

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson John Edmonds at 9:00 a.m. on April 2, 2003 in Room 519-S of the Capitol.

All members were present except:

All members were present

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of the Revisor  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Mike Beck, Director Property Valuation, Department  
of Revenue  
Mike Billinger, Kansas County Treasurers Assoc.

Others attending:

See attached sheet.

Chairman Edmonds opened the meeting for bill introductions. Hearing none, he asked for a motion to adopt the House Taxation minutes of March 21<sup>st</sup>, 24<sup>th</sup>, 25<sup>th</sup>, 26<sup>th</sup>, and 27<sup>th</sup>. Representative Larkin moved the minutes of those meetings be adopted. The motions was seconded by Representative Schwab. With no discussion, the Chairman called for a vote. Motion passed. The minutes were adopted.

The Chairman opened the floor for hearing on **HB 2464**, *time of payment for property taxes*, and introduced Mark Beck, Director of Property Valuation, Department of Revenue as a proponent of the bill. He explained that this bill was the Governor's proposal to accelerate the property tax collection by about one month. (Attachment 1) He also submitted the proposed amendments to the bill (Attachment 2), and an outline that might help the committee to follow the issue better. (Attachment 3)

Chairman Edmonds stated that it had been his intention to try to work **HB 2464** without amendments. He stated that he presumed that the proposed amendment enjoys the support of the Department of Revenue. Mr. Beck responded positively.

The Chairman also stated that he is desirous of putting a bill on the floor that is the Governor's bill. He does not want to change policy from what the Governor proposed. He asked for Mr. Beck's representation that the amendment was not a policy change, but changes only technical issues. Mr. Beck responded that the amendment changes only technical issues. The Chairman asked if it was consistent with the Governor's express policy as **HB 2464** was presented to the committee. Mr. Beck again responded positively.

With no other proponent wishing to address the bill, the Chairman introduced Mike Billinger, representing the Kansas County Treasurers Association as an opponent to **HB 2464**. The Association submitted a list of proposed changes to the bill. He also stated that there are numerous other technical adjustments that should be made to existing tax systems which would allow for a better flow of information among the County Clerk, Treasurer, Appraiser and the taxpayer. (Attachment 4)

Chairman Edmonds asked Secretary of Revenue, Joan Wagon, if the amendment that is proposed for **HB 2464** does in fact enjoy the blessing of the Department as well as the blessing of the Governor. Secretary Wagon responded that it does indeed. She also responded that they had tried valiantly to bring to the committee a bill that was thoroughly worked, but given the time frame within which they were operating, they were unable to do so.

With no other person wishing to present testimony regarding **HB 2464**, Chairman Edmonds closed the hearing on the bill.

Chairman Edmonds asked the pleasure of the committee regarding **HB 2464**. Representative Larkin moved the adoption of the balloon. The motion was seconded by Representative Schwab. Vote was taken on the motion to amend. Motion passed. Bill is amended.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on April 2, 2003 in Room 519-S of the Capitol.

Representative Larkin moved that **HB 2464** be referred as amended favorable for passage. Representative Sharp seconded the motion.

Chairman Edmonds advised the committee that there are three potential actions that a committee can take with reference to a bill. The bill can be reported on a favorable basis which implies that the committee supports the bill. Occasionally, the committee will report a bill unfavorable and on other occasions it reports a bill without recommendation.

Representative Powers made a substitute motion that **HB 2464** be passed out without recommendation. The Chairman advised Representative Powers that he had the right to make the motion, but he would prefer to act on the motion made by Representative Larkin. Representative Powers withdrew the substitute motion.

Representative Larkin closed.

Vote was taken on the motion by Representative Larkin to recommend **HB 2464** as amended favorable for passage. Motion failed.

The following members wished to have their votes recorded as voting no.

Representative Jeff Goering  
Representative John Faber  
Representative Lana Gordon  
Representative Mario Goico  
Representative Jeff Jack  
Representative Terrie Huntington  
Representative Tim Owens  
Representative Arlen Siegfried  
Representative Steve Brunk  
Representative Scott Schwab  
Representative Lee Tafanelli  
Representative Ed O'Malley

The following members wished to have their votes recorded as voting yet.

Representative Bonnie Sharp  
Representative Vaughn Flora

Back on **HB 2464** Chairman Edmonds asked the pleasure of the committee.

Representative Tafanelli moved that the committee recommend **HB 2464** as amended unfavorable. Representative Gordon seconded the motion.

Chairman Edmonds explained the implications of an unfavorable recommendation. He stated that he would put the bill on the floor and there would be one day on which the bill could be brought above the line and with a vote of 70 members, but if that does not happen the bill would be lost. He further stated that it was his intent to put the bill on the floor in such a fashion that membership, as a whole, can vote on it. The success of Tafanelli's motion would make that impossible.

Representative Huff made a substitute motion **HB 2464** be moved out of committee without recommendation. Representative Schwab seconded the motion. Vote was taken. Motion passed.

Representative Schwab wished to be recorded as voting yes.

With no further business before the committee, the meeting was adjourned at 10:03 a.m.

GUEST LIST

DATE April 2, 2003

NAME	REPRESENTING
Deane Hume	KS Coop Council
Amy Heston	Self - Levee, KS
Deann Williams	KMCA
Marlee Campbell	Kansas Chamber
Brian Clarke	Self - Great Bend, KS
Kurt Pelton	KTN
Jo Ann Raaf	Coffey Co Treas
Chuck Henry	Unifed Government
Bernie Koch	Unata Chamber
T. O. Anderson	KSCPA
MIKE BILLINGER	KCTA
Erik Sartorius	City of Overland Park
Matthew Goddard	Headland Community Bankers
George Petersen	KTN

## HB 2464 AMENDED

- **Sec. 1:** Changes the main distribution date for the county treasurer to deliver the second half property tax collections to the local taxing subdivisions from July 20 to **June 5**. Eliminates the **May 20** distribution date and leaves the January 20, March 20, September 20 and October 31 dates unchanged. Also changes the dates that the county treasurer is prohibited from making distribution payments from between June 1 and July 1 to between **May 1** and **June 1**.
- **Sec. 2:** Changes the date that a school district is required to remit any excess local effort funds to the state treasurer from June 1 to **June 6**.
- **Sec. 3:** Changes the date for state-assessed motor carriers to pay second half property taxes from June 20 to **May 10**, and the date delinquent taxes begin to draw interest from June 21 to **May 11**.
- **Sec. 4:** Changes the second half real property payment date from June 20 to **May 10** and the date delinquent taxes begin to draw interest from June 21 to **May 11**.
- **Sec. 5:** Changes the second half personal property payment date from June 20 to **May 10** and the date delinquent taxes begin to draw interest from June 21 to **May 11**.
- **Sec. 6:** Syncs up with Section 1 distribution dates. The county treasurer will now be required to remit to the state treasurer the proceeds of the 1 mill for the education building fund, and the 0.5 mills for the state institutions building fund on **March 20** instead of March 5, **June 5** instead of July 20, and **September 20** instead of September 5. The **May 20** date is eliminated and the January 20 and October 31 are unaltered.
- **Sec. 7:** Changes the date that a claimant entitled to homestead property tax relief is required to pay any property taxes that are in excess of the amount paid by the state and the claimant from June 20 to **May 10**.
- **Sec. 8:** Statutes amended.
- **Sec. 9:** Effective date of amendment [Effective January 1, 2004, after publication in the statute books].
- **New Sec. \_\_\_:** Changes the date the county treasurers of Sedgwick, Johnson, Wyandotte and Shawnee Counties are to mail notices of unpaid personal property taxes from July 27 to **June 27** for taxes not paid as of **June 1**, formerly July 1. Changes the month that the county treasurer delivers tax warrants to the sheriff from August to **July**.
- **New Sec. \_\_\_:** Changes the date all other county treasurers are to mail notices of unpaid personal taxes from July 10 to **June 10** for taxes not paid on **June 1**, formerly July 1.
- **New Sec. \_\_\_:** Syncs up motor vehicle distribution dates with distributions in Sections 1 and 6. The June 20 distribution date is now **July 5**, and the **May 20** date is eliminated. The January 20, March 20 and October 31 dates remain the same.

HOUSE BILL No. 2464

By Committee on Taxation

3-27

AN ACT concerning property taxation; relating to time for payment; amending K.S.A. 12-1678a, 72-6431, 79-2004, 79-2004a and 79-2201 and K.S.A. 2002 Supp. 79-6a04 and 79-4521 and repealing the existing sections.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 12-1678a is hereby amended to read as follows: 12-1678a. (a) For the purposes of this section, taxes shall include ad valorem property taxes, local gross earnings taxes, special assessments and all other taxes and fees collected with or at the same time as ad valorem property taxes.

(b) The board of county commissioners of any county may invest the undistributed taxes of any taxing subdivision in the possession of the county treasurer pursuant to the provisions of this section. The moneys shall be invested pursuant to K.S.A. 12-1675 and 12-1676, and amendments thereto.

(c) The county treasurer shall distribute the taxes collected for each taxing subdivision within or partially within the county as follows:

(1) On or before January 20, ~~July 20~~ June 5 and October 31, the estimated amount collected for and owed to the taxing subdivision, but not less than the amount actually collected as of not more than 20 days prior to the distribution date, and on or before the last business day before March 20, ~~May 20~~ April 20 and September 20, not less than 95% of the estimated amount collected for and owed to each taxing subdivision but not less than the amount actually collected as of not more than 20 days prior to the distribution date. Except as provided in subsection (d), no payments of any interest earned on the investment of the tax collections shall be paid to the taxing subdivisions.

APRIL 20

(2) In addition to the distributions required by the foregoing provisions of this section, the county treasurer shall make a distribution on February 5, 1990, of the estimated amount collected for and owed to each taxing subdivision, but not less than the amount actually collected as of January 17, 1990.

(3) To those taxing subdivisions which request special payment in advance of the dates provided by subsection (c)(1), in order to meet the

1 trict, shall be deposited in the general fund of the district.

2 (d) On June 16 of each year, the amount, if any, by which a district's  
3 local effort exceeds the amount of the district's state financial aid, as  
4 determined by the state board, shall be remitted to the state treasurer.  
5 Upon receipt of any such remittance, the state treasurer shall deposit the  
6 same in the state treasury to the credit of the state school district finance  
7 fund.

8 (e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-  
9 1964b, and amendments thereto.

10 Sec. 3. K.S.A. 2002 Supp. 79-6a04 is hereby amended to read as  
11 follows: 79-6a04. The director of property valuation each year, shall make  
12 a levy for purposes of taxation, against the value assessed and determined  
13 to exist in accordance with the manner and method set forth in article 6a  
14 of chapter 79 of Kansas Statutes Annotated, and amendments thereto, at  
15 a rate which shall equal the average rate of levy for all purposes in the  
16 several taxing districts of the state for the preceding year.

17 For the purposes of such valuation, assessment and taxation, the taxable  
18 situs of the over-the-road vehicles and other rolling equipment deter-  
19 mined to be taxable under this act is hereby declared to be within this  
20 state whether owned, used or operated by a motor carrier who is a resi-  
21 dent or nonresident of Kansas and irrespective of whether such motor  
22 carrier be domiciled in Kansas or otherwise.

23 The director of property valuation shall cause to be sent to each motor  
24 carrier on or before the first day of August a statement of the amount of  
25 the valuation or assessment, the rate of levy and the amount of the tax.  
26 The determination contained in such statement shall not require an ad-  
27 judicative proceeding under the Kansas administrative procedure act. The  
28 statement shall inform the motor carrier of the right to an informal con-  
29 ference as provided in this section. The failure to request an informal  
30 conference shall not preclude any appeal under K.S.A. 74-2438, and  
31 amendments thereto. If a motor carrier has any objection to the statement  
32 as issued, the motor carrier must, within 15 days of the date of mailing  
33 of such notice, notify the director of property valuation in writing of such  
34 objection, setting forth the basis therefor and all facts relating thereto.  
35 Within 30 days of the date of receipt by the director of property valuation  
36 of such written objection, the director shall hold an informal conference  
37 with the motor carrier and shall issue a written finding, ruling, order,  
38 decision or other final action thereon, which finding, ruling, order, de-  
39 cision or other final action shall become effective for purposes of the  
40 appeal as provided by K.S.A. 74-2438, and amendments thereto, three  
41 days following the mailing of a copy thereof to the motor carrier. Informal  
42 conferences held pursuant to this section may be conducted by the di-  
43 rector or the director's designee. The rules of evidence shall not apply to

1 until paid, or until the real property is sold for taxes by foreclosure as  
2 provided by law. Except as provided by subsection (c), all interest herein  
3 provided shall be credited to the county general fund, and whenever any  
4 such interest is paid the county treasurer shall enter the amount of in-  
5 terest so paid on the tax rolls in the proper column and account for such  
6 sum.

7 (b) Whenever any date prescribed in subsection (a) for the payment  
8 of real property taxes occurs on a Saturday or Sunday, such date for  
9 payment shall be extended until the next-following regular business day  
10 of the office of the county treasurer.

11 (c) The board of county commissioners may enter into an agreement  
12 with the governing body of any city located in the county for the distri-  
13 bution of part or all of the interest paid on special assessments levied by  
14 the city which remain unpaid.

15 (d) All real property taxes of any year past due and unpaid on the  
16 effective date of this section and interest accrued thereon pursuant to  
17 this section prior to its amendment by this act shall draw interest at the  
18 rate prescribed by K.S.A. 79-2968, and amendments thereto, plus two  
19 percentage points, per annum from the effective date of this section until  
20 paid or until the real property is sold for taxes by foreclosure as provided  
21 by law.

22 Sec. 5. K.S.A. 79-2004a is hereby amended to read as follows: 79-  
23 2004a. (a) Any taxpayer charged with personal property taxes on the tax  
24 books in the hands of the county treasurer may at such taxpayer's option  
25 pay the full amount thereof on or before December 20 of each year, or  
26 1/2 thereof on or before December 20 and the remaining 1/2 thereof on  
27 or before ~~June 20~~ May 15 next ensuing, except that: (1) All unpaid per-  
28 sonal property taxes of the preceding year must first be paid; and (2) if  
29 the full amount of the personal property taxes listed upon any tax state-  
30 ment shall be \$10 or less the entire amount of such taxes shall be due  
31 and payable on or before December 20.

MAY 10

32 In the event anyone charged with personal property taxes shall fail to  
33 pay the first half thereof on or before December 20, the full amount  
34 thereof shall become immediately due and payable.

35 In case the first half of the taxes remains unpaid after December 20,  
36 the entire and full amount of personal property taxes charged shall draw  
37 interest at the rate prescribed by K.S.A. 79-2968, and amendments  
38 thereto, plus two percentage points, per annum from December 20 to  
39 date of payment. Subject to the provisions of subsection (c) all personal  
40 property taxes of the preceding year and interest thereon which shall  
41 remain due and unpaid on ~~June 21~~ May 16 shall draw interest at the rate  
42 prescribed by K.S.A. 79-2968, and amendments thereto, plus two per-  
43 centage points, per annum from ~~June 20~~ May 15 until paid. All interest

MAY 11

MAY 10

1 the homestead property tax refund received by the claimant for taxes  
2 levied in the preceding year up to the amount of the first half of the  
3 property taxes due.

4 (b) Prior to presenting the certificate to the county treasurer the  
5 claimant shall sign the certificate, and shall also assign, in a space provided  
6 on the certificate, the refund to the county to pay the taxes on the claim-  
7 ant's homestead for the year in which such certificate is issued. The claim-  
8 ant shall then submit the certificate of eligibility to the county clerk for  
9 review. The county clerk shall review the claim, based on proof of eligi-  
10 bility as prescribed in rules and regulations adopted by the secretary of  
11 revenue, to determine whether the claimant will be eligible for the re-  
12 fund. If the county clerk is satisfied the claimant will be eligible, the  
13 county clerk shall sign the certificate and return it to the claimant.

14 (c) The county treasurer shall send a copy of each certificate of eli-  
15 gibility to the director of taxation by December 31 of each year. After  
16 receiving a claim of any claimant who has obtained a certificate of eligi-  
17 bility under this section, the director shall examine the same, and if the  
18 claim is valid, the director of accounts and reports shall draw a warrant  
19 in favor of the county in which claimant's homestead is located upon a  
20 voucher approved by the director of taxation in the amount of the allow-  
21 able claim for refund. Sufficient information to identify the claimant shall  
22 be directed to the county treasurer with each warrant. Any taxes levied  
23 in any year on the homestead of any claimant who has obtained the cer-  
24 tificate of eligibility herein provided for in excess of the amount paid to  
25 the county by the state and by the claimant on or before December 20  
26 of such year shall be paid by the claimant on or before ~~June 20~~ May 15  
27 of the succeeding year.

MAY 10

28 Sec. 8. K.S.A. 12-1678a, 72-6431, 79-2004, 79-2004a and 79-2201  
29 and K.S.A. 2002 Supp. 79-6a04 and 79-4521 are hereby repealed.

JANUARY 1, 2004, AND

30 Sec. 9. This act shall take effect and be in force from and after its  
31 publication in the statute book.

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July in each year. Upon receipt of such tax warrant, the sheriff shall proceed to collect such taxes the same as upon execution, except that where such taxes were levied and assessed pursuant to K.S.A. 79-329 through 79-334, and amendments thereto, they shall be collected as follows:

The sheriff shall cause notice to be given by registered mail to the purchaser of the oil and gas from such lease of the amount of such delinquent taxes and the name of the person against whom they were assessed and from and after the receipt of such notice such purchaser shall not pay to the person owing the taxes any of the proceeds of the sale of any oil or gas from such lease, but shall pay them to the sheriff until the full amount of such taxes and costs are paid after which the purchaser may resume the payments for such oil or gas to such person, but this exception shall not prevent the levy of an execution and sale of the leasehold interest or the physical personal property on any such lease for the payment of delinquent taxes owed by the owner thereof.

The sheriff, as soon as the sheriff collects the tax warrant, shall make a return thereof and shall make a return of all tax warrants delivered to the sheriff on or before October 1 of the year following the year in which the tax was levied. If the warrant so returned shows that the tax has been collected, the sheriff shall pay the tax to the county treasurer. If such return shows that such tax has not been collected, then the county treasurer shall file with the clerk of the district court of the treasurer's county an abstract of the total amount of unpaid taxes and interest due plus penalties and costs. The clerk shall enter the total amount of the unpaid taxes in the appearance docket and note the entry in the general index. No fee shall be charged for either such entry. The total amount shall become a judgment in the same manner and to the same extent as any other judgment under the code of civil procedure and shall become a lien on real estate from and after the time of the filing thereof. A transcript of the judgment may be filed with the clerk of the district court in any other county and when the judgment is entered in the manner provided above, the judgment shall become a lien upon real estate located in such county in the same manner as is provided in case of other judgments. No fee shall be made for making the entry. Execution, garnishment or other proceedings in aid of execution may issue within the county or to any other county on the judgment in the same manner as on judgments under the code of civil procedure except that any real estate taken upon execution for the collection of such taxes shall be sold without appraisalment. None of the exemptions provided for in the code of civil procedure shall apply to any such judgment but no such judgment secured for taxes on personal property shall be levied against a homestead.

At the time of filing the abstract of the taxes, interest, penalties and costs with the clerk of the district court, the county treasurer shall serve notice, in writing, on the county counselor of such filing. It shall be the duty of the county counselor to commence such proceedings as are necessary for the collection of such judgment. If execution is not issued within five years from the date of the entry of any such

The sheriff or county treasurer shall cause notice to be given by registered mail to the purchaser of the oil and gas from such lease of the amount of such delinquent taxes and the name of the person against whom they were assessed. From and after the receipt of such notice such purchaser shall not pay to the person owing the taxes or any of the proceeds of the sale of any oil or gas from such lease, but shall pay the proceeds to the sheriff until the full amount of such taxes and costs are paid after which the purchaser may resume the payments for such oil or gas to such person, but this exception shall not prevent the levy of an execution and sale of the leasehold interest or the physical personal property on any such lease for the payment of delinquent taxes owed by its owner. Tax warrants issued pursuant to K.S.A. 79-329 through 79-334, and amendments thereto shall not be required to be returned prior to 24 months after issuance.

The sheriff, as soon as collecting the tax warrant, shall make a return thereof and shall make a return of all tax warrants delivered to the sheriff on or before October 1 of the year following the year in which the tax was levied except as otherwise provided by the preceding paragraph. If the warrant so returned shows that the tax has been collected, the sheriff shall pay the tax to the county treasurer. If such return shows that such tax has not been collected, the county treasurer shall file with the clerk of the district court of the treasurer's county an abstract of the total amount of unpaid taxes and interest due plus penalties and costs of executing the warrant. The clerk shall enter the total amount in the appearance docket and note the entry in general index. No fee shall be charged for making the entry. The total amount shall become a judgment in the same manner and to the same extent as any other judgment under the code of civil procedure and shall become a lien on real estate from and after the time of the filing thereof. A transcript of the judgment may be filed with the clerk of the district court in any other county and when it is entered in the manner provided above it shall become a lien upon real estate located in such county in the same manner as is provided in case of other judgments, except that no fee shall be charged for making the entry. Execution, garnishment or other proceedings in aid of execution may issue within the county or to any other county on the judgment in the same manner as on judgments under the code of civil procedure except that any real estate taken upon execution for the collection of such taxes shall be sold without appraisalment. None of the exemptions provided for in the code of civil procedure shall apply to any such judgment but no such judgment secured for taxes on personal property shall be levied against a homestead. At the time of filing the abstract of the taxes, interest, penalties and costs of executing the warrant with the clerk of the district court, the county treasurer shall serve notice, in writing, on the county attorney of such filing. It shall be the duty of the county attorney to commence such proceedings as are necessary for the collection of such judgment. If execution is not issued within five years from the date of the entry of any such judgment, or if five years shall have intervened between the date of the last execution issued on such judgment, and the time of

# ELLIS COUNTY TREASURY

Mike "Mickey" Billinger  
*Treasurer*  
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*Deputy Treasurer*

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## Presentation to the Taxation Committee House Bill 2464

Mr. Chairman and Members of the Taxation Committee

Good morning, my name is Mike Billinger, Ellis County Treasurer and member of the Kansas County Treasurers Association. I am here today to address several issues the KCTA has identified with changing the property tax distribution from July 20 to June 5 and the second half tax deadline from June 20 to May 15.

- 1) We propose to change the delinquent dates of 79-2101 from July 1 to June 1, permitting Treasurers to issue courtesy notices sooner. This would be in conjunction with the earlier deadline date of May 15.
- 2) We propose the elimination of the April 20 distribution date because of minimal funds to be distributed. With the distribution of current taxes on March 20, only one month of current tax collections along with various other minimal tax collections would constitute the balance to be distributed on April 20.
- 3) We propose changing the distribution dates of 79-2201 from March 5 and September 5 to March 20 and September 20. This would align the dates of 79-2201 with those of 12-1678a.
- 4) We propose that this committee consider changing the June 5 distribution date to June 10, allowing Treasurers more time to post second half tax collections before cutting off for the distribution. This in turn would better distribute the workload of month end, deadline for second half tax collections and the June distribution.
- 5) We propose changing the distribution dates of 79-5109, motor vehicles, to coincide with those of 79-2201. Currently the dates in 79-5109 are October 31, January 20, March 20, May 20, July 20 and September 20 of each year. The dates for 79-2201 are October 31, January 20, March 5, May 20, July 20 and September 5.

Also there are numerous other technical adjustments that should be made to existing tax systems which would allow for a better flow of information among the County Clerk, Treasurer, Appraiser and the taxpayer. It would be very beneficial if this Committee would allow KCTA and other interested parties time to research these technical adjustments and return next year with their findings.

Thank you for your time and considerations.  
Mike Billinger  
Ellis County Treasurer

House Taxation  
Attachment 4  
Date 4-2-03