

SENATE BILL No. 431

By Committee on Assessment and Taxation

1-25

9 AN ACT concerning property tax; regarding delinquent property taxes;
10 providing for the sale of tax receivables.

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

13 Section 1. (a) As used in this section:

14 (1) "Taxing subdivision" means any county, city, township, taxing dis-
15 trict, political subdivision or any other state or local governmental entity
16 that is authorized to levy taxes on real property.

17 (2) "Tax receivable" means the right to receive revenue from a tax,
18 assessment, or other charge on real property that has become delinquent
19 in whole or in part, including all penalties and interest on such taxes,
20 assessments or other charges accrued pursuant to law.

21 (3) "Tax sale" means a sale conducted pursuant to the provisions of
22 K.S.A. 79-2804, and amendments thereto.

23 (b) Any taxing subdivision by resolution of its governing body may
24 elect to sell its tax receivables to public or private parties. The county
25 treasurer must certify to the governing body the treasurer's consent to
26 administer the program, except that upon a two-thirds vote of the gov-
27 erning body of the taxing subdivision, this certification shall not be nec-
28 essary. All interest and penalties imposed by law shall continue to accrue
29 on the unpaid original amount of the tax in the same manner as if such
30 tax receivables had not been sold. Sales of tax receivables may be by
31 individual parcel or in bulk. The taxing subdivision may establish such
32 criteria for eligible purchasers of tax receivables and may make such sales
33 pursuant to negotiated sale for such prices as the taxing subdivision de-
34 termines to be in the best interest of the taxing subdivision.

35 (c) A taxing subdivision may enter into purchase and sale agreements
36 for the sale of tax receivables, which purchase and sale agreements may,
37 consistent with the provisions of this section, contain such terms, cove-
38 nants, representations and warranties as, in the judgment of the taxing
39 subdivision, shall be necessary or desirable. The agreement may require
40 the taxing subdivision to repurchase a tax receivable, or to substitute an-
41 other tax receivable of equivalent value, for prices and under conditions
42 specified in the agreement. Upon the execution of a purchase and sale
43 agreement for the sale of tax receivables by the appropriate officer of the

1 taxing subdivision, a taxing subdivision may enter into an agreement with
2 the county treasurer to act as the taxing subdivision's agent in connection
3 with the administration of such purchase and sale agreements and of the
4 related tax receivables.

5 (d) The order of priority of the application of tax receivables with
6 respect to a particular property shall not be changed by reason of the sale
7 of all or a portion of such tax receivables. All amounts collected on account
8 of the tax receivables shall be promptly paid by the taxing subdivision to
9 the holder of the tax receivable, except that the taxing subdivision shall
10 have the right to retain all amounts that are charged and collected as
11 trustee's fees, attorney's fees and costs of collection or that are otherwise
12 collected in excess of the amount due on the tax receivables sold.

13 (e) Unless provided otherwise in the purchase and sale agreement
14 with respect to tax receivables sold:

15 (1) The amount bid in a tax sale on behalf of governmental entities
16 for which the taxes are owing shall include the amount of all tax receiv-
17 ables sold, including the costs incident to the collection thereof;

18 (2) In the event that the tax receivable is not redeemed by the end
19 of the redemption period prescribed by K.S.A. 79-2401a, and amend-
20 ments thereto, and is acquired by a governmental entity in a tax sale, then
21 the governmental entity shall promptly offer the property for sale to pri-
22 vate purchasers by appropriate means and shall make diligent efforts to
23 sell the same at its reasonable market value, unless the governmental
24 entity pays to the purchasers of the tax receivables the full amount of the
25 tax receivables then due and unpaid;

26 (3) After a tax sale to a governmental entity, penalties and interest
27 pursuant to K.S.A. 79-2968, and amendments thereto, shall continue to
28 accrue on any tax receivables sold until paid in full, except that under no
29 circumstances shall the cost of redemption be greater than if the receiv-
30 able had not been sold; and

31 (4) No governmental entity shall have the power to discharge, reduce,
32 delay or otherwise compromise the payment of any tax receivables that
33 have been sold unless the governmental entity pays to the purchasers of
34 the tax receivables the amount of the tax receivable payments that have
35 been reduced, delayed or otherwise compromised.

36 (f) Tax receivables and the penalties and interest accrued thereon
37 shall be exempt from taxation by any governmental entity. The real prop-
38 erty affected by any tax receivable shall not be exempt from taxation by
39 reason of this section.

40 (g) It shall be the duty of the treasurer and all other state, county and
41 municipal officers to continue to enforce the collection of tax receivables
42 that have been sold pursuant to this section in the same manner as if such
43 tax receivables had not been sold. Nothing in this subsection shall be

1 construed to require of the treasurer or its employees, agents or attorneys
2 a standard of performance of their statutory or contractual duties in the
3 collection of a tax receivable that is different from the standard of per-
4 formance otherwise required of those persons.

5 Sec. 2. This act shall take effect and be in force from and after its
6 publication in the statute book.