results of their appeal. This information will give guidance to taxpayers as to what information was useful or not. This can help taxpayers know how to proceed either with this case if they choose to appeal the decision, or if the county appraiser chooses to appeal. Additionally, the information allows them to present a better appeal if they choose to appeal another time. We urge your favorable consideration of this bill.

Thank you for the opportunity to testify.

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Testimony of
Larry Kipp,
private citizen,
speaking for House Bill 2620
January 25, 2000

Ms. Chairperson Wagle and distinguished members of the House taxation Committee, greeting:

I am very much in favor of HB 2620, which would require hearing officers to provide findings of fact and law to taxpayers that have appealed their tax assessments.

This requirement is important to those who may, upon consideration of those finding of fact and law, decide to carry the case to a higher authority. Without those "findings" such citizens are, currently, at a significant disadvantage and ill-prepared to make such an informed decision. Reaching the point of decision is further impaired by the possible necessity of requiring legal expertise to ascertain the already established findings of the hearing officer. This "impairment" includes, time and unnecessary legal fees.

More importantly, I am astonished that such a courtesy is not already provided to the ultimate sovereigns of this state: your constituents.

Ironically, for me to come here, as a private citizen and say these few words to you required that I provide 40, *forty*, copies of my statement. Imagine trying to prepare our laws without those copies of testimony. Now, Imagine a taxpayer, unfamiliar with the law, trying to re-appeal a case without *one* written copy of the hearing officer's significant findings of fact and law.

As an aside, I would like the record to note that I am a Democrat while the sponsor of this bill, Representative Tom Sloan, is a Republican. My point being that HB 2620 transcends political boundaries, and I hope partisanship plays no role in its passage.

I hope that, with due consideration, you will agree that passage of HB 2620 is the right thing to do.

Sincerely & respectfully,

Larry Kipp
(785) 843-3284

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TOM SLOAN
 REPRESENTATIVE, 45TH DISTRICT
 DOUGLAS COUNTY

STATE CAPITOL BUILDING
 ROOM 446-N
 TOPEKA, KANSAS 66612-1504
 (913) 296-7677
 1-800-432-3924
 772 HWY 40
 LAWRENCE, KANSAS 66049-4174
 (913) 841-1526



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HOUSE OF
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COMMITTEE ASSIGNMENTS
 MEMBER ENVIRONMENT
 UTILITIES

TESTIMONY ON HB2621 CONCERNING NOTIFICATION OF PROPERTY TAX OBLIGATIONS

Madame Chairman, members of the committee, thank you for the opportunity to address HB2621. The issue addressed in this bill was brought to my attention by local Douglas County officials.

Many "homeowners" do not directly pay their property taxes. Rather, each month the financial institution holding the mortgage will place money in an escrow account to pay property taxes at the appropriate time.

County Treasurers provide the homeowner with a notification of the property's assessed valuation and the financial institution receives the tax notice. The mortgage holder then provides the homeowner with a statement showing the amount of the taxes and that the taxes were paid.

After 20 to 30 years of not directly paying property taxes, the homeowner pays off the mortgage. The financial institution that held the mortgage sends a "release of mortgage" form to the County Register of Deeds and a form detailing the name and address of the person who should receive future tax notices. The Register of Deeds then provides this information to the County Treasurer.

In talking with county administrators, County Treasurers, and Register of Deeds, two problems have occurred: 1) some mortgage institutions (generally not Kansas-based) will take up to 4 months to notify the Register of Deeds of the mortgage being paid, and 2) those same mortgage institutions frequently do not include the form specifying to whom the tax notices should be sent.

The result is that each year, hundreds of Kansas homeowners do not pay their property taxes because they were not sent the "tax due" notice. This is **NOT** the fault of the County Treasurers, the Register of Deeds, or the homeowner. It is the fault of the mortgage companies that do not provide information in a timely manner. HB2621 will require notification to County Treasurers within 30 days of when the mortgage is paid off. County Treasurers can then appropriately issue "tax due" notices and property owners will no longer miss tax payment dates, be subject to penalties and interest, and be agitated as a result of circumstances which were beyond their control.

Since I introduced HB2621, Matt Goddard, representing the Heartland Community Bankers Association and indirectly the Kansas Bankers Association, and I reviewed the problem and

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identified an alternative solution.

Attached to my testimony is a copy of **K.S.A. 58-2309a**. On the second page (e) requires the mortgage holder to notify the Register of Deeds of the necessary information to provide tax statements. However, no time limit is placed on the mortgage holder to do so.

If the Committee wishes, you can amend **K.S.A. 58-2309a(e)** to require notification within 30 days of the final mortgage payment being made and formally require the Register of Deeds to notify both the County Treasurer and the County Clerk.

HB2621, in its original form or as proposed to be amended, will impose a minimal increase in the mortgage holding institution's workload, but tax payers and County Treasurers will significantly benefit. I ask for your support of this common sense approach to helping Kansas homeowners/taxpayers and local officials.

Attachment

tor is acting under appointment of the district court of the county where the real estate mortgaged is located. Where the estate of such deceased has not been administered upon, or where the estate of such deceased has been administered and settled and the executor or administrator discharged, such assignment or release may be made by the heirs at law or legatee of such deceased mortgagee or assignee, and competent evidence must be furnished by them of the fact.

(c) Where the mortgagee or assignee of record is a firm or partnership, such mortgage shall be assigned or discharged by an instrument acknowledging the assignment or satisfaction of such mortgage as hereinbefore provided. Such instrument shall be signed either by each member of the firm or partnership, or by the firm or partnership, or by the firm or partnership by one of the members thereof.

(d) Any mortgage which, prior to July 1, 1977, has been released by a notation on the original mortgage instrument and signed by the mortgagee or the mortgagee's duly authorized attorney in fact, assignee of record or personal representative may be recorded in the office of the register of deeds of the county where the mortgaged property is located. When recorded, such release shall have the same force and effect as mortgages discharged in accordance with subsection (a).

History: G.S. 1868, ch. 68, § 5; L. 1903, ch. 365, § 1; R.S. 1923, 67-306; L. 1971, ch. 86, § 2; L. 1976, ch. 145, § 205; L. 1977, ch. 191, § 1; L. 1979, ch. 174, § 1; L. 1995, ch. 173, § 1; July 1.

53-2308.

CASE ANNOTATIONS

4. The effect failure to record assignment of mortgage had on rights of the assignee in relation to junior mortgagees discussed. *Bank Western v. Henderson*, 255 K. 343, 347, 374 P.2d 632 (1994).

53-2309a. Entry of satisfaction of mortgage; duties and liability of mortgagee or assignee of mortgage; entry of satisfaction of mortgage by lender or closing agent, when.

(a) When the indebtedness secured by a recorded mortgage is paid and there is no agreement for the making of future advances to be secured by the mortgage, the mortgagee or the mortgagee's assignee shall enter satisfaction or cause satisfaction of such mortgage to be entered of record forthwith, paying the required fee. In the event the mortgagee or the mortgagee's assignee fails to enter satisfaction or cause satisfaction of such

mortgage to be entered within 20 days after written demand by certified or registered mail, the lender or a designated closing agent acting as a closing agent in the sale, financing or refinancing of the real estate subject to such mortgage, who upon reliance of written payoff information provided by the mortgagee, and which payoff information shall be deemed as the correct and full amount due and owing under such mortgage, has caused the indebtedness to be paid in full may cause satisfaction of the mortgage to be entered. If in fact the mortgagee or mortgagee's assignee was not paid in accordance with the aforesaid payoff information when the mortgage was released the lender or the closing agent in the sale, financing or refinancing of the real estate subject to such mortgage who signed the false release shall be liable in damages to the mortgagee or mortgagee's assignee for the entire indebtedness together with interest thereon, attorney fees, and any additional damages that the mortgagee or mortgagee's assignee has incurred. Upon recording of such satisfaction by the lender or closing agent in the sale, financing or refinancing of the real estate subject to such mortgage, who has caused the indebtedness to be paid in full, such mortgage shall be deemed fully released as if discharged by the mortgagee or mortgagee's assignee.

(b) When a mortgage is recorded covering real estate in which the mortgagor has no interest, the mortgagee or the mortgagee's assignee shall enter satisfaction or cause satisfaction of such mortgage to be entered of record, paying the required fee without charge to the mortgagor or the mortgagor's assigns.

(c) A mortgagor, a mortgagor's heirs or assigns or anyone acting for such mortgagor, heirs or assigns, or the owner of real estate upon which a mortgage has been recorded by someone having no interest in the real estate, may make demand upon a mortgagee or assignee of a mortgagee for the entering of satisfaction of the mortgage, as provided for in subsections (a) and (b).

(d) Any mortgagee or assignee of a mortgagee who refuses or neglects to enter satisfaction of such mortgage within 20 days after demand has been made as provided in subsection (c) shall be liable in damages to the person for whom the demand was made in the sum of \$500, together with a reasonable attorney's fee for preparing and prosecuting the action. The plaintiff in such action may recover any additional damages that the evidence in the case warrants. Civil actions may be

brought under this act before any court of competent jurisdiction, and attachments may be had as in other cases.

(e) The mortgagee or assignee of a mortgagee entering satisfaction or causing to be entered satisfaction of a mortgage under the provisions of subsection (a) shall furnish to the office of the register of deeds the full name and last known post office address of the mortgagor or the mortgagor's assignee. The register of deeds shall forward such information to the county clerk who shall make any necessary changes in address records for mailing tax statements.

History: L. 1971, ch. 189, § 1; L. 1980, ch. 163, § 1; L. 1989, ch. 165, § 1; L. 1994, ch. 250, § 1; L. 1995, ch. 173, § 2; July 1.

Attorney General's Opinions:

Entry of satisfaction of real estate mortgage; fee. 94-143.

CASE ANNOTATIONS

2. Whether absent specific contractual provision authorizing prepayment debtor has a right to prepay note and mortgage examined. *Metropolitan Life Ins. Co. v. Strnad*, 255 K. 657, 660, 667, 876 P.2d 1362 (1994).

58-2312.

Law Review and Bar Journal References:

"New Legislation Affects the Collection of Unpaid Debts," Wayne T. Stratton, 95 Kan. Med. No. 9, 182 (1994).

"Will Debtors Win the Battle as Creditors Win the War? Retroactive Recovery of Attorney Fees in Consumer Credit Contracts in Kansas," Tamara Putnam and Jonathan Lauth, 34 W.L.J. 556, 559, 561, 564 (1995).

CASE ANNOTATIONS

12. Whether 1994 amendment to section was remedial requiring application even though lease executed prior to amendment's effective date examined. *Benedictine College, Inc. v. Century Office Products*, 868 F.Supp. 1239, 1241 (1994).

13. Statutory allowance for attorney fees is substantive and must be applied prospectively. *Ryco Packaging Corp. v. Chappelle Int'l, Ltd.*, 23 K.A.2d 30, 34, 926 P.2d 669 (1996).

14. Provision allowing notes and credit agreements to provide for reasonable attorney fees may not be applied retroactively. *Baxter State Bank v. Bernhardt*, 985 F.Supp. 1259, 1270 (1997).

58-2321.

CASE ANNOTATIONS

11. The effect failure to record assignment of mortgage had on rights of the assignee in relation to junior mortgagees discussed. *Bank Western v. Henderson*, 255 K. 343, 348, 874 P.2d 632 (1994).

58-2323.

CASE ANNOTATIONS

1. Whether mortgagee was required to take legal action to secure rents from mortgaged property before filing bankruptcy examined. *In re Kansas Office Associates, Ltd.*, 173 B.R. 745, 750 (1994).

58-2333i. Mortgages or deeds of trust recorded between January 1, 1955, and January 1, 1965, declared void; mortgages or deeds of trust recorded on or after January 1, 1965, declared void; exceptions. (a) Any mortgage or deed of trust against real property located in this state recorded on or after January 1, 1955, and before January 1, 1965, or referred to or described in any instrument of record within such period shall be void, unless, prior to July 1, 1998, the owner and holder thereof files, in the office of the register of deeds of the county in which the property is located, an affidavit stating:

- (1) The name and address of the owner and holder thereof;
- (2) the nature of the claim;
- (3) the amount due on the claim;
- (4) the date of the last payment on the claim; and
- (5) a description of the property.

(b) Any mortgage or deed of trust against real property located in this state recorded on or after January 1, 1965, or referred to or described in any instrument of record after such date, shall be void by operation of law if:

- (1) More than 42 years shall have elapsed between the date of the initial recording of the mortgage; and
- (2) prior to July 1 of the year next preceding the date 42 years after the date of initial recording, an action is not commenced to foreclose the mortgage or deed of trust, or the owner and holder of the mortgage does not file in the office of the register of deeds of the county in which the property is located, an affidavit stating:

- (A) The name and address of the owner and holder thereof;
- (B) the nature of the claim;
- (C) the amount due on the claim;
- (D) the date of the last payment on the claim; and
- (E) a description of the property.

(c) This section shall not apply to or affect mortgages, deeds of trust or liens against real property of railroad corporations recorded after January 1, 1890.

- (d) Infancy, incompetency or nonresidency shall not affect the operation of this act.

History: L. 1997, ch. 14, § 1; L. 1997, ch. 176, § 8; L. 1998, ch. 25, § 1; July 1.

58-2343.

3. Whether mortgagor's right to secure rents from mortgaged property before filing bankruptcy examined. *In re Kansas Office Associates, Ltd.*, 173 B.R. 745, 749 (1994).

Article 24

58-2411.

3. Medical assistance trust not required to distribute trust property. *In re Kansas Office Associates, Ltd.*, 173 B.R. 745, 749 (1994).

58-2414.

Cross Reference
Transfer-on-death

Article 25.—

58-2505.

Law Review and Bar Journal References:
"Prosecuting an Action," Stephen

58-2530.

Law Review and Bar Journal References:
"Kansas Home Swartz," 65 J.K.B.A.

RESIDENTIAL

Law Review and Bar Journal References:
"Kansas Artisan Tangle," Judge Jo (1994).

58-2541.

Law Review and Bar Journal References:
"Prosecuting an Action," Stephen

58-2542.

Law Review and Bar Journal References:
"Prosecuting an Action," Stephen

58-2544.

Law Review and Bar Journal References:
"Express Contract," J.K.B.A. No. 7, 32

58-2545.

Law Review and Bar Journal References:
"Prosecuting an Action," Stephen

To: House Taxation Committee

From: Matthew Goddard
Heartland Community Bankers Association

Date: January 25, 2000

Re: House Bill No. 2621

The Heartland Community Bankers Association appreciates the opportunity to appear before the House Committee on Taxation to express our support for House Bill 2621, with amendments.

The Heartland Community Bankers Association represents savings institutions in Kansas, Colorado, Nebraska and Oklahoma. In 1998, Kansas thrifts made more than \$2 billion in residential mortgage loans. For the first nine months of 1999, Kansas savings associations made more than \$1.6 billion in residential mortgage loans.

As drafted, HB 2621 amends KSA 79-2001 to require, within 30 days after satisfaction of a mortgage, that the mortgagee notify the county treasurer in the county where the property is located that the mortgage obligation has been satisfied.

The bill is intended to address the problem of homeowners who do not receive a property tax statement before their taxes become delinquent because their tax bill is sent to the lender or escrow agent who, before the mortgage was satisfied, previously paid property taxes on behalf of the taxpayer. The intent of HB 2621 is that the county treasurer would now know whom to and where to send the tax statement.

HCBA had concerns that, while we supported HB 2621's intent, the bill in its original form increased the regulatory burden on Kansas lenders but most likely would not solve the problem it sought to address. We appreciate the receptiveness of Representative Sloan and Representative Findley to our concerns and suggestions. It is our understanding several amendments will be proposed at this hearing to leave KSA 79-2001 unchanged and instead amend KSA 1999 Supp. 58-2309a.

We understand two changes will be proposed to KSA 1999 Supp. 58-2309a(e). The statute already requires a mortgagee entering into satisfaction of a mortgage to provide the office of the register of deeds the full name and last known post office address of the mortgagor. The register of deeds is then required to forward such information to the county clerk. House Bill 2621, with amendments, will require the register of deeds office to also forward the mortgagor's information to the county treasurer. In addition, a 30-day timeframe for the mortgagee's notification responsibilities will be added to the statute.

We do not believe it is HCBA members or other Kansas financial institutions that are responsible for the problem that makes HB 2621 necessary. Rather it is out-of-state loan service companies who are unresponsive to their customers once their mortgage is released. For example, many loan servicers contract out escrow services. We have heard accounts of the escrow company simply ignoring or discarding tax statements for former escrow customers. We are confident that Kansas lenders either forward the tax statement on to their former borrower or alert the county treasurer that the tax statement should be redirected.

It is important to understand that the problem of taxpayers not receiving a property tax statement will not go away overnight, even with passage of HB 2621. Loan servicers that are not responsive now will most likely remain unresponsive. Unfortunately, those companies do exist. However, the addition of a 30-day timeframe to the existing law's notification provision should provide an impetus for more companies to provide the required information in a timely manner.

The Heartland Community Bankers Association respectfully requests that the House Taxation Committee adopt the aforementioned amendments and recommend HB 2621 favorable for passage.

Thank you.

Testimony of Pat Wells, Douglas County Treasurer on HB 2621
January 25, 2000

I come before you today with a very simple problem, and I am hoping that I convince you to support a minor change in the statute, which should solve the problem.

The Problem

The vast majority of our citizens pay their real property taxes through their mortgage payments. They do not send a payment to the County Treasurer on December 20. Rather, they pay their taxes as a part of their monthly mortgage payment. The mortgage company receives the tax bill from the county, and pays the taxes when they are due from an escrow established by the lender for the purpose of assuring that the taxes are paid.

When the mortgage is finally satisfied thirty years later, the lender may or may not notify the County that the mortgage is paid off and that the tax bill ought to be sent directly to the owner. Unfortunately, lenders do not always forward the tax bill on to the owner. In addition, there is no requirement that the Register of Deeds be notified of the expiration of the mortgage. Therefore, some owners never receive their tax bill. Since many of these individuals have never paid a real property tax bill, except through their mortgage, they are unaware of their responsibility to pay. When they finally do get a bill, penalties and interest have already been added. The fact that they never got a bill does not give the Treasurer the authority to waive the penalties and interest.

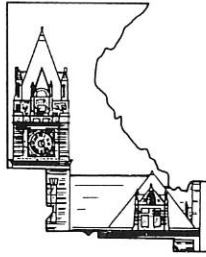
The Proposed Change

HB 2621 would require lenders to notify the County Treasurer within thirty days of the satisfaction of a debt obligation. This would enable the Treasurer to assure that the tax bill is in fact received by the taxpayer, before its due date.

County Treasurers are on the front line of a very important service for all levels of government in Kansas: collection of tax revenues. We continually hear strong opinions from taxpayers about the high cost of taxes and how well or poorly all levels of government are spending that money. Listening to those comments is just part of the job, even though we have no control over the expenditure of almost all of the money that we collect. However, I believe that we have a responsibility to be as fair as possible with each taxpayer, within the requirements of state law. Because of a small loophole in current state law, some taxpayers never get a tax bill, and state law requires me as a county treasurer to penalize them. That is not fair to the taxpayer. Please help us by supporting this proposed amendment.

RILEY COUNTY TREASURER

R. Eileen King
Riley County Treasurer



110 Courthouse Plaza
Manhattan, Kansas 66502-0108
785-537-6320
Fax 785-537-6326

TO: Members of House Taxation Committee

FROM: Eileen King, Riley County Treasurer

DATE: January 25, 2000

RE: HB 2621

I am Eileen King, Riley County Treasurer, speaking on behalf of the Kansas County Treasurer's Association. This bill has not been presented to our association's legislative committee, so we have not been able to discuss our position on it. Mortgage companies are required to notify the Register of Deeds office when a mortgage is paid off. (K.S.A. 58-2309a). If the information is not getting from one office to the other, it seems like a local problem and could be solved without legislation.

Therefore, at this time, the Treasurer's Association would like to go on record as having no position on HB 2621.

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Kansas Association of REALTORS®

3644 S.W. BURLINGAME ROAD • TOPEKA, KANSAS 66611-2098
TELEPHONE 785/267-3610 • 1-800-366-0069
FAX 785/267-1867



TO: HOUSE FINANCIAL INSTITUTIONS COMMITTEE
FROM: KAREN FRANCE, DIRECTOR OF GOVERNMENTAL RELATIONS *KLF*
DATE: JANUARY 25, 2000
SUBJECT: HB 2621, MORTGAGE SATISFACTION NOTIFICATION TO THE COUNTY
TREASURER

Thank you for the opportunity to testify. On behalf of the Kansas Association of REALTORS®, I appear today to support HB 2621.

We have ongoing problems with out of state mortgagees taking a long time to record a satisfaction of lien when a mortgage has been paid off. This causes problems for homeowners trying to sell their home. It causes delays for homebuyers who have to wait until the title is cleared before their transaction can occur.

However, there are additional problems when it comes to paying property taxes. If a mortgagee has not given a notice to the county treasurer that a mortgage obligation has been satisfied, the tax bills still go to the mortgagee, rather than to the homeowner. Homeowners are used to paying their property taxes with their regular house payment and so the first year after the mortgage is paid off, they are, in all likelihood, unaware that they should be looking for the tax bill. The first time they become aware that the taxes were not paid may be when a delinquent tax notice arrives from the county.

This bill would make the mortgage holders responsible for giving notice to the county appraiser that the mortgage obligation has been satisfied, so that the county appraiser can send the property tax bills to the right address. While it seems the Register of Deeds Office could provide the notification of satisfaction (if they received it), this bill would create an affirmative obligation of the mortgage company to tie up loose ends in Kansas. We urge your support of the legislation.

Thank you for the opportunity to testify.

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Date 1/25/00
Attachment # 8