

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on March 25, 2004 in Room 519-S of the Capitol.

All members were present except:

Representative Paul Davis- excused

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisors of Statutes  
Carol Doel, Committee Secretary

Conferees appearing before the committee:

Joan Wagon, Secretary of Revenue  
Mike Taylor, Unified Government Public Relations

Others attending:

See Attached List

Vice-Chairman Huff opened the meeting for bill introductions. Hearing none, he opened the public hearing **HB 2878**.

Mike Taylor representing Unified Government Public Relations, Kansas City, Kansas testified in support of **HB 2878**. He related that this bill is a measure about fairness and equity. They realize that before they can lower taxes, they must do everything possible to ensure local government is collecting the money it is already owed. The bill would give local government the same tool businesses regularly use to collect debts. It would allow local government to obtain a civil judgment to collect the delinquent tax as opposed to the current law which only allows foreclosure on the property and sell it at a tax sale. (Attachment 1)

There was no other person wishing to address the bill and the Vice-Chairman closed the hearing on **HB 2878**.

Vice-Chairman Huff opened public hearing on **HB 2409**. There were no proponents and no opponents on the bill and the hearing was closed.

Representative Larkin made the statement that this bill has been around for a number of years. He thinks it is a good idea.

The Vice-Chairman directed the committee's attention to **HB 2610**. This is the House version of **SB 372**. This was a bill that the Department of Revenue and motor fuel industry requested. It would allow the filing of refund claims and supporting documentation as applies to the current law.

Secretary Wagon addressed the committee stating that many of the motor fuel companies don't get receipts individually when the fill up and they just have a computer print out to show what they have paid. They have been accepting those print outs. They were told they couldn't do that anymore so this bill is very business friendly because it allows the Department to update an old archaic statute. The amendment that is needed is on line 23 and 24 which would strike the word represented and insert the word *supported*. Also it would add *or automated*, strike which shall be attached, and which invoices shall adding *approved by the director that*.

Representative Jack moved that technical amendments be made to lines 23 and 24 of **HB 2610**. The motions was seconded by Representative Brunk. Vote taken. Bill amended.

Representative Goico made a motion that **HB 2610** be moved favorable for passage as amended. The motion was seconded by Representative Fabor. Vote was taken. Motion adopted.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on March 25, 2004 in Room 519-S of the Capitol.

Next the Vice-Chairman asked the committee to address **HB 2609**.

Mr. Courtwright stated that this is another bill requested by the Department of Revenue. It pertains to how often refund claims need to be filed for various severance tax exemptions. Both the Department and the Industry support the bill. It accelerates the procedure.

Secretary of Revenue, Joan Wagon further explained that the certification that is required helps the industry and the Department of Revenue. KIOGA the oil and gas industry supports this bill.

Representative Goico made a motion that **HB 2609** be passed favorable for passage. Representative Jack made a second to the motion. Vote was taken. Motion adopted.

Next the Vice-Chair directed attention to **HB 2744**.

Chris Courtwright gave a brief description of what the bill would do relating that it would amend some confidentiality statutes under current law. It would help the Department of Revenue be able to share information with the legislative committees regarding fiscal impact and things that the Secretary is prohibited from doing under current law.

Secretary Wagon stood before the committee to further explain **HB 2744**. One of the provision would allow her to release information about who was registered sales tax. The second thing it does would be to allow them to share more information protected by confidentiality with a local government. It allows inner governmental units to talk with each other.

The Vice-Chair stated that Chairman Edmonds would like to reduce the number of legislators who will know about the confidential information to the Ranking Member, Vice-Chairman and Chairman of both the House and Senate Tax Committees.

Representative Larkin made a conceptual motion to **HB 2744** that would change the number of legislators who would be allowed the confidential information as outlined in this bill to the Ranking Member, Vice-Chairman and Chairman of both the House and Senate Tax Committees. The motion was seconded by Representative Miller.

Representative Brunk stated that he feels there is a lot of amending that needs to be done on this bill and he feels uncomfortable with it.

Representative Larkin explained that those involved were subject to penalties should they release confidential information.

Representative Gordon expressed concerns about releasing confidential information.

Representative Siegfried stated that he would oppose both the amendment and the bill.

Representative Schwab made a motion to table the bill. Representative Huntington seconded the motion. Vote was taken and motion was adopted by a vote of 10 to 6.

With no further business before the committee, the meeting was adjourned.





# Testimony

Unified Government Public Relations  
701 N. 7<sup>th</sup> Street, Room 620  
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director 913.573.5565  
Don Denney, Media Relations Specialist 913.573.5544

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## House Bill 2878 Delinquent Property Tax Collections

Delivered March 25, 2004  
House Taxation Committee

The Unified Government of Wyandotte County is requesting this legislation on behalf of the hard-working, law-abiding citizens in our community who pay their taxes. This measure is about fairness and equity. It is about reducing the property tax mill levy in Wyandotte County and Kansas City.

Mayor Carol Marinovich and the Board of Commissioners realize before they can lower taxes, they must do everything possible to ensure local government is collecting the money it is already owed. There are millions of dollars in unpaid real estate taxes in Wyandotte County. The Unified Government is making strong advancements in collecting delinquent taxes with the tools we have under current law, but we need to do even more. HB 2878 will give officials an additional tool to collect delinquent taxes. We need the Legislature's help.

It's often said government should run more like a business. HB 2878 would give local government the same tool businesses regularly use to collect debts. It would allow local government to obtain a civil judgment to collect the delinquent tax as opposed to the current law (KSA 79-2901) which only allows us to foreclose on the property and sell it at a tax sale.

There are more than 12,000 parcels of land which owe a total of \$58.3-million in delinquent taxes. Since 1998, the Unified Government has aggressively worked to collect delinquent taxes and get the involved properties back on the tax rolls. More than 3,700 parcels have been placed in tax sales since 1998, returning millions of dollars to the Unified Government and citizens of Wyandotte County. More than \$3.6-million was generated for the taxpayers of Wyandotte County as a result of 2003 Tax Sales conducted by the Unified Government. More than \$1.3-million was generated as result of tax sales in 2002. But that is a small percentage of what is owed.

HB 2878 would give us an option to deal with situations where the property is a liability rather than an asset. It lets us effectively deal with people who can easily afford to pay their taxes but choose not to. This tool would be especially helpful to collect unpaid taxes from out-of-county or out-of-state landlords who buy rental property, milk it for all the profits they can, let it fall into disrepair, then abandon the property.

Getting tougher with tax deadbeats is the most fair and responsible thing the Unified Government can do for the majority of citizens in our community. HB 2878 has significant support from citizens in our community. The Unified Government works with property owners who have fallen on hard times and can't pay their full tax bill. We work out reasonable payment plans. But we will not tolerate tax deadbeats who are cheating the system. Not being able to use every method possible to collect delinquent taxes is an injustice to the hard-working, conscientious citizens of our community who do pay their taxes.

HOUSE TAXATION

Attachment 1

Date 3-25-04

- To obtain a civil judgment, the Unified Government would file a Petition in Wyandotte County District Court and serve the defendant/property owner who would then have to file an Answer. The government would have the burden to prove that the defendant is the property owner and that the taxes are delinquent.
- KSA 60-303 requires that the defendant be served a copy of the Petition and a Summons which advises how to respond. Service can be made by Certified Mail, serve the defendant personally, or leave at defendant's residence. Service under this statute makes the defendant personally liable to pay any judgment.
- Once service is obtained, the claim litigated and a judgment obtained, HB 2878 would allow the government to collect the judgment as a personal debt against any non-exempt asset of the defendant, as opposed to the current tax foreclosure process which is only collectable against the delinquent property.
- To collect a personal judgment the government can order the defendant into Court and disclose assets, real and personal property, bank accounts, equities, wages etc.(KSA 60-2419)
- KSA 60-2401 allows the seizure and sale of any non-exempt property of the debtor necessary to satisfy the judgment.
- KSA 60-721 to 744 allows the garnishment of the defendants wages, bank accounts, or other property. Garnishment is a court process with notice to the defendant, bank, employer etc with an opportunity to contest (limited essentially to the defendants interest in the asset, not whether he owes the debt).