

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Les Donovan at 10:37 a.m. on February 3, 2010, in Room 152-S of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Brandon Riffel, Kansas Legislative Research Department
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Dale Goter, Government Relations Manager, City of Wichita
Mike Taylor, Public Relations Director, Unified Government of Wyandotte County
Melissa Wangemann, Kansas Association of Counties
Robert Vancrum, Greater Kansas City Chamber of Commerce
Doug Robinson, Finance Director, City of Lenexa
Larry Baer, Assistant General Council, League of City Municipalities
Erik Sartorius, City of Overland Park
Ashley Jones-Wisner, Legal Initiatives Support Corporation, Greater Kansas City
Cindy Cash, Kansas City Area Chamber of Commerce

Others attending:

See attached list.

Chairman Donovan advised anyone present for the hearing on **SB 433 - Kansas Wildscape Foundation sales tax exemption**. it was postponed to a future date.

He then explained after the committee approved the minutes of January 14 and January 20 meetings, the Revisors found corrections to be made. In the January 14 minutes, a correction was made in the fourth paragraph to note "the motion passed". In the January 20 minutes, they suggested rewording the motion Sen. Holland had made regarding the KACIR request for a bill as well as the Governor's tax proposal. Those changes have been made to the minutes. Chairman Donovan asked if there were objections to the changes made in the minutes. Seeing none, he said the minutes will be submitted as amended. It was announced that future minutes will be e-mailed to committee members for their review before being asked to vote on their approval.

Chairman Donovan opened the hearing on **SB 431 - Allowing taxing subdivisions to sell tax receivables on delinquent property**. Mike Taylor, Public Relations Director, Unified Government of Wyandotte County was recognized to speak. Mr Taylor said Wyandotte County requested this bill. It will provide local officials with a budget tool to generate revenue that could be used to avoid tax increases or cuts in services. (Attachment 1)

Melissa Wangemann, General Council and Director of Legislative Services for the Kansas Association of Counties, spoke in favor of this bill. She pointed out this bill will not cause changes in the receivables procedure for counties. The bill does not mandate that any county must participate in this program. (Attachment 2)

Larry Baer, Assistant General Council for the League of Kansas Municipalities told the committee the League supports this bill. (Attachment 3)

Favorable written testimony was submitted and distributed: Dale Goter, Government Relations Manager, City of Wichita (Attachment 4); Robert Vancrum, Greater Kansas City Chamber of Commerce (Attachment 5); Doug Robinson, Finance Director, City of Lenexa (Attachment 6); Erik Sartorius, City of Overland Park. (Attachment 7); Ashley Jones-Wisner, Legal Initiatives Support Corporation, Greater Kansas City (Attachment 8); and Cindy Cash, Kansas City Area Chamber of Commerce (Attachment 9)

CONTINUATION SHEET

Minutes of the Senate Assessment and Taxation Committee at 10:37 a.m. on February 3, 2010, in Room 152-S of the Capitol.

There were no testimonies in opposition to this bill. Richard Cram told the committee the fiscal note on this bill is positive for the local governments and neutral for the State. Chairman closed the hearing on **SB 431**.

The hearing on **SB 432 - Allowing counties to recoup costs associated with using third parties to collect delinquent property taxes**, was opened by Chairman Donovan. Mike Taylor, Public Relations Director, Unified Government of Wyandotte County was first to speak about the bill. He explained that currently the law requires the cost of hiring a collection agency to come out of the amount of the delinquent tax collected. He said this means the county, city, school district and state do not get the full amount of tax due. He explained this bill will provide a sound business approach to handle this. (Attachment 10) Melissa Wangemann, Kansas Association of Counties echoed his comments. (Attachment 11) Additional positive written testimony was also submitted: Ashley Jones-Wisner, Legal Initiatives Support Corporation, Greater Kansas City (Attachment 12); Cindy Cash, Kansas City Area Chamber of Commerce (Attachment 13); Larry Baer, Assistant General Council, League of City Municipalities (Attachment 14); Robert Vancrum, Greater Kansas City Chamber of Commerce (Attachment 15); and Doug Robinson, Finance Director, City of Lenexa (Attachment 16). Chairman Donovan closed the hearing on **SB 432**.

The next meeting is scheduled for February 4, 2010.

The meeting was adjourned at 11:32 a.m.

SENATE
Assessment & Taxation Committee
GUEST LIST

DATE: FEB. 3, 2010

NAME	REPRESENTING
Melissa Wanyemana	KAC
MIKE Taylor	UNIFIED GOVERNMENT
Charles Smith	JP Morgan
LARRY R BARR	LKM
KURT SHADLE	JPMORGAN
DEAN REICHEL	JPMORGAN
Levi Henry	Sandstone Group LLC
Ashley Jones-Hixoner	Greater Kansas City LIJC
the art	Kansas Statewide Homeless
Nancy Zogelman	Polsinelli
Shannon Bell	LGR
Charles Letcher	Johnson County
Ashley Ballweg	Pinegar, Smith & Assoc.
Jan Boyle	Sen. Huntington
Kathryn Cooper	RCIL / KACIL
Mick Urban	ONEOK
ERIK SARTORIUS	City of Overland Park
Dale Guter	City of Wichita
Michele Buller	Cap. Strategies



Testimony

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

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senate Bill 431
Delinquent Tax Receivables Sales
Delivered February 3, 2010
Senate Assessment and Taxation Committee

The Unified Government of Wyandotte County/Kansas City supports and is in fact requesting passage of Senate Bill 431. This measure is a beneficial budgeting tool to help local governments deal with revenue declines and budget shortfalls. Senate Bill 431 will allow Kansas counties, cities and school districts a budget option to generate immediate revenue by selling their future cash flows from delinquent property tax collections.

Senate Bill 431 will allow local governments the option of contracting with outside firms to monetize their delinquent tax debt. For example, the Unified Government could package the debt for a number of delinquent properties and put them out for bid. Private investment firms will compete for the debt. The winning bidder would pay the Unified Government upfront for the delinquent tax debt, giving the local government immediate cash upfront. Then, as those delinquent taxes plus the accrued interest are collected through the normal, established procedures used by the Unified Government, the collections are remitted to the firm which purchased the debt.

The advantage is that cash-strapped local governments can get an infusion of revenue upfront for delinquent tax debt. That money can fill a budget hole which might otherwise mean further cuts in services or property tax increases. The measure is permissive and could be used by any unit of local government which decides it is a good option for their community.

The Unified Government faced a \$12-million shortfall in it's 2010 budget. Our workforce has been cut 15%. We have effectively eliminated over 300 positions. Most of our employees are furloughed 15 days, pay has been frozen for two years and every department has been hit with at least a 10% budget cut. We understand that the Kansas Legislature is also struggling to address the economic crisis and that difficult choices have to be made. Promised, statutorily committed State funding for local governments continues to be cut. The benefit for the Kansas Legislature in approving Senate Bill 431 is that you help mitigate some of the financial damage done to local governments from the economic crisis and the loss of State funds. You can help ease of some that hardship without having to come up funding. Simply give local governments this tool and we can take steps to help ourselves.

This measure is also about taxpayer fairness. People who don't pay their taxes impose an unfair burden on those who do. The revenue shortfalls caused by delinquent taxpayers mean more taxes or

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less services for everyone else. This proposal takes away that unfair burden. The United Government is convinced it should do everything possible to collect or minimize the negative impact of money it is already legally owed, before it imposes higher taxes on the rest of our taxpayers.

The delinquent property tax receivables procedure is a simple budget tool employed across the country with great success. Local taxing entities can use delinquent property tax receivables sales to generate immediate revenue, rather than waiting many months or years for delinquent taxpayers to finally pay their obligations.

Senate Bill 431 has many important safeguards for taxpayers. The legislation:

- *does not* permit taxing entities to sell the actual tax liens.
- *does not* permit purchasers of delinquent tax receivables to collect or otherwise contact delinquent taxpayers.
- *does not* change any collection practices currently in place.
- *does not* permit receivables purchasers to foreclose on delinquent properties.
- *does not* place any additional requirements on County Treasurers' offices.

Simply put, Senate Bill 431 would provide local officials with a budget tool to generate revenue that could be employed to avoid tax increases or cut government services. This legislation will allow local governments to minimize the negative impact of delinquent taxes by having revenues to better maintain services and avoid raising taxes on constituents.



KANSAS ASSOCIATION OF COUNTIES
TESTIMONY TO THE SENATE
ASSESSMENT AND TAXATION COMMITTEE
ON SB 431, 432
FEBRUARY 3, 2010

Mr. Chairman and Members of the Committee:

The Kansas Association of Counties supports both SB 431 and SB 432 as introduced by the Unified Government of Wyandotte County/Kansas City, Kansas.

SB 431

SB 431 allows counties, cities and school districts to contract with third parties on their delinquent property taxes. In return for turning over the collection proceeds and interest to the third party, the county gains immediate payment from the third party.

The receivables procedure is not altered for counties. Kansas taxpayers will not interact with the third party, but will see the normal county process of enforcing a delinquent tax.

The bill is permissive and does not mandate that any county participate in the program. Further, the bill does not prescribe requirements for the contract between the county and the third party – the parties may negotiate the best contract possible in terms of cash given to the county and the number of delinquent taxes the third party purchases.

We support the legislation as another means to grant counties immediate relief during tight budget years. Additional revenues to counties will help stave off property tax or sales tax increases. We appreciate your consideration and support for SB 431.

SB 432

SB 432 allows local governments to add the cost of collecting a debt to the total costs recoverable from a delinquent taxpayer. If a county hires a collection agency or attorney to collect a delinquent tax, the county must subtract from the recovery the costs of the agency or attorney. Thus, the county is not making a full recovery of the taxes owed.

The current practice is not fair to other taxpayers who pay their taxes timely. If the county does not recover 100% of the delinquent taxes-it will have to raise overall taxes on everyone; meaning, the taxpayers who are paying their taxes take on the costs of those who do not pay their taxes.

This proposal is not unlike the practices of businesses who recover their costs of processing late payments by adding on a late fee. We hear often that government should run like a business. Like a business, counties should be able to recover costs from its customers who fail to pay timely.

We appreciate your consideration and ask for your support on SB 432.

Respectfully Submitted,



Melissa A. Wangemann

General Counsel and Director of Legislative Services



Date: February 3, 2010

To: Senate Committee on Assessment and Taxation

From: Larry R. Baer
Assistant General Counsel

Re: SB 431
Testimony in Support

Thank you for allowing me to appear before you today and present testimony in support of SB 431 on behalf of the League of Kansas Municipalities and its member cities.

SB 431 would allow a taxing subdivision to enter into agreements with third parties to sell its tax receivables. Tax receivables are defined as the right to receive revenue from a tax assessment, or other charge on real property that has become delinquent in whole or in part, including penalties and interest or other charges accrued by law. The bill would allow taxing subdivisions to seek to sell, by a bid process, its interest in taxes, interest and penalties in one or more tax delinquent properties. The sale of tax receivables could be made individually or in bulk.

The bill would allow a taxing subdivision to receive a percentage of the tax owned in current dollars while the purchaser would receive the right to reimbursement in the future when tax payments are made and received. The actual amount to be received by a taxing governmental unit could vary substantially, depending upon the quality of the tax receivables being offered and the purchaser's assessment of its ability to recover. The bill has the potential to increase revenues for cities and counties because it allows taxing units to have current use of the tax money due to them that they would not otherwise have available until well into the future. This would allow cities and counties to go on with projects and programs without increasing taxes or reducing services.

The changes proposed in SB 431 are permissive and provide more flexibility to a city when considering policy decisions regarding delinquent tax issues. A city can choose whether or not to take advantage of the changes contained in the bill. As always, the choice remains a local option and one of a policy decision to be made by local elected officials.

For these reasons the League of Kansas Municipalities supports SB 431 and asks for your support and requests that you pass it out favorably. Thank you.



Dale Goter
Government Relations Manager

TESTIMONY

City of Wichita
455 N Main, Wichita, KS. 67202
Wichita Phone: 316.268.4351
dgoter@wichita.gov

Kansas Senate Assessment and Taxation Committee

Feb. 3, 2010, 10:30 a.m.

Hearing on Senate Bill 431 Tax Lien Receivables Sale Legislation

The City of Wichita is supportive of Senate Bill 431 as an additional tool to assist municipalities during these stressful economic times.

As noted in the testimony by the Unified Government of Wyandotte County, this legislation will benefit Kansas counties, cities and school districts by generating immediate revenue from delinquent property tax collections.

Adequate resources are a requirement of any government entity that faces the continual demand for essential services for its constituents. Innovative solutions such as Senate Bill 431 help provide those resources with less reliance on tax increases or harmful cuts in government services.

For those reasons, the City of Wichita encourages the committee to favorably report SB431.

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Senate Assessment and Taxation Committee on SB431 and SB432
Testimony of Robert J. Vancrum,
Greater Kansas City Chamber of Commerce,
Kansas Government Affairs Consultant
February 3, 2010

Chairman Donovan and other Honorable Senators:

Our Chamber has taken a stand in favor of these bills, both addressing the effects of delinquent property taxes for local governments experiencing serious cash flow issues.

SB431 merely permits the government to realize on its receivables on a current basis and actually makes no further change in the collection process. It does not permit the sale of tax liens nor does it permit the purchasers to collect or have any other contact with delinquent taxpayers, let alone commence collection procedures.

Senate Bill 432 allows Kansas cities and counties to add the cost of collection to the debt held by delinquent taxpayers. This is not only financial assistance for cash-strapped local governments, it is an issue of fundamental fairness to those taxpayers who meet their legal obligations by paying on time. As it is now, the cost of collection has to be taken out of the amount of delinquent tax owed.

The Chamber believes both are consistent with building a more stable tax environment and are more fair to people who do pay their taxes on time.



TESTIMONY IN SUPPORT OF SB431 and SB432

To: Senate Assessment & Taxation Committee

From: Doug Robinson, Finance Director

Date: February 3, 2010

Thank you for the opportunity to present testimony regarding SB 431 and SB 432. The City of Lenexa understands that these bills were introduced to allow local governments to sell delinquent tax obligations to third parties and to recover the cost of collecting delinquent taxes by assessing these costs to the relevant delinquent taxpayers. The City of Lenexa supports these legislative items.

SB 431 will allow local governments the option of contracting with outside firms to purchase delinquent tax obligations. This mechanism would provide local governments with a potential revenue source that is not currently available. SB 431 would not change current tax collection mechanisms, and purchasers of delinquent tax obligations will not interact with taxpayers.

SB 432 will allow local governments to add the cost of collecting delinquent taxes to the amount owed by a delinquent taxpayer. Currently, the law requires the cost of collecting delinquent taxes to come out of the amount of delinquent tax collected, which results in local governments not receiving the full amount of tax that is due.

In summary, the City of Lenexa supports both SB 431 and SB 432. Please contact me if you have any questions or need additional information.

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ABOVE AND BEYOND. BY DESIGN.

8500 Santa Fe Drive
Overland Park, Kansas 66212
913-895-6000 | www.opkansas.org

Testimony Before The
Senate Assessment & Taxation Committee
Regarding Senate Bill 431
By Erik Sartorius

February 3, 2010

The City of Overland Park appreciates the opportunity to appear before the committee in support of Senate Bill 431. The legislation provides local governments with an additional means of managing their budgets.

Senate Bill 431 will allow local governments the option of contracting with outside firms to monetize their delinquent tax debt. The local government will be paid upfront for a package of delinquent tax debt. As the local government collects those delinquent taxes through the normal, established procedures, they remit the payments on the purchased receivables to the purchasing firm.

This legislative proposal would provide local officials with a budget tool to generate revenue that could be employed to avoid tax increases or cut government services. This legislation will allow local governments to minimize the negative impact of delinquent taxes by gaining some revenues from those delinquencies.

The City of Overland Park asks for the committee's favorable consideration of Senate Bill 431, providing local government an additional option as they budget in these difficult times.

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Attachment # 1



February 3, 2010

Ashley Jones-Wisner
Local Initiatives Support Corporation
913-375-7264
www.lisc.org/KansasCity

RE: Senate Bill 432

Mr. Chairman and Members of the Assessment and Taxation Committee,

I want to thank you for the opportunity to present written testimony. My name is Ashley Jones-Wisner and I am Director of State Policy at Greater Kansas City LISC. Greater Kansas City LISC is a program area of the Local Initiatives Support Corporation, the nation's largest community development organization, dedicated to revitalizing urban core and rural neighborhoods. Currently, Greater Kansas City LISC's signature program, NeighborhoodsNOW, serves three Kansas City, Kansas Neighborhoods: Douglass-Sumner, Downtown KCK and St. Peter/Waterway.

Greater Kansas City LISC started the Kansas Housing Policy Network about three years ago. Although it began with only a hand-full of individuals from across the state, it has grown to include over 400 members interested in the creation of community development tools. The Kansas Housing Policy Network includes representations from the Homebuilders, Realtors, Homeless Providers and Advocates, Community Development Corporations, and many other interested entities.

One of the greatest challenges we face as we work with residents to revitalize their neighborhoods is the number of vacant, abandoned or dilapidated houses and buildings in the community. No matter how much funding we put into these neighborhoods, individuals are less likely to move into neighborhoods if they have to live next to one of these poorly kept structures. Property values in the neighborhoods also suffer, which affects both existing and potential residents and businesses.

Currently, cities and counties must hire a collection agency to recover delinquent taxes and pay for this service from the delinquent taxes recovered. As a consequence, this means that the county, city, school district and state does not get the full amount of tax owed. By allowing cities and counties the ability to add the cost of collection to the debt owed by a delinquent taxpayer, cities and counties will experience a cost savings. This means more money can be spent on basic city services, such as code enforcement and nuisance abatement. Tools, such as this bill provides by making a simple change, will allow the work we do in these neighborhoods to both move at a pace that will allow our programmatic and monetary resources to be used efficiently and effectively.

We encourage you to support Senate Bill 432, for the purpose of ensuring safe, decent and affordable housing in Kansas communities.

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Attachment # 8



February 2, 2010

The Honorable Les Donovan
Chairman, Senate Committee on Taxation
Room 152-S
Topeka, Kansas 66612

RE: SUPPORT FOR SENATE BILLS 431 AND 432

Dear Chairman Donovan,

Thank you for allowing time in the Senate Committee on Taxation to consider the merits of Senate Bill 431 and 432. The Kansas City Kansas Area Chamber of Commerce has reviewed these measures and is supportive of their passage. Both measures are measures that, if enacted, give our local units of government in Kansas an additional budget tool to generate revenue to meet ongoing obligations of providing essential services to the communities they serve.

SB 431 is especially helpful in addressing the problem that is created when delinquent property taxes grow at a rate that increases the property tax burden on all other constituents. It serves to minimize the negative impact of delinquent taxes and avoid raising taxes on those who are not delinquent.

Additionally, SB 432 is a step in the right direction when it comes to the cost of collecting delinquent taxes and we believe represents good public policy and fairness.

Thank you for your consideration of these matters and we encourage favorable action on these measures.

Sincerely,

Cindy Cash



Testimony

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

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senate Bill 432
Delinquent Tax Collection Fees
Delivered February 3, 2010
Senate Assessment and Taxation Committee

The Unified Government of Wyandotte County/Kansas City supports and is in fact requesting passage of Senate Bill 432. The bill is a straight-forward, business approach to dealing with the serious problem of delinquent taxes.

Senate Bill 432 allows local government to add the cost of collection to the debt owed by a delinquent taxpayer. Currently, the law requires the cost of hiring a collection agency come out of the amount of delinquent tax collected, which means the county, city, school district and state does not get the full amount of tax owed. Senate Bill 432 is permissive.

It is an issue of fairness to law-abiding taxpayers who do meet their legal obligations and pay on time. It is also a serious financial issue for cash-strapped local governments. Making the delinquent property owner pay the cost of having to collect what they owe is a sound business practice.

Wyandotte County, like many local governments, is experiencing an increase in delinquencies. Current state law does not allow the cost of collection to be added to the total cost of the debt owed. This same issue existed with Municipal Court fines. The Kansas Legislature two years ago changed the law to allow the cost of collection to be added to Municipal Court fines. This bill allows the same thing for delinquent tax collections.

The Unified Government has an obligation to do everything possible to collect money it is already legally owed before it raises taxes or cuts services for every other taxpayer. The Unified Government has had success contracting with a collection agency to get a substantial amount of those delinquent debts paid. Allowing us to add the cost of that collection to the total amount owed by the delinquent taxpayer is reasonable, a sound business-like approach and fair.

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KANSAS ASSOCIATION OF COUNTIES
TESTIMONY TO THE SENATE
ASSESSMENT AND TAXATION COMMITTEE
ON SB 431, 432
FEBRUARY 3, 2010

Mr. Chairman and Members of the Committee:

The Kansas Association of Counties supports both SB 431 and SB 432 as introduced by the Unified Government of Wyandotte County/Kansas City, Kansas.

SB 431

SB 431 allows counties, cities and school districts to contract with third parties on their delinquent property taxes. In return for turning over the collection proceeds and interest to the third party, the county gains immediate payment from the third party.

The receivables procedure is not altered for counties. Kansas taxpayers will not interact with the third party, but will see the normal county process of enforcing a delinquent tax.

The bill is permissive and does not mandate that any county participate in the program. Further, the bill does not prescribe requirements for the contract between the county and the third party – the parties may negotiate the best contract possible in terms of cash given to the county and the number of delinquent taxes the third party purchases.

We support the legislation as another means to grant counties immediate relief during tight budget years. Additional revenues to counties will help stave off property tax or sales tax increases. We appreciate your consideration and support for SB 431.

SB 432

SB 432 allows local governments to add the cost of collecting a debt to the total costs recoverable from a delinquent taxpayer. If a county hires a collection agency or attorney to collect a delinquent tax, the county must subtract from the recovery the costs of the agency or attorney. Thus, the county is not making a full recovery of the taxes owed.

The current practice is not fair to other taxpayers who pay their taxes timely. If the county does not recover 100% of the delinquent taxes it will have to raise overall taxes on everyone; meaning, the taxpayers who are paying their taxes take on the costs of those who do not pay their taxes.

This proposal is not unlike the practices of businesses who recover their costs of processing late payments by adding on a late fee. We hear often that government should run like a business. Like a business, counties should be able to recover costs from its customers who fail to pay timely.

We appreciate your consideration and ask for your support on SB 432.

Respectfully Submitted,



Melissa A. Wangemann

General Counsel and Director of Legislative Services



February 3, 2010

Ashley Jones-Wisner
Local Initiatives Support Corporation
913-375-7264
www.lisc.org/KansasCity

RE: Senate Bill 432

Mr. Chairman and Members of the Assessment and Taxation Committee,

I want to thank you for the opportunity to present written testimony. My name is Ashley Jones-Wisner and I am Director of State Policy at Greater Kansas City LISC. Greater Kansas City LISC is a program area of the Local Initiatives Support Corporation, the nation's largest community development organization, dedicated to revitalizing urban core and rural neighborhoods. Currently, Greater Kansas City LISC's signature program, NeighborhoodsNOW, serves three Kansas City, Kansas Neighborhoods: Douglass-Sumner, Downtown KCK and St. Peter/Waterway.

Greater Kansas City LISC started the Kansas Housing Policy Network about three years ago. Although it began with only a hand-full of individuals from across the state, it has grown to include over 400 members interested in the creation of community development tools. The Kansas Housing Policy Network includes representations from the Homebuilders, Realtors, Homeless Providers and Advocates, Community Development Corporations, and many other interested entities.

One of the greatest challenges we face as we work with residents to revitalize their neighborhoods is the number of vacant, abandoned or dilapidated houses and buildings in the community. No matter how much funding we put into these neighborhoods, individuals are less likely to move into neighborhoods if they have to live next to one of these poorly kept structures. Property values in the neighborhoods also suffer, which affects both existing and potential residents and businesses.

Currently, cities and counties must hire a collection agency to recover delinquent taxes and pay for this service from the delinquent taxes recovered. As a consequence, this means that the county, city, school district and state does not get the full amount of tax owed. By allowing cities and counties the ability to add the cost of collection to the debt owed by a delinquent taxpayer, cities and counties will experience a cost savings. This means more money can be spent on basic city services, such as code enforcement and nuisance abatement. Tools, such as this bill provides by making a simple change, will allow the work we do in these neighborhoods to both move at a pace that will allow our programmatic and monetary resources to be used efficiently and effectively.

We encourage you to support Senate Bill 432, for the purpose of ensuring safe, decent and affordable housing in Kansas communities.

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2-3-10

Attachment # 12



February 2, 2010

The Honorable Les Donovan
Chairman, Senate Committee on Taxation
Room 152-S
Topeka, Kansas 66612

RE: SUPPORT FOR SENATE BILLS 431 AND 432

Dear Chairman Donovan,

Thank you for allowing time in the Senate Committee on Taxation to consider the merits of Senate Bill 431 and 432. The Kansas City Kansas Area Chamber of Commerce has reviewed these measures and is supportive of their passage. Both measures are measures that, if enacted, give our local units of government in Kansas an additional budget tool to generate revenue to meet ongoing obligations of providing essential services to the communities they serve.

SB 431 is especially helpful in addressing the problem that is created when delinquent property taxes grow at a rate that increases the property tax burden on all other constituents. It serves to minimize the negative impact of delinquent taxes and avoid raising taxes on those who are not delinquent.

Additionally, SB 432 is a step in the right direction when it comes to the cost of collecting delinquent taxes and we believe represents good public policy and fairness.

Thank you for your consideration of these matters and we encourage favorable action on these measures.

Sincerely,

Cindy Cash



Date: February 3, 2010

To: Senate Committee on Assessment and Taxation

From: Larry R. Baer
Assistant General Counsel

Re: SB 432
Testimony in Support

Thank you for allowing me to appear before you today and present testimony in support of SB 432 on behalf of the League of Kansas Municipalities and its member cities.

SB 432 would allow a county to contract with an attorney or others to assist in the collection of real property taxes due after the property has been bid off in the county's name. The contract would be required to be in writing, on a contingency basis, with fees not to exceed 25% of the amount collected. The bill would allow the county to "add" the collection cost to the amount of taxes due from the tax payer. Current law requires that the county absorb any costs of collection, thus decreasing the amount received by the various taxing entities in the county.

Local governments, like the State, are experiencing decreases in revenues. Some of this problem stems from increases in delinquencies in the payment of real property taxes. SB 432 could help curb this problem by allowing counties to recover collection expenses and, thereby, maximize the return of delinquent taxes to its taxing entities. The problem addressed by SB 432 regarding delinquent property taxes is much like the problem surrounding the collection of municipal court fines and costs. This was resolved by similar legislation to allow recovery of the costs of collections.

The changes proposed in SB 432 are permissive and provide more flexibility to a county when considering policy decisions regarding collection of delinquent tax. A County can choose whether or not to take advantage of the changes contained in the bill. As always, the choice remains a local option and a policy decision to be made by local elected officials.

For these reasons the League of Kansas Municipalities supports SB 432 and asks for your support and requests that you pass it out favorably. Thank you.

Senate Assessment and Taxation Committee on SB431 and SB432
Testimony of Robert J. Vancrum,
Greater Kansas City Chamber of Commerce,
Kansas Government Affairs Consultant
February 3, 2010

Chairman Donovan and other Honorable Senators:

Our Chamber has taken a stand in favor of these bills, both addressing the effects of delinquent property taxes for local governments experiencing serious cash flow issues.

SB431 merely permits the government to realize on its receivables on a current basis and actually makes no further change in the collection process. It does not permit the sale of tax liens nor does it permit the purchasers to collect or have any other contact with delinquent taxpayers, let alone commence collection procedures.

Senate Bill 432 allows Kansas cities and counties to add the cost of collection to the debt held by delinquent taxpayers. This is not only financial assistance for cash-strapped local governments, it is an issue of fundamental fairness to those taxpayers who meet their legal obligations by paying on time. As it is now, the cost of collection has to be taken out of the amount of delinquent tax owed.

The Chamber believes both are consistent with building a more stable tax environment and are more fair to people who do pay their taxes on time.



TESTIMONY IN SUPPORT OF SB431 and SB432

To: Senate Assessment & Taxation Committee

From: Doug Robinson, Finance Director

Date: February 3, 2010

Thank you for the opportunity to present testimony regarding SB 431 and SB 432. The City of Lenexa understands that these bills were introduced to allow local governments to sell delinquent tax obligations to third parties and to recover the cost of collecting delinquent taxes by assessing these costs to the relevant delinquent taxpayers. The City of Lenexa supports these legislative items.

SB 431 will allow local governments the option of contracting with outside firms to purchase delinquent tax obligations. This mechanism would provide local governments with a potential revenue source that is not currently available. SB 431 would not change current tax collection mechanisms, and purchasers of delinquent tax obligations will not interact with taxpayers.

SB 432 will allow local governments to add the cost of collecting delinquent taxes to the amount owed by a delinquent taxpayer. Currently, the law requires the cost of collecting delinquent taxes to come out of the amount of delinquent tax collected, which results in local governments not receiving the full amount of tax that is due.

In summary, the City of Lenexa supports both SB 431 and SB 432. Please contact me if you have any questions or need additional information.

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Attachment # 16