

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on March 27, 2002, in Room 519-S of the Capitol.

All members were present except: Senator Lee

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

Conferees appearing before the committee: Representative Rick Rehorn

Others attending: See attached list.

**HB 2785—Concerning taxation; relating to redemption of real estate**

Representative Rick Rehorn testified in support of **HB 2785**, noting that it passed in the House on March 26 on a 124-0 vote. He explained that under current Kansas Law homestead property must be three years delinquent on property taxes before the county may bring a foreclosure action. The homeowner can prevent a foreclosure by making a payment on one delinquent tax year. The redemption payment is applied to the oldest tax year in 103 Kansas counties, but in Wyandotte county it is applied to the most recent year. The bill would allow Wyandotte County to join the other 103 counties. (Attachment 1) Representative Rehorn noted that Johnson County also applies payment to the most recent tax year but declined to be included in the bill, although county officials have stated that they are not opposed to the bill.

Don Denney, representing the Unified Government of Wyandotte County/Kansas City, submitted written testimony in support of **HB 2785**. He notes that policies designed to expeditiously collect taxes when due and to assist the taxpayer in maintaining payments promote fairness and equality in the cost of government. (Attachment 2)

There being no others wishing to testify, the hearing on **HB 2785** was closed.

Senator Clark moved to recommend **HB 2785** favorably for passage, seconded by Senator Donovan. The motion carried.

Senator Haley expressed his concern that **HB 2785** was moving too quickly through the legislative process. He explained that he had not had sufficient time to fully understand its effect. He noted that he intends to continue to study the bill before the full Senate votes on it.

For the Committee's information, Senator Corbin called the Committee's attention copies of fiscal year data for each state under the heading, "States Can Avoid Substantial Revenue Loss by Decoupling from New Federal Tax Provision, 3/20/02." (Attachment 3) He explained that, with the recent tax stimulus tax bill passed by Congress, many states which conform to federal law will take some "hits" on their revenue. To avoid a loss of revenue, some states are considering "decoupling" from the federal act.

The minutes of the March 26, 2002, meeting were approved.

The meeting was adjourned at 11:00 a.m.

No further meetings have been scheduled.



STATE OF KANSAS



TOPEKA

HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS  
RANKING MINORITY MEMBER: FEDERAL & STATE AFFAIRS  
MEMBER: BUSINESS, COMMERCE & LABOR  
JUDICIARY

**RICK REHORN**  
REPRESENTATIVE, 32ND DISTRICT  
WYANDOTTE COUNTY  
STATE CAPITOL, ROOM 278-W  
TOPEKA, KS 66612-1504  
(785) 296-7680

March 27, 2002

Chairman Dave Corbin, Members of the Committee:

Thank you for the opportunity to testify in support of HB 2785

Under current Kansas law, a homestead property must be three years delinquent on property taxes before the county may bring a foreclosure action. A homeowner can redeem the property and prevent foreclosure by making a payment on one delinquent tax year.

In 103 counties, this payment is applied to the oldest tax year. In Johnson County and Wyandotte County, for reasons no one can remember, the payment is applied to the most recent tax year.

Wyandotte County wants to join the other 103 counties in applying the redemption payment to the oldest tax year. This is beneficial for two reasons. The county collects more taxes because the oldest tax year requires the highest payment. However, it also benefits the taxpayer because the oldest tax year is accumulating the highest interest.

Thank you for your time and I hope you can support HB 2785.

  
Rick Rehorn

*Senate Assessment & Taxation  
3-27-02  
Attachment 1*



*Lobbyist/Media/Public Relations Specialist*

**Don Denney**

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March 26, 2002

Honorable Dave Corbin, Chairman  
Assessment and Taxation Committee  
Senate  
State Capitol  
Topeka, Kansas

**Re: House Bill # 2785; Collection of Delinquent Real Estate Taxes**

Dear Chairman Corbin:

The Unified Government of Wyandotte County/Kansas City, Kansas urges your Committee's favorable consideration and approval of the proposed amendment to K.S.A. 79-2401a and specifically subsection (b)(2) as delineated in Section 1(b)(2) of House Bill #2785. The specific change requested is to delete Wyandotte County from the specific language of this subsection which determines the order of collection and partial redemption for the past due years of real estate taxes on homestead property as defined by the Kansas Constitution.

For reasons no longer known, the Kansas Legislature adopted the current version subsection(b)(2) differentiating Wyandotte and Johnson Counties from the provision applicable to all other Kansas counties found at K.S.A 79-2401a(b)(1). The essential difference may simply be stated that in Johnson and Wyandotte Counties, the delinquent taxpayer is permitted to pay the most recent year's real estate taxes to remove the property from judicial foreclosure. In the remaining counties, the taxpayer must first pay the oldest delinquent taxes, interest and penalties to avoid foreclosure. If a valid reason ever existed for such a differential in treatment, the Unified Government believes that the best interests of the taxpayer and the County is served by the payment of the oldest past due taxes forestalling the accrual and compounding of interest and penalties until the amount due becomes even more difficult to satisfy.

The Board of Commissioners of the Unified Government adopted this initiative as one of several legislative priorities. During the years since consolidation of city-county government in Wyandotte County, the governing body has pursued a policy designed to fairly but assertively recover past due taxes premised on the belief that delinquent taxpayers not only burden the economical and efficient operations of all levels of government, but equally important, unfairly burden the taxpaying citizen. Policies designed to expeditiously collect taxes when due and then assist the taxpayer in

*Senate Assessment & Taxation  
3-27-01  
Attachment 2*


maintaining current their payments promote fairness and equality in the cost of government.

The proposed amendment accomplishes these objectives in the following manner:

- (1) The delinquent taxpayer pays the oldest past due amounts limiting the interest and penalties that accrue making payment more likely;
- (2) By collecting the taxes in uniformity with the proposed amendment, the belief is that more taxes will be voluntarily collected without recourse to the foreclosure procedure thereby maintaining people in their homestead;
- (3) Collection of the most past due tax debt will encourage the delinquent taxpayer to utilize the available partial payment options; and
- (4) Statewide uniformity of collection and foreclosure procedures promotes the payment of taxes, which benefits all levels of government.

Although the proof of each of these premises awaits implementation and the passage of time to demonstrate the actual impact, what remains true in the interim is that the amendment will cause foreclosure actions in Wyandotte County to be prosecuted in uniformity with the procedure with all but One County in the State of Kansas. Achieving this objective alone merits the change. On behalf of the Unified Government, your Committee is respectfully urged to approve the proposed amendment and recommend adoption by the House of Representatives.

Sincerely,



Don Denney  
Lobbyist/Media/Public Relations Specialist  
Unified Government of Wyandotte County/ Kansas City, Kansas

## by State Fiscal Year (Dollars in Millions)

	<u>FY 2002</u>	<u>FY 2003</u>	<u>FY 2004</u>	<u>Total</u>
Alabama	\$49	\$45	\$41	\$135
Alaska	31	73	52	156
Arizona	48	113	81	242
Arkansas	24	56	40	119
California	n/a	n/a	n/a	n/a
Colorado	38	91	65	194
Connecticut	44	104	74	222
Delaware	14	32	23	69
Florida*	126	146	124	396
Georgia	78	185	132	394
Hawaii	9	22	15	46
Idaho	14	32	23	69
Illinois	159	378	270	806
Indiana	79	187	134	400
Iowa*	14	46	48	108
Kansas	25	59	42	126
Kentucky	32	76	55	163
Louisiana	25	59	42	127
Maine	13	31	22	67
Maryland	52	123	88	262
Massachusetts	118	279	200	597
Michigan	13	51	47	111
Minnesota*	104	130	117	351
Mississippi	24	58	41	123
Missouri	38	91	65	195
Montana	10	23	16	48
Nebraska*	0	35	32	67
Nevada	n/a	n/a	n/a	n/a
New Hampshire	19	44	32	95
New Jersey	116	274	196	586
New Mexico	17	41	29	88
New York	—	912	545	1,457
North Carolina	86	203	145	434
North Dakota	7	16	12	34
Ohio	39	152	139	330
Oklahoma	21	50	36	107
Oregon**	45	106	76	227
Pennsylvania	148	352	252	753
Rhode Island	8	20	14	42
South Carolina	25	60	43	129
South Dakota	3	8	6	17
Tennessee	48	113	81	242
Texas	198	279	253	730

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