

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2197

As Amended by House Committee on Local
Government

Brief*

HB 2197 would allow the governing body of any municipality that has levied special assessments on property acquired by a land bank to enter into an agreement with the land bank to defer or reamortize part or all of the special assessments.

The governing body would be required to pass a resolution or ordinance authorizing deferral or reamortization, and any special assessments deferred or reamortized would be corrected on the tax rolls by the county as of the effective date of the resolution or ordinance.

Under current law, when property is sold or otherwise conveyed by a land bank, the special assessments must be paid, unless they are partially or fully abated by the municipality.

Background

Representative Moxley testified in support of the bill in the House Local Government Committee, as did the Mayor of Junction City and a representative of the League of Kansas Municipalities. Written testimony in support of the bill was submitted by Gilmore & Bell, P.C., and Columbia Capital Management, LLC.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Proponents said Junction City pursued a very aggressive housing expansion program in response to the return of the Big Red One to Fort Riley in 2005. Virtually all the new subdivisions were supported through the establishment of special benefit districts to finance the infrastructure development of streets, water lines, sanitary sewer lines, and storm drainage. However, the construction of dwelling units did not consume all the lots that had been created, leaving a balance of more than 1,000 lots. Following the 2008 recession many of the developers failed and ultimately Geary County attempted to sell the properties at tax sales. Fewer than 30 lots sold, leaving Geary County the owner of approximately 970 lots. The County deeded the properties to the Junction City Land Bank on December 30, 2014. Junction City representatives said having the flexibility to defer or reamortize the special assessments on these properties will lower the monthly payments on the lots and make them more attractive to buyers, thus returning the property to the tax rolls more quickly.

No testimony was received in opposition to the bill. The Miami County Treasurer, on behalf of the Kansas County Treasurers Association, provided neutral testimony asking the Committee to amend the bill to replace references in the bill to “county treasurer” with “county.” She stated multiple county officials, not just the treasurer, are involved when changes are made to the tax rolls in the manner anticipated by this bill.

The House Committee amended the bill to strike references to “treasurer.”

The fiscal note prepared by the Division of the Budget indicates enactment of the bill would have no fiscal effect on state revenues, but has the potential to increase revenues for municipalities to the extent special assessments are recovered.