

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 11:10 a.m. on April 10, 2002, in Room 519-S of the Capitol.

All members were present except:

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: Mary Buhl, Johnson County Legal Department

Others attending: See attached list.

HB 2795—Sale or transfer of property for delinquent property taxes; relating to procedure

Mary Buhl, Assistant County Counselor for Johnson County, testified in support of **HB 2795**. She noted that current Kansas law sets forth the requirements which counties must follow to foreclose on real estate for delinquent real estate taxes. Counties must publish a list of the properties three times prior to an auction conducted by the sheriff's office. Occasionally, properties which do not have great value do not sell. In that case, the only option the county has is to spend more taxpayer money for publication and staff costs than the property and debt merit. In addition, the county must continually carry forward the unsold property in its accounting records because the statutes do not provide a method to close the collection process unless the property sells. She explained that **HB 2795** provides two additional options for counties with regard to properties which do not sell. The options would be available only if the county has offered the property at public auction at least once. One option permits to county to sell delinquent properties in groups, and the other allows a district court to grant permission to a county to negotiate a private sale of the property or otherwise dispose of the property. (Attachment 1)

Following Committee questions regarding county real estate foreclosure procedures and instances wherein a relative of the property owner pays the delinquent property taxes, the hearing on **HB 2795** was closed.

Senator Corbin suggested that the original version of **SB 92**, which the Committee heard and passed during the 2001 Legislative Session, be amended into **HB 2795**. He reminded the Committee that **SB 92** dealt with fair market value for property taxation purposes, that it was amended on the Senate floor and passed as amended, and that it remains in the House Taxation Committee.

Senator Donovan moved to amend the original version of **SB 92** into **HB 2795**, seconded by Senator Jenkins. The motion carried.

Senator Allen moved that **HB 2795** be grammatically amended on page 1, line 19, by changing "and" to "if" and on page 2, line 1, by striking "of" after "transfer," seconded by Senator Haley. The motion carried.

Senator Jenkins moved to recommend **HB 2795** favorably for passage as amended, seconded by Senator Donovan. The motion carried.

Senator Corbin offered comments regarding possible budget proposals which the Committee might consider. He noted that he had found no interest in a total reduction of the food sales tax and that he had found more interest in a food sales rebate expansion, which would in turn reduce the proposed increase in the sales tax. He noted that taxation on cigarettes and tobacco products could easily go up from ten to twenty percent. As a starting point for a discussion of an increase in the liquor tax, he suggested that the Committee consider the proposal offered at the beginning of the session which would raise approximately \$18 million. In addition,

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 11:10 a.m. on April 10, 2002, in Room 519-S of the Capitol.

he suggested that the Class C inheritance tax and an increase in income taxation in all three brackets could be considered. He reminded the Committee that another issue to be considered with regard to highway funding is acceleration of the gasoline tax. He pointed out that, yesterday, the Special House Transportation Committee passed a package which includes a fuel tax increase for both gasoline and diesel and which increases registration fees. He noted that, with the recent news that the federal government would not be transferring expected funds in the amount of \$87 million, the budget target has once again been changed. The current target has been increased to approximately \$300 million. In conclusion, he informed the Committee that a new proposal was in the process of being drafted and would be presented for consideration at the next committee meeting.

The meeting was adjourned at 11:45 a.m.

The next meeting is scheduled for April 11, 2002.

SENATE ASSESSMENT AND TAXATION COMMITTEE
GUEST LIST

DATE: April 10, 2002

NAME	REPRESENTING
WARREN L. SICK	KDOT
Robert Haley	KDOT
Nancy Bogina	KDOT
Dean Carlson	KDOT
Deann Williams	KS MOTOR CARRIERS ASSOC
Ashley Sherard	Johnson County
Mary Buhl	Johnson County
KEVIN M. WALKER	AMERICAN HEART ASS'N.
Bob Kuhlisch	KDA
Kindra Maze	Hiawatha High School
Andy Sanchez	KAPE
Stuart Little	Kathy Pannan
Erik Sartorius	City of Overland Park
Hal Hudson	NFIB/KS
Denise Aipt	U.S.A
Doug Bowman	CC ECDS
Josie Torres	Council on Developmental Disabilities
Don Rypse	S.E.A.K
JAY ARNOLD	COALITION FOR Independence

SENATE ASSESSMENT AND TAXATION COMMITTEE
GUEST LIST

DATE: April 10th 2002

NAME	REPRESENTING
Dale Huffman	Families Together Inc.
Steve Johnson	Kansas Gas Service
Pat Hebbell	KS Railroads
Matt Begron	Pat Hebbell Assoc.
Larry R Baez	LKM
Denny Koch	SW Bell
Whitney Damron	KS Automobile Dealers Assn.
Bob Harder	UMC - KS
John Jurek	Boeing
Neal Whitaker	KS Beer Wholesalers Assn.
Tony Folsom	BOTA
Andy Shaw	Kearney Law Office
Scott Brunner	DOB
Janet Stubbs	Ks. Bldg. IND. ASSN.
Jack Graves	Dahl - P-H & KM
Christy Caldwell	Joplin Chamber of Comm.
Marlee Carpenter	KCEI
Jessie Pointer	KDHE
Mary Payne Helberst	KSKI



MEMORANDUM

TO: The Honorable David Corbin, Chair
The Honorable Lynn Jenkins, Vice Chair
Members, Senate Assessment and Taxation Committee

FROM: Mary Martin Buhl, Assistant County Counselor

RE: House Bill 2795

DATE: April 9, 2002

Mister Chair and Committee Members:

My name is Mary Buhl. I am an assistant county counselor for Johnson County and I'm here today to express the support of the Johnson County Board of County Commissioners for House Bill 2795.

Chapter 79 of the Kansas Statutes sets forth the requirements that Kansas counties must follow to foreclose on real estate for delinquent real estate taxes. The process includes a redemption period, a court foreclosure suit, and, ultimately, a sheriff's auction. Occasionally, properties do not sell. Typically, these are properties which are small strips or which do not have great value because of location or other potentially undesirable characteristics.

Currently, the only way to sell or dispose of properties is to continue to try to auction the properties; however, pursuant to statute, the county must publish a list of the properties, including legal descriptions, three times prior to the auction. (This is in addition to the annual list of all delinquencies that the County Treasurer must publish.) The result is that the county will spend more money to publish, and in staff time, than will be collected. In addition, because state statutes do not provide a method to close the collection process unless the property sells, these properties must continually be carried forward in the county's accounting records.

House Bill 2795 provides two additional options to the county, both of which would **only** be available if the property has been offered at public auction at least once but has not sold.

Section 1. (b) permits the county to sell delinquent properties in groups, but **only** if each property had been offered individually at a prior public auction and did not sell.

Section 2. allows a district court to grant permission to a county to negotiate a private sale of the property, or otherwise dispose of the property, but **only** if the property had been offered at a prior public auction and did not sell. (Currently, a county would have to buy the property at auction in order to transfer or sell the property in any manner other than a public auction.)

We believe that House Bill 2795 would give counties another way to try to collect delinquent real estate taxes without continuing to spend more in costs than the property and the debt merit, thereby saving tax dollars and staff time. Thank you for the opportunity to speak to you today.