

Approved: 3-7-00
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on February 29, 2000, in Room 519-S of the Capitol.

All members were present except: Senators Goodwin, Praeger, and Stephens – Excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Randy Allen, Kansas Association of Counties
Larry Tucker, Reno County Treasurer
Rhonda Humble, Kansas Press Association
Jan Kennedy, Sedgwick County Treasurer
Chuck Henry, Wyandotte County

Others attending: See attached list.

SB 641—Publication notice of delinquent property tax

Randy Allen, Kansas Association of Counties, testified in support of **SB 641**. He explained that **SB 641** would change the publication requirements for providing notice of delinquent personal property taxes, current year property tax mill levy rates, and delinquent real estate taxes. The bill would allow a one-time publication of delinquent taxes rather than the three times currently prescribed by law. He pointed out that, with the bill, counties would save publication expenses. (Attachment 1)

Mr. Allen also called attention to written testimony in support of **SB 641** submitted by Marci Hess, representing Sedgwick County government. Ms. Hess states that Sedgwick County would save approximately \$12,000 with passage of the bill. She also notes that Sedgwick County will have the delinquent tax list available on the Internet as of April, and she believes this will increase efficiencies in tax collections. (Attachment 2)

Senator Steffes commented that, from his experience, persons in small towns read the list of persons with unpaid taxes with great interest. Persons on the list have a strong fear of their name appearing on the unpaid tax list the second time. Therefore, he believes that publication of the delinquent tax list three times is very effective in small towns. He also noted that the delinquent tax list is used by people as a source of information for such things as opportunities to buy property.

Larry Tucker, Reno County Treasurer, testified in support of **SB 641**. He called attention to the results of a survey conducted by the Kansas County Treasurers' Association regarding the total cost for all counties to meet the current requirement for three publications. He contended that under the proposed legislation the total savings to the taxpayers statewide for all publications would be nearly \$400,000 (two-thirds of the current costs). He believes that the savings generated by the reduced number of publications could be used by counties to print and mail reminder notices, which historically have generated a higher percentage of tax collections than publication notices. He emphasized that delinquent tax publications under the proposed change would not constitute final notice to the taxpayer but would simply serve as notification of the beginning of the redemption period. In addition, he noted that **SB 641** would reduce the number of publications of the current year tax levy from three to at least once. He believes that, this publication, along with the tax information sheet from the county treasurer, would serve as ample notice to taxpayers. In his opinion, **SB 641** will not have a substantial impact on the revenues of local newspapers. (Attachment 3)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE
Room 519-S, Statehouse, at 11:10 a.m. on February 29, 2000.

Committee discussion followed regarding the actual amount of savings realized by reducing the publication of delinquent taxes from three times to one time. It was noted that many times the initial charge to print the list is reduced considerably the second time and even more the third time. Jan Kennedy, Sedgwick County Treasurer, stood to inform the committee that the cost to publish the delinquent tax list in Sedgwick County is \$10,000 each time (\$30,000 annually). There is no savings for publications subsequent to the first printing of the list in Sedgwick County because the list is altered each time by removing the names of taxpayers who paid their taxes after publication of the list.

Rhonda Humble, a newspaper publisher speaking on behalf of the Kansas Press Association, testified in opposition to **SB 641**. At the outset, Ms. Humble noted that her two small newspapers have not been designated for publication of delinquent tax notices, thus, her testimony was not motivated by revenue from publishing the notices. She pointed out that the publication of delinquent tax list is part of the due process of notification. In addition, publication of the list serves as a motivating factor for persons to pay past-due taxes, and it serves as a public notice to others in the community. In conclusion, she pointed out that many times publication of the notice is a critical difference between staying in business or closing the doors for a community newspaper. (Attachment 4)

Senator Bond asked for a definition of "general circulation." In response, Mr. Tucker explained that, if a publication within the county reaches a certain percentage of the number of people in the county, it meets the definition. The publication cannot be a trade periodical but must be a newspaper providing general news information. Senator Bond said, in reality, many of the small publications which print delinquent tax notices are "niche papers" which do not really inform readers but run one news story to justify printing the delinquent tax list.

Senator Donovan observed that many times legislation has unintended consequences. He feels that counties with only one small newspaper could be adversely affected financially if the publication of the delinquent tax list is reduced to one time only. In addition, he commented that it is very possible that persons who are embarrassed when their name is published will be more likely pay their taxes if it will be published more than one time.

Chuck Henry, Treasurer of the Unified Government of Wyandotte County, stood in response to Senator Donovan's comments. He informed the Committee that in 1999 Wyandotte County published a list of approximately 13,000 parcels of property with taxes due in every newspaper in the county. The 1999 publication yielded about 800 taxpayers redeeming prior to the sale date. In contrast, the 1998 publication in fewer newspapers yielded about 250 taxpayers.

Mr. Tucker argued that local newspapers will not go out of business due to passage of **SB 641**. In support of his statement, he informed the Committee that a study was conducted in Reno County for one particular calendar year regarding the amount paid to the official newspaper for various county publications. In that particular year, Reno County spent over \$100,000. The County Treasurer's office was billed \$15,000 of that \$100,000 for publication of the delinquent tax list three times. Since that time, the list has been published at a cost of \$6,000 in a rural newspaper with a general circulation. The official newspaper continues to collect approximately \$85,000 for other county publications. Mr. Tucker reiterated that the purpose of the bill is to allow a better and more effective means of collecting taxes.

The hearing on **SB 641** was closed, and the meeting was adjourned at 11:55 a.m.

The next meeting is scheduled for March 1, 2000.

SENATE ASSESSMENT AND TAXATION COMMITTEE GUEST LIST

DATE: February 29, 2000

NAME	REPRESENTING
Randy Allen	Kansas Association of Counties
Don Moler	LKM
Barbara Moody	Sedgwick Co Treasurer
Jane Spindly	Sedgwick Co Treasurer
Chuck Henry	Unif:ed Government Treas
Eileen King	Riley Co. Treasurer
Patricia Mumford	Shawnee Co. Treasurer
Jo Ann Raaf	Coffey County Treasurer
Mailee Beltroff	KCCS
Rhonda Humble	Kansas Press Assoc
STEVE KEANEY	KANSAS PRESS ASSN
Ned Valentine	PLAY CENTER DISPATCH
Al Herrera	City of Prairie Village, Ks.
Mark Goodwin	Hein + Weir
Harriet Lange	Ks Assn of B Castles



KANSAS
ASSOCIATION OF
COUNTIES

Testimony concerning SB 641
Senate Assessment and Taxation Committee
February 29, 2000
Presented by Randy Allen, Executive Director
Kansas Association of Counties

Madam Chair and members of the committee, my name is Randy Allen, Executive Director of the Kansas Association of Counties. Thank you for the opportunity to testify *in support of SB 641*, changing the publication requirements for providing notice of 1) delinquent personal property taxes (*Section 1*); 2) current year property tax mill levy rates (*Section 2*); and 3) delinquent real estate taxes (*Section 3*).

At our annual meeting last November, the KAC membership adopted a statement supporting "legislation that would allow for a minimum of a one-time publication of delinquent taxes rather than the three times currently prescribed by law."

Obviously, with SB 641, counties would save publication expenses in their General Fund budgets. Discretion would remain for county treasurers to publish the notices referenced in the subject statutes more than once. However, they would be *required by law* to publish the notices only once.

County treasurers are here to speak to the specific procedures for publication of the various notices referenced in SB 641. We know of no empirical evidence that would suggest that tax delinquency rates are lower now because of the 3-publication requirement than they would be if such information were published only once.

If you have questions, I would be happy to respond. Thank you.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to Randy Allen or Judy Moler by calling (785) 272-2585.

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Attachment 1



SEDGWICK COUNTY, KANSAS

GOVERNMENT RELATIONS

MARCI HESS, DIRECTOR

525 N. MAIN ● SUITE 315 ● WICHITA, KANSAS 67203 ● TELEPHONE: (316) 383-7552 ● FAX: (316) 383-7509 ● EMAIL: marcih@fn.net

DATE: February 29, 2000

TO: Senator Audrey Langworthy
Senate Assessment and Taxation Committee Members

SUBJ: Testimony in support of SB641

Thank you for the opportunity to testify in favor of SB641. Typically, we testify in favor of state and local partnerships that increase funding to the county, but we view this as an opportunity to partner with the state to reduce local spending.

Sedgwick County would save a little over \$12,000 annually if this bill were to pass. This is not a substantial amount of money, but with the recommended reductions in demand transfers from the state, and the recommended reductions in state-funded programs, every bit of savings is appreciated by our citizenry.

Currently, delinquent taxes are published three times each year in a designated legal publication venue. The legal publication is determined through the competitive sealed bid process. For Sedgwick County, our legal publication is the *Derby Daily Reporter*. It has a circulation of 2100 readers--about .0046% of the county population. Beginning, in April of this year, Sedgwick County, will have this listing available on the Internet, and we believe this will have greater potential of reaching the 450,000 citizens we serve. We realize that every household in the county does not have a computer at their home, but we know that access is available at the public libraries. The Internet service will also be used to provide real time information, thereby increasing efficiencies in tax collections is anticipated.

Thank you for considering this bill and we urge favorable passage out of committee.

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Attachment 2

**TESTIMONY – SENATE BILL 641
DELINQUENT PROPERTY TAX AND TAX LEVY
PUBLICATION REQUIREMENTS**

To: Senate Assessment & Taxation Committee
Senator Audrey Langworthy, Chair

From: Larry Tucker, Reno County Treasurer and
Past President of the Kansas County Treasurers' Association

Dear Senator Langworthy and Committee Members:

I come before you today to speak in favor of senate bill 641 and ask for your support to take this legislation to the full senate for passage. Along with the support of the Kansas Association of Counties, the Kansas County Treasurers' Association has given me permission to add their name as a proponent of this bill.

Senate bill 641 would change the annual publication of delinquent real and personal taxes, along with the annual list of tax levies from the current requirement of three consecutive weeks, to at least once in the official county newspaper or paper of a general circulation in their county. I submit to you today some of the reasons why we believe this proposed legislation makes sense for the citizens of Kansas.

1. Cost of publications. The Kansas County Treasurer's Association completed a recent survey of all counties and the total costs to meet the current requirements for all three publications during 1999 was estimated to total nearly \$ 600,000. Counties varied in publication costs according to size and number of delinquent taxpayers, but the range was from a low of \$ 460 in Trego county and a high of \$ 102,000 in Wyandotte county. See the attached survey.

Under the proposed legislation, the costs for these publications would be reduced substantially. Using the totals from our survey, the total savings to the taxpayers state-wide for all publications would total nearly \$ 400,000 or two-thirds of the current costs. Need I remind you, that the current law is a mandate on local governments, with little guarantee that any revenue will be provided to cover the costs. Advertising fees are collected only if and when delinquent taxes are paid and even subsequent tax foreclosure sales do not recover all the full costs.

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2. Tax collection procedures. New computer software has given the Treasurers' office information to prepare tax reminder notices, which historically have generated a higher percentage of subsequent tax collections than the publication notices. Unfortunately, a number of counties do not have the budget dollars to pay for the preparation and mailing costs of such notices.

Savings generated from the publication requirements could be used by counties to print and mail such reminder notices. In addition, such savings could be used to hire additional staff or collection agencies staff to improve delinquent collections. These and other proven collection procedures including future use of the inter-net would be far more effective than multiple publication notices.

3. Proper notice to delinquent taxpayers. K.S.A. 79-2804 requires that the county sheriff publish an order to sale delinquent tax properties for three consecutive weeks in a newspaper of general circulation. Senate bill 641 will not affect this statute. K.S.A. 79-2801 also requires service of summons by the county sheriff to such delinquent taxpayers.

Delinquent tax publications under the proposed change simply serve as notification that the redemption period commences and does not constitute final notice to the taxpayer. Reducing the delinquent tax publication requirements from three to at least once, will not affect the protection granted owners of real estate property in Kansas under other existing statutes.

4. Tax Levy Notification. Effective for tax years 1998, and all years after, K.S.A. 79-2001 requires the county treasurer to mail to each real estate owner a tax information sheet which includes among other items, the mill levies for all taxing districts affecting the taxpayer's property. Not only does this require the current year's levy, but it also requires the levies from the previous year to be disclosed.

Senate bill 641, would reduce the number of publications of the current year tax levy from three to at least once. We believe that this along with the tax information sheet, would serve as ample notice to taxpayers as to the final tax levies set by local governments in each county.

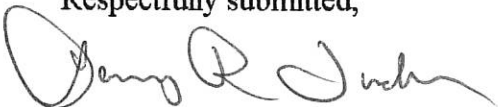
5. Official county newspaper. Senate bill 641 does not propose any changes to whether the delinquent tax publication can be published in the official county newspaper or a paper of general circulation. However, in many counties across Kansas, there is no choice between the two and many are faced to pay whatever the local newspaper charges.

We do not believe that the proposed legislation will have any substantial impact on the revenues of local newspapers. However, the impact will help counties and taxpayers across the state to reduce their administrative costs, plus give them new opportunities to invest in other more effective methods and tools to improve delinquent tax collections.

For these reasons and more, we support senate bill 641 and its efforts to provide more effective means to help counties collect property taxes across Kansas, while still protecting the rights of its property owners.

Thank you for opportunity to be with you today. I would be happy to answer any questions, regarding my testimony at this time.

Respectfully submitted,



Larry R. Tucker
Reno County Treasurer
Past President of the Kansas County
Treasurers' Association

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KANSAS COUNTY TREASURERS' ASSOCIATION
1999 SURVEY

COUNTY	COST PUBLISH RE	COST PUBLISH P P						
ALLEN	\$2,392.50	\$242.25	LINN	\$4,500.00	\$210.00	THOMAS	\$1,513.80	\$147.15
ANDERSON	\$2,490.00	\$204.00	LOGAN	\$997.50	\$126.00	TREGO	\$223.86	\$226.02
ATCHINSON	\$2,463.83	\$222.30	LYON	\$3,802.08	\$789.36	WABAUNSEE	\$2,673.00	\$225.00
BARBER	\$5,906.37	\$365.40	MARION	\$6,384.00	\$367.25	WALLACE	\$579.60	\$90.20
BROWN	\$2,760.00	\$132.21	MCPHERSON	\$1,912.50	\$512.55	WASHINGTON	\$1,212.02	\$48.00
BUTLER	\$15,579.99	\$799.68	MARSHALL	\$1,638.00	\$97.40	WICHITA	\$417.60	\$281.00
CHAUTAUQUA	\$3,007.88	\$1,850.00	MEADE	\$565.50	\$174.00	WILSON	\$3,402.00	\$570.57
CLARK	\$1,050.00	\$120.00	MIAMI	\$5,584.98	\$914.34	WOODSON	\$1,245.00	\$650.00
CLOUD	\$1,644.30	\$132.46	MITCHELL	\$677.60	\$92.94	WYANDOTTE	\$98,440.50	\$3,551.04
COFFEY	\$1,447.20	\$162.81	MONTGOMERY	\$9,789.53	\$2,159.63	Not identified	\$1,096.10	\$242.00
COMANCHE	\$485.00	\$200.00	MORRIS	\$1,073.10	\$510.30		\$1,257.04	\$132.84
COWLEY	\$7,802.00	\$2,401.28	MORTON	\$1,070.00	\$211.50		\$1,329.69	\$194.66
CRAWFORD	\$8,804.39	\$965.39	NEMAHA	\$1,752.00	\$123.75		\$850.85	\$22.00
DECATUR	\$1,660.00	\$89.30	NESS	\$371.28	\$676.89		\$2,004.33	\$215.01
DONIPHAN	\$794.60	\$70.00	OSAGE	\$3,726.77	\$498.48			
DOUGLAS	\$12,037.75	\$2,315.25	OTTAWA	\$1,219.00	\$215.00	TOTALS (84)	\$ 412,825.68	\$ 75,314.99
ELLIS	\$2,000.00	\$200.00	PAWNEE	\$1,813.50				
ELLSWORTH	\$793.93	\$281.72	PHILLIPS	\$1,462.50	\$1,530.00	AVG	\$ 4,914.60	\$ 896.61
FRANKLIN	\$6,660.00	\$1,971.37	POTTAWATOMIE	\$350.00	\$310.00			
GOVE	\$720.00	\$55.00	RENO	\$5,890.56	\$878.40	ESTIMATED		
GRANT	\$1,363.50	\$184.86	REPUBLIC	\$828.36	\$181.73	TOTAL-ALL		
GRAY	\$510.90	\$640.00	RICE	\$3,585.45	\$628.05	COUNTIES	\$ 466,886.00	\$ 83,178.00
GREELEY	\$795.15	\$882.65	RILEY	\$2,786.94	\$1,268.43		\$ 83,178	
GREENWOOD	\$2,083.95	\$441.15	ROOKS	\$6,124.02	\$686.21	ESTIMATED	\$58,064	
HAMILTON	\$2,208.00	\$112.50	RUSH	\$1,307.25	\$485.55	COSTS-TAX		
HASKELL	\$425.25	\$198.45	RUSSELL	\$1,382.89	\$1,129.17	LEVY PUBL	\$ 40,000.00	
HODGEMAN	\$287.10	\$417.60	SALINE	\$17,541.45	\$2,613.75			
JACKSON	\$1,458.45	\$412.65	SCOTT	\$2,785.00	\$301.20	GRAND	\$ 590,064.00	
JEWELL	\$845.00	\$116.00	SEWARD	\$12,000.00	\$2,100.00	TOTAL		
JOHNSON	\$56,210.90	\$17,928.50	SHAWNEE	\$19,153.26	\$3,575.88			
KIOWA	\$990.00	\$275.00	SHERMAN	\$2,595.00	\$314.82			
LABETTE	\$5,789.64	\$690.82	SMITH	\$628.86	\$182.79			
LANE	\$1,369.50	\$126.03	STAFFORD	\$966.57	\$468.77			
LEAVENWORTH	\$9,869.48	\$360.00	STANTON	\$769.00				
			STEVENS	\$1,039.50	\$156.75			
			SUMNER	\$3,800.00	\$8,682.00			

**Testimony for Kansas Press Association
By Rhonda Humble
on Senate Bill 641
Before Senate Taxation Committee
Tuesday, February 29, 2000**

Senators, my name is Rhonda Humble. I am the publisher of the Gardner News and Spring Hill New Era, two small weekly newspapers in western Johnson County. I am serving as the chairman of the Kansas Press Association legislative committee this year, and am appearing today on behalf of KPA and its 250 daily and weekly newspaper members.

I appear today in opposition to Senate Bill 641, a proposal to reduce the publication of delinquent tax notices from three times to one. Actually, my papers have not been designated for publication of those lists, so while I would like to have that revenue, my testimony is not motivated by the revenue from publishing those public notices.

Clearly, the publication of the delinquent tax list service, is part of the due process of notification. The publication of the list - making public the list of those persons behind in the payment of their taxes - also serves as a motivating factor for persons to pay the past-due taxes. Such publication also serves as a public notice to others in the community of the delinquent tax list.

Those are three reasons why this bill should be defeated. Make no mistake about it, in some small counties, the publication of the public notice is a critical difference between being in business and closing the doors of a community newspaper. This proposal is simply another example of attempts to remove government from the people - and in the process - another step in closing yet another business in their community.

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What concerns me, is that I am told by the KPA staff that this issue has been presented to the Legislature each year for several years. Each year, the tax-supported staff and lobbyists of county government, present this proposal, shopping around each year for a sympathetic committee. Because it has a direct impact on our industry, we appear - many times in our volunteer capacity - to oppose this issue.

In the past, this has been a money issue - the cost of second and third publication is not worth it, we have been told. Then sometimes we are told, candidly, the treasurers office and other elected officials don't like the "heat" they take from delinquent taxpayers embarrassed by the publication of their names.

It is not our role to seek out members of the public to come and testify on this issue, but I suspect we could. We could find those, whose names are on the delinquent tax list, who would support removing the publication as many times as possible. I bet there are many who are interested AND enlightened by the publication of the delinquent tax lists.

This shouldn't be a major issue and a similar proposal on the House side remains in committee. I would hope the committee would state clearly this issue is dead. Thank you.