

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT.

The meeting was called to order by Chairperson Mark Parkinson at 9:00 a.m. on February 4, 1993 in Room 531-N of the Capitol.

All members were present except:

Committee staff present: Michael Heim, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:

Mike McCurdy, City Manager, Olathe
Mary Carson, Gilmore & Bell, Attorneys at Law
Art Davis, City of Lenexa
Norman Gaar, City of Kansas City, Kansas
Nancy Zielke, City of Kansas City, Kansas
Mike Billinger, Kansas County Treasurer's Association

Others attending: See attached list

SB 130 -- Concerning setoff against debtors of the state and municipalities therein; authorizing reciprocal agreements with other states to allow the setoff of tax liabilities of other states.

SB 131 -- Concerning special assessments; relating to interest thereon.

SB 132 -- Concerning the county register of deeds; relating to the recording of plats.

SB 142 -- Concerning cities; relating to the general improvement and assessment law.

SB 153 -- Concerning cities, relating to special assessments to pay the costs of improvements authorized thereby.

Mike McCurdy, City Manager for Olathe, testified in support of SB 130. He also included his testimony in support of related Senate Bills 131, 132, 142 and 153. (See Attachment 1).

Mary Carson of Gilmore and Bell, attorneys in Overland Park, testified further in support with requests for amendments for SB 131 and SB 142. (See Attachments 2 and 3). She feels the amendments are needed to fine tune the bills and proceeded to explain in detail.

Art Davis, City of Lenexa, followed with support of Senate Bills 130, 132 and 142. (See Attachment 4).

Testifying next in support of Senate Bills 130, 131 and 132 was Norman Gaar, representing the City of Kansas City. (See Attachment 5). Mr. Gaar also offered amendments to SB 130. (See Attachment 6). He concluded by stating that he is not in agreement with the previous conferee regarding classification of districts for assessment purposes because it sets in place another arbitrary procedure and restricts flexibility.

The Chairman asked Mr. Gaar if he had looked at the other two bills on the agenda today and if he had comments on them. Mr. Gaar answered that he had not studied the bills but, in general, he supports flexibility to mold special assessment procedures to fit the particular city.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT, Room 531-N Statehouse, at 9:00 a.m. on February 4, 1993.

Nancy Zielke, Director of Finance for the City of Kansas City, testified regarding delinquent special assessment and ad valorem taxes. (See Attachment 7).

Final testimony was given by Mike Billinger, Kansas County Treasurer's Association, in support of SB 130. (See Attachment 8).

There being no further time, the Chairman announced that the hearings on these bills would be continued to next Tuesday and possibly they would be worked the following Thursday.

The meeting was adjourned at 9:57 a.m.

The next meeting is scheduled for February 9, 1993.

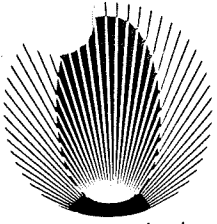
Date: Feb. 4, 1993

GUEST REGISTER

SENATE

LOCAL GOVERNMENT

NAME	ORGANIZATION	ADDRESS
JANET STUBBS	NBA of KS.	Topeka
MARK A. BURSHALT	DEPT. OF REVENUE	"
Bob Crutsinger	City of Kansas City, KS	KC
Paul Shelby	DJA	Topeka
Norman Egan	Kansas City, KS	KC, K
Nancy Zielke	City of Kansas City, KS	KCK
JOHN TORBERT	K.A.C.	TOPEKA
B. H. ERVIN	DJA	✓
M. S. MITCHELL	HRAC	WICHITA
Don Molerz	League of Municipalities	Topeka
LOREN L. HIBBS	Co. TREASURERS	WELLINGTON
VERDEN A. HARMS	Co. TREASURER	MARION
MIKE BILLINGER	Co. TREASURER	ELLIS
MIKE MURRAY	CITY MBR, CITY OF OLATH	OLATH
GEORGE LONG	DIR. ADMIN. SERV., CITY OF OLATH	OLATH
GERRY RAY	City of Overland Park + Johnson Co Commission	Overland Park
ROBERT BOAZIT	DOA - Legal	Topeka
Doug CRAIG	DOA - SETOFF	TOPEKA
Macell Shirrell	Treasurer	Topeka
John Simon	✓	✓
Art Davis	City of Lenexa	Lenexa
MARY CARSON	Gilmore & Bell	Overland Park



City of Olathe

MEMORANDUM

TO: Members of the Senate Local Government Committee

FROM: Mike McCurdy, City Manager

SUBJECT: SB 131; Special Assessments, Interest Rate Premium
SB 142; Delinquent Special Assessment Reserve Fund
SB 153; Benefit Districts, Assessment Hearing Procedure
SB 132; Register of Deeds, Recording Instruments with Delinquent Assessments
SB 130; Setoff Program, Authorizing Municipal Participation

DATE: February 4, 1993

On behalf of the city of Olathe, I want to thank the committee for introduction of this package of five bills that would strengthen the ability of cities to deal with the issue of delinquent special assessments. This issue is the highest priority in our governing body's 1993 legislative program. Although these bills were introduced at Olathe's request, we believe they will benefit many other Kansas cities that use the general improvement and assessment law at K.S.A. 12-6a01 to finance public improvements through creation of benefit districts.

We view these bills as falling into two broad categories. The first three bills provide additional flexibility to cities in the creation and structuring of benefit districts to avert cash flow problems associated with special assessment delinquencies and defaults. The latter two bills provide additional tools for county and state officials to enforce collection of delinquent assessments. Our goal is to preserve the use of benefit districts as a powerful economic development tool, but make them more self supporting and less likely to negatively impact the general taxpayer. A governing body should not face a situation where it must choose between cutting general city services or raising the mill levy because land developers are delinquent in paying special assessments.

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Attachment 1

I would like to begin with a very brief overview of benefit districts. Benefit districts are a financing and development tool whereby bonds are issued to pay the cost of public improvements. Special assessments are then levied on properties that benefit from the improvements. The bonds are general obligations of the city, and payment of the assessments by property owners provide a revenue source for the city to meet its debt obligations. Benefit districts have been used by our city to broaden its tax base through development of business and industrial parks. At the end of 1992, approximately \$28 million, or 39% of the city's total general obligation debt of \$72 million was related to benefit districts.

In the last few years, the city has experienced a rising special assessment delinquency rate. From an historical average of about 5%, the delinquency rate peaked last year at approximately 17%. The delinquency rate has prompted the city to reexamine its use of benefit districts. Recognizing that the delinquency problem begins with the city's own administrative practices, in late 1991 the governing body adopted a comprehensive benefit district policy. It requires greater city scrutiny of developer-initiated benefit districts. In addition to administrative practices, the city has also worked with Johnson County to more closely monitor special assessment payments, and assist the county where possible in its delinquent tax collection efforts.

Thus, we have attacked the delinquent assessment issue on both administrative and intergovernmental fronts. To completely surround the problem, we are now asking the legislature to "fine tune" several statutes related to benefit districts and special assessments. As indicated earlier, my comments on the bills are grouped into two broad categories.

Creation and Structuring of Benefit Districts
Senate Bills 131, 142, 153

This group of bills would provide alternative methods for cities to create and structure benefit districts to minimize risk associated with delinquencies and defaults.

SB 131 would authorize cities to levy special assessments at a slightly higher interest rate than the rate on the underlying general obligation bonds issued to finance an improvement. Conceptually, when the city extends benefit district financing to a project, it is acting like a bank. In any bank, there is always a differential between the

bank's cost of funds and the rate at which it makes loans. This rate premium would help build a reserve within the bond and interest fund to protect against delinquencies and defaults. Again, the goal is to minimize the possibility of asking the general taxpayer to make up a shortfall in meeting debt obligations incurred for benefit districts.

SB 142 is conceptually similar to the previous bill, except it would authorize cities to include a delinquent reserve account charge within the total cost of a project, thereby funding a reserve account from bond proceeds. The reserve account would then also be available in the event of bond and interest fund shortfalls.

SB 153 would provide an alternative procedure for cities to conduct a public hearing and levy assessments for an improvement prior to actual construction. Under current law, a public hearing for the purpose of assessment is only conducted after completion of the project. At that time, the improvement is in the ground, the contractor has been paid, and millions of dollars in temporary financing may be outstanding. At this hearing, it is difficult for property owners to have meaningful and timely input into the merits of a project. We have faced situations where property owners, that petitioned for a particular project, have sued the city after the project was completed, preventing the city from levying assessments. It seems more logical to conduct the assessment hearing based on the maximum estimated cost of the project before a city has spent considerable sums of money. Under this procedure, once a project is completed, assessments could be adjusted downward to reflect actual project costs.

As I indicated earlier, the city is particularly concerned about the delinquency problem arising from land developers. If cities had the additional flexibility contained in Senate Bills 131, 142, and 153, I would envision Olathe amending its benefit district policy to use these alternatives only in the case of benefit districts proposed by developers of nonresidential property. These are the types of projects involving higher rewards, but also greater risks to the community. We would continue using traditional benefit district practices for projects involving multiple residential-property owners.

Collection of Delinquent Assessments
Senate Bills 132 and 130

These bills would provide additional tools for public officials to use in the collection of delinquent assessments.

SB 132 would clarify that the county register of deeds not record any transfer of land without checking that delinquent special assessments were paid. Current law only requires that real estate taxes on plats be checked. We believe this provision would be particularly helpful in collecting delinquencies when real estate transfers are made between related parties.

SB 130 would authorize cities to participate in the state income tax setoff program administered by the Department of Administration. This bill is essentially identical to 1992 HB 3188 which unanimously passed the House. The setoff program provides a mechanism whereby the state can withhold income tax refunds to debtors of the state. This bill provides cities with an opportunity to cooperate in a program we understand has been quite successful in collecting debts owed the state and its agencies. We appreciate the Department's support for this bill and its interest in expanding the setoff program.

In closing, I wish to reemphasize that these bills are not intended to rewrite the general improvement law, which has served Kansas well for many years. Instead, they are structured to be permissive, allowing cities with a particular problem some additional flexibility to deal with that problem. We thank you for the opportunity to present information on the delinquent assessment issue, and would appreciate the Committee's favorable consideration of these bills.

rc

SENATE BILL No. 131

By Committee on Local Government

1-29

8 AN ACT concerning special assessments; relating to interest thereon;
 9 amending K.S.A. 10-114, 10-115 and 12-3a10 and repealing the
 10 existing sections.

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

12 Section 1. K.S.A. 10-114 is hereby amended to read as follows:
 13 10-114. (a) Whenever the governing body of any city shall ~~issue~~
 14 ~~issues~~ internal improvement bonds to pay for the costs of any im-
 15 provement the cost of which is chargeable against specific property,
 16 ~~they the governing body~~ shall apportion such cost by special as-
 17 sessments in installments; ~~and~~. The apportionment contained in the
 18 special assessment ordinance shall hold good for all the installments
 19 that are to be collected from the specific property chargeable with
 20 the costs of ~~said~~ ~~the~~ improvement.

21 ~~Such~~ (b) The special assessment ordinance shall contain the total
 22 amount of assessments apportioned to each lot or piece of ground
 23 within the taxing district, and shall state the number of annual
 24 installments in which such special assessment is to be collected; ~~and~~
 25 Thereafter the city clerk shall certify, annually, at the same time as
 26 other taxes are certified, and until the special assessments so ap-
 27 portioned have been so certified, to the county clerk a full list of
 28 the property liable for the cost of such improvement, except such
 29 property upon which the special assessments ~~aforsaid~~ have been
 30 paid in full, together with the respective amounts due on each of
 31 ~~said lots or pieces~~ lot or piece of ground, ~~which amounts~~. The
 32 amount of the special assessments shall include the annual install-
 33 ments and interest on all unpaid balances for one year at the rate
 34 or rates determined by the governing body. Such rate or rates shall
 35 not exceed the rate at which the bonds were issued, ~~and plus 2%~~
 36 The governing body may provide for rates of interest on special
 37 assessments which vary among the ~~sums~~ of property so assessed.
 38 Such amount so certified shall be collected as other taxes are
 39 collected.

40 The ordinance apportioning such costs (c) The special assess-
 41 ment ordinance may provide for the collection of two installments
 42 with not to exceed interest for two years, or one installment and
 43

or in the case of
 special assessmen
 levied before the
 issuance of bonds
 a rate not to
 exceed the
 maximum rate of
 interest prescrib
 by K.S.A. 10-100
 until such bonds
 are issued

classes

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Attachment 2

1 interest for one year or more, in the first year in which such as-
 2 sessment is to be collected, if the bonds for such improvement and
 3 interest on the same mature in such manner as to require such levy.
 4 The last amount so certified shall contain the installment with the
 5 interest to the date of maturity of the last outstanding bond. All or
 6 part of said the installments, each installment being separately set
 7 out and designated by the year in which it is to be extended upon
 8 the tax rolls, may be included in one certificate.

9 Sec. 2. K.S.A. 10-115 is hereby amended to read as follows: 10-
 10 115. Where (a) If bonds have been or are to be issued by any
 11 municipality, which and such bonds are payable from special as-
 12 sessments to be levied by such municipality, the owner of any lot
 13 or piece of land liable to any such special assessment may redeem
 14 his or her such person's property from such liability by paying the
 15 entire amount chargeable against such property at any time before
 16 the issuance of the bonds, or after the issuance of the bonds by
 17 paying all of the installments of the assessments which have been
 18 levied, and also the amount of the unlevied installments, with in-
 19 terest on the latter at the rate or rates of interest provided in said
 20 bonds the special assessment ordinance from the date of the bonds
 21 to the time of maturity of the last installment. The governing of the
 22 municipality may provide for rates of interest on special assessments
 23 which vary among the owners of land so assessed.

24 (b) In all cases where installments of special assessments not yet
 25 levied are paid, as above provided in subsection (a), whether before
 26 or after the issuance of the bonds, to the treasurer of the municipality
 27 issuing such bonds, the treasurer shall issue a receipt therefor, and
 28 all sums so paid shall be applied solely to the payment of such
 29 improvements or the redemption of the bonds issued therefor.
 30 Where If any piece of property has been redeemed from liability
 31 for the cost of any improvement, as herein provided by this section,
 32 such property shall not thereafter be liable to further special as-
 33 sessment for the cost of such improvement.

34 Sec. 3. K.S.A. 12-6a10 is hereby amended to read as follows:
 35 12-6a10. (a) At such meeting, or at any adjournment thereof, the
 36 governing body shall hear and pass upon all such objections to each
 37 proposed assessment, if any, and may amend the proposed assess-
 38 ments as to any parcels, and thereupon by ordinance levy the same
 39 as the special assessments against the lands described in the as-
 40 sessment roll. The assessments, with accrued interest, shall be levied
 41 as a special tax upon the property included therein concurrent with
 42 general property taxes, and shall be payable in not more than 20
 43 equal annual installments, as the governing body determines. The

or in the case
 of special
 assessments
 levied before
 the issuance of
 bonds, a rate
 of interest
 determined by
 the governing
 body not to
 exceed the
 maximum rate
 of interest
 prescribed by
 K.S.A. 10-1009
 until such
 bonds are
 issued

classes

(c) If special

assessments are levied before the completion of the improvements
 and the issuance of bonds and the final costs of such improvement
 are less than the amount assessed to the property in the ber "it
 district the governing body shall provide for the corrected
 assessments to be certified to the County Clerk and shall provide
 for the refund of any overpayments made by affected property owner

1 first installment shall be payable at the time of the first payment of
 2 general property taxes following the adoption of the assessment or-
 3 dinance unless such ordinance was adopted and certified too late to
 4 permit its collection at such time. All assessments shall bear interest
 5 at such rate or rates as the governing body determines; not to
 6 exceed the maximum rate of interest prescribed by K.S.A. 10-
 7 1009, and amendments thereto. Such rate or rates shall not exceed
 8 the rate at which the bonds were issued, plus 2%. The governing
 9 body may provide for rates of interest on special assessments which
 10 vary among the owners of property so assessed.

(b) Interest on the assessment between the effective date of the
 ordinance levying the assessment and the date the first installment
 is payable, but not less than the amount of interest due during the
 coming year on any outstanding bonds issued to finance the im-
 provement, shall be added to the first installment. The interest for
 one year on all unpaid installments shall be added to each subsequent
 installment until paid. All of the installments, together with the
 interest accrued or to accrue thereon, may be certified by the city
 clerk to the county clerk in one instrument at the same time, and
 such certification shall be good for all of the installments, and the
 interest thereon payable as special taxes. Such assessment shall be
 collected and paid over to the city treasurer in the same manner as
 other taxes of the city are collected and paid. The owner of any
 property so assessed may at any time prior to a date which shall be
 fixed by the governing body pay the whole of the assessment against
 any lot or parcel with interest accrued to the date of payment to
 the city treasurer. The board of county commissioners and the gov-
 erning body of any school district or other taxing unit, respectively,
 shall provide for and pay the amount assessed against property owned
 by them as provided by K.S.A. 79-1808, and amendments thereto,
 or they may pay the amounts so assessed from their general
 funds such amounts may be paid from the general fund of such
 county, school district or such taxing unit.

34 Sec. 4. K.S.A. 10-114, 10-115 and 12-6a10 are hereby repealed.

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

SENATE BILL No. 142

By Committee on Local Government

2-1

8 AN ACT concerning cities; relating to the general improvement and
9 assessment law; amending K.S.A. 12-6a01 and repealing the ex-
10 isting section.

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

12 Section 1. K.S.A. 12-6a01 is hereby amended to read as follows:
13 12-6a01. For the purpose of this act, the terms defined in this section
14 shall have the meanings ascribed to them as follows:

15 (a) "Improvement" means any type of improvement made under
16 authority of this act and the singular may include the plural, and
17 includes reimprovement of a prior improvement.

18 (b) "To improve" means to construct, reconstruct, maintain, re-
19 store, replace, renew, repair, install, equip, extend, or to otherwise
20 perform any work which will provide a new facility or enhance,
21 extend or restore the value or utility of an existing facility.

22 (c) "Acquire" means the acquisition of property or interests in
23 property by purchase, gift, condemnation or other lawful means and
24 may include the acquisition of existing property and improvements
25 already owned by the city and previously financed by the issuance
26 of revenue bonds. Such acquisition shall constitute a refunding
27 of such revenue bonds and no additional refunding authority shall
28 be required but. Nothing herein shall be construed to require a
29 holder of any such revenue bonds to surrender his or her any bonds
30 for refunding unless the provisions of such bonds allow the re-
31 demption thereof.

32 (d) "Cost" means all costs necessarily incurred for the preparation
33 of preliminary reports, the preparation of plans and specifications,
34 the preparation and publication of notices of hearings, resolutions,
35 ordinances and other proceedings, necessary fees and expenses of
36 consultants and interest accrued on borrowed money during the
37 period of construction together with the cost of land, materials, labor
38 and other lawful expenses incurred in planning and doing making
39 any improvement and. The cost may include a charge of not to
40 exceed five percent (5%) 5% of the total cost of an improvement
41 or the cost of work done by the city to reimburse the city for the
42 services rendered by the city in the administration and supervision
43

1 of such improvement by its general officers and where property and
2 improvements already owned by the city and previously financed by
3 the issuance of revenue bonds is acquired the cost shall include not
4 to exceed the principal amount of such outstanding revenue bonds
5 plus the amount of matured interest, interest maturing within ninety
6 (90) 90 days; and the amount of any call premium or purchase
7 premium required. The cost may include a charge not to exceed
8 15% of the total cost of an improvement or the cost of the work
9 done by the city to create a special assessment reserve fund or
10 account.

11 (e) "Consultant" means engineers, architects, planners, attorneys,
12 and other persons deemed competent to advise and assist the gov-
13 erning body in planning and making of improvements.

14 (f) "Improvement district" means an area deemed by the gov-
15 erning body to be benefited by an improvement and subject to
16 special assessment for all or a portion of the cost of the improvement.

17 (g) "Street" means street, alley, avenue, boulevard, or other pub-
18 lic way or any part thereof.

19 (h) "Newspaper" means the official designated newspaper of the
20 city, or if there is no newspaper published therein or no official
21 newspaper, a newspaper of general circulation in the city authorized
22 to publish legal notices.

23 New Sec. 2. Any city proposing to make any improvements un-
24 der the authority of K.S.A. 12-6a01 et seq., and amendments thereto,
25 may establish, by ordinance, a special assessment reserve fund or
26 account. Money in such fund shall be used to pay the principal of
27 and interest upon bonds issued to finance an improvement. Such
28 fund or account need not be budgeted for expenditure during any
29 year, but the amount thereof shall be stated in the published budget
30 of expenditures.

31 Sec. 3. K.S.A. 12-6a01 is hereby repealed.

32 Sec. 4. This act shall take effect and be in force from and after
33 its publication in the statute book.

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Attachment

TESTIMONY BEFORE THE SENATE LOCAL GOVERNMENT COMMITTEE

HONORABLE MARK PARKINSON, CHAIRMAN

FEBRUARY 4, 1993

RE: SUPPORT OF SENATE BILLS 130, 132 AND 142

ART DAVIS, CITY OF LENEXA, KANSAS

CHAIRMAN PARKINSON, AND MEMBERS OF THE COMMITTEE:

My name is Art Davis, Assistant to the City Administrator in Lenexa, Kansas. Lenexa is a growing community of 35,000 residents located in Johnson County. I am here today to speak in favor of making modifications to state statutes related to the collection of special assessments levied for the cost of public improvements (the general improvement and assessment law). As you have heard earlier, special assessment delinquencies can cause cash flow problems and budget shortfalls in the debt service fund used to make payments on the City's debt. The City of Lenexa initiated a special assessment policy on May 17, 1990, directly related to benefit districts created by petition by land developers. Since that time, this method of improving public infrastructure has not been used in Lenexa. However, in benefit districts created prior to 1990 as a part of the petition process, the City continues to experience delinquencies. In 1991, the City experienced 12.65% in delinquent special assessments, amounting to a shortfall of nearly \$172,684. This amount is approximately 4/10ths of a mill and requires the City to make up the difference during the budget process.

Benefit districts are a powerful economic development tool when used responsibly and are repaid in a timely manner by developers and property owners. However, the City of Lenexa believes that modifications can be made to state statutes. I would like to re-emphasize that the City endorses this method of infrastructure improvement as an option; however, it is in the public's best interest to protect the taxpayers at large from subsidizing unpaid special assessments and benefit districts.

Thank you for the opportunity to speak today.

*Senate Local Gov't
2-4-93
Attachment 4*

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February 3, 1993

Senator Mark V. Parkinson
Chairman
Senate Local Government Committee
State Capitol Building
Topeka, Kansas 66601

Dear Senator Parkinson:

I appreciate the opportunity to appear before the Senate Local Government Committee for the purpose of testifying in support of the legislative program delivered to you on behalf of the City of Kansas City, Kansas by its Director of Finance, Nancy L. Zielke.

My firm is bond counsel for Kansas City and I have represented dozens of other municipalities in the State of Kansas as well as for agencies in the State of Kansas through the years. I wish to formally state that my testimony in particular, in support of Senate Bill Nos. 130, 131 and 132, is also representative of the views of Overland Park, Kansas and Johnson County, Kansas.

My experience includes 36 years of specialized law practice as a municipal bond attorney in Kansas and numerous other states in the U.S. I also speak to you from some experience as a former member of the Senate, as a former member of this committee and as a former chairman of this committee. In short, my career has been completely involved in representing, supporting and helping local government solve its capital finance problems.

Senate Bill No. 130 involves the broadening of the statutory authorization allowing a set off of debts owed to foreign states, their agencies and municipalities of the State of Kansas. A number of suggestions for clarification purposes have been set out in the handout prepared for this committee. In the main, the suggestions are to assist the interpretation of the language of the act consistently and conform some of the provisions with the definition section found in K.S.A. 75-6202.

The core of the problem from local governments' perspective is that often times funds are paid to individuals or corporations by the Secretary of Revenue when those individuals or corporations owe money of one kind or another, usually special assessments or general ad valorem taxes, to local government. The money is paid by the State, but the local

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Attachment 5*

government never receives the funds that are due to it. This amendment would permit the Secretary of Revenue and the Director of Accounts and Reports to enter into reciprocal agreements with foreign states, their agencies and Kansas municipalities for the purpose of snagging the money that is held by the State before it escapes the collection process that would have to be instituted by the contracting agency or Kansas municipality.

Senate Bill No. 131 is an amendment to the special assessment procedure authorized in Chapter 10 of the Kansas Statutes. The amendment increases the flexibility of local governments to levy and collect special assessments that have been utilized for the purpose of building capital improvements within the city that benefit particular property owners. Specifically, it permits the interest rate to be levied on the unpaid assessments at a rate not in excess of the bond rate plus two percent (2%). It also permits a contractual differential for interest rates on special assessments to be different among the various property owners. Both of these provisions are valuable tools in special assessment procedure. The first permits a small cushion of cash to be paid to the city for the payment of principal and interest on the special assessment bonds, thus making more remote the necessity of a general ad valorem tax levy on all of the property within the city in order to prevent a default on the bonds.

The second provision simply permits cities to react to different situations among property owners in order to facilitate the special assessment levy in a fair manner by charging some property owners less interest than others.

Senate Bill No. 132 is an amendment to the statute governing the duties of the Register of Deeds in the various counties of Kansas. It is a very important tool to assure that developers and other parties will not be able to record plats, instruments of sale or real estate transfer documents unless all real estate taxes and special assessments are paid as evidenced by a receipt from the County Treasurer. The statute already prohibits the recording of plats without evidence of the currency of all real estate taxes and this Bill is simply a logical extension of that authority due to the fact that there are large number of special assessment delinquencies often caused only by the fact that the developers fail to pay special assessments for the purpose of requiring the cities to make involuntary loans in the amount of the unpaid special assessments. This is not fair to other taxpayers in the city if it has to make a general property tax levy in order to prevent default on the bonds and the concomitant destruction of its credit in the bond market.

Kansas City believes these bills are excellent amendments to the various statutes and requests your support and the support of all members of the Committee in order to assist local government to collect funds that are properly due to it and to facilitate its special assessment financing programs.

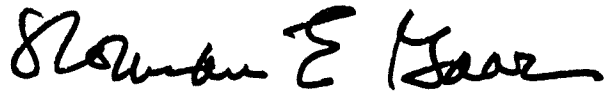
Senator Mark V. Parkinson
February 3, 1993
Page 3

I will be pleased to respond to any questions on any of the suggestions set out in Kansas City's legislative program by Ms. Zielke and to any of my suggestions for changes to the specific Senate Bill Nos. 130, 131 and 132.

Very truly yours,

BURKE, WILLIAMS, SORESENSEN & GAAR

By

A handwritten signature in dark ink, appearing to read "Norman E. Gaar". The signature is written in a cursive, flowing style.

NEG/tr

Session of 1993

SENATE BILL No. 130

By Committee on Local Government

1-29

8 AN ACT concerning setoff against debtors of the state and munic-
 9 ipalities therein; authorizing reciprocal agreements with other
 10 states to allow the setoff of tax liabilities of other states; amending
 11 K.S.A. 75-6201, 75-6202, 75-6203, 75-6204, 75-6205, 75-6206, 75-
 12 6207, 75-6210, 75-6211, 75-6212 and 75-6214 and repealing the
 13 existing sections.

14
 15 *Be it enacted by the Legislature of the State of Kansas:*

16 New Section 1. The secretary of revenue and the director of
 17 accounts and reports are hereby authorized to enter into reciprocal
 18 agreements with ~~other states~~ to allow the setoff of ~~delinquent taxes~~ *debts*
 19 owed to such ~~other states~~ pursuant to K.S.A. 75-6201 *et seq.*, and
 20 amendments thereto.

21 Sec. 2. K.S.A. 75-6201 is hereby amended to read as follows:
 22 75-6201. The purpose of this act is to establish as policy that state
 23 agencies shall cooperate in identifying debtors who owe money to
 24 the state, *a foreign state agency and any municipality* and that
 25 procedures be established for setting off against debtors the sum of
 26 any debt owed to the state, *a foreign state agency or any munic-*
 27 *ipality.*

28 Sec. 3. K.S.A. 75-6202 is hereby amended to read as follows:
 29 75-6202. As used in this act:

30 (a) "Debtor" means any person who:

31 (1) Owes a debt to the state of Kansas or any state agency *or*
 32 *any municipality; or*

33 (2) owes support to an individual, or an agency of another state,
 34 who is receiving assistance in collecting that support under K.S.A.
 35 39-756 and amendments thereto or under part D of title IV of the
 36 federal social security act (42 U.S.C. § 651 *et seq.*), as amended;

37 *or*
 38 (3) ~~owes unpaid taxes to any state which has entered into a~~
 39 ~~reciprocal agreement pursuant to section 1.~~

40 (b) "Debt" means:

41 (1) Any liquidated sum due and owing to the state of Kansas,
 42 any judicial district of this state or the clerk thereof, or any state
 43 agency which has accrued through contract, subrogation, tort, op-

*foreign state agencies
 or municipalities*

*foreign state agencies
 or municipalities*

*a debt to a
 foreign state agency.*

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liquidated sum
due and owing to
a foreign state
agency

- 1 eration of law, or any other legal theory regardless of whether there
2 is an outstanding judgment for that sum; or
3 (2) any amount of support due and owing an individual, or an
4 agency of another state, who is receiving assistance in collecting that
5 support under K.S.A. 39-756 and amendments thereto or under part
6 D of title IV of the federal social security act (42 U.S.C. § 651 *et*
7 *seq.*), as amended, which amount shall be considered a debt due
8 and owing the department of social and rehabilitation services for
9 the purposes of this act;
10 (3) *in the case of a municipality, a liquidated sum due and owing*
11 *to the municipality; or*
12 ~~(4) any amount of unpaid taxes owed to any state which has~~
13 ~~entered into a reciprocal agreement pursuant to section 1.~~
14 (c) "Refund" means any amount of Kansas income tax refund due
15 to any person as a result of an overpayment of tax, and for this
16 purpose, a refund due to a husband and wife resulting from a joint
17 return shall be considered to be separately owned by each individual
18 in the proportion of each such spouse's contribution to income, as
19 the term "contribution to income" is defined by rules and regulations
20 of the secretary of revenue.
21 (d) "Net proceeds collected" means gross proceeds collected
22 through final setoff against a debtor's earnings, refund or other pay-
23 ment due from the state or any state agency minus any collection
24 assistance fee charged by the director of accounts and reports of the
25 department of administration.
26 (e) "State agency" means any state office, officer, department,
27 board, commission, institution, bureau, agency or authority or any
28 division or unit thereof.
29 (f) "Person" means an individual, proprietorship, partnership,
30 limited partnership, association, trust, estate, business trust, cor-
31 poration, other entity or a governmental agency, unit or subdivision.
32 (g) "Director" means the director of accounts and reports of the
33 department of administration.
34 (h) "Municipality" means any municipality as defined by K.S.A.
35 75-1117, and amendments thereto.
36 (i) "Payor agency" means any state agency which holds money
37 for, or owes money to, a debtor.
38 (j) "Foreign state agency" means any state or agency of a state
39 which has entered into a reciprocal agreement pursuant to section
40 1.
41 Sec. 4. K.S.A. 75-6203 is hereby amended to read as follows:
42 75-6203. (a) The collection remedy under this act is in addition to
43 and not in substitution for any other remedy available by law.

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1 (b) Each state agency ~~shall~~, *foreign state agency and municipi-*
 2 *pal*ity, whenever possible, ~~shall~~ obtain the full name, social security
 3 number, address and any other information required by the director
 4 of accounts and reports from any person for whom the state agency,
 5 *foreign state agency or municipality* provides any service or with
 6 whom the state agency, *foreign state agency or municipality* transacts
 7 any business and who may become a debtor under this act.

8 (c) Except for debts for which a voluntary agreement for payment
 9 has been entered into and is being complied with or debts for which
 10 garnishment or other judicial proceedings are pending and except
 11 as otherwise directed by the secretary of administration, the director
 12 may require any state agency to certify all debts owed to the state
 13 agency or to certify all such debts in specified categories of debts,
 14 for setoff under K.S.A. 75-6204, *and amendments thereto*. Any state
 15 agency required to certify debts under this subsection shall give the
 16 director all information relating to such debts as may be requested
 17 by the director.

18 (d) The secretary of administration as provided in K.S.A. 75-3706
 19 and amendments thereto may adopt rules and regulations necessary
 20 to carry out the provisions of this act.

21 (e) The secretary of revenue may adopt rules and regulations
 22 defining the term "contribution of income" for the purposes of this
 23 act.

24 Sec. 5. K.S.A. 75-6204 is hereby amended to read as follows:
 25 75-6204. (a) Subject to the limitations provided in this act, if a debtor
 26 fails to pay to the state of Kansas or any state agency, *foreign state*
 27 *agency or a municipality* an amount owed, the director may setoff
 28 such amount against any money held for, or any money owed to,
 29 such debtor by the state or any state agency.

30 (b) *The director may enter into an agreement with a municipality,*
 31 *judicial district of this state or the clerk thereof for participation in*
 32 *the setoff program for the purpose of assisting in the collection of*
 33 *a debt as defined by paragraph (a) of subsection (b) of K.S.A. 75-*
 34 *6204 and amendments thereto.*

(b)(1) and (3)

35 Sec. 6. K.S.A. 75-6205 is hereby amended to read as follows:

36 75-6205. (a) The director shall not effect final setoff and collect debts
 37 through use of the remedy established under this act unless the
 38 debt is equal to or greater than \$25.

39 (b) The use of setoff against earnings of a debtor shall be subject
 40 to the same dollar limitations and dollar restrictions as are provided
 41 by law for wage garnishment. The maximum amount of the disposable
 42 earnings of an individual which will be subject to setoff to enforce
 43 any order for the support of any person shall not exceed 50% of the

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1 debtor's disposable earnings unless the state agency or municipality
2 submits satisfactory information to the director indicating that a
3 greater percentage is applicable and authorized by law.

4 Sec. 7. K.S.A. 75-6206 is hereby amended to read as follows:
5 75-6206. (a) A state agency, *foreign state agency or municipality*
6 which requests the director to assist in the collection of a debt due
7 to the state agency, *foreign state agency or municipality* by the
8 utilization of setoff procedures under this act or which is required
9 to certify debts under K.S.A. 75-6203 and amendments thereto, shall
10 certify to the director in writing the identity of the debtor, the
11 amount of the debt subject to setoff and other information as the
12 director may require. The director shall cause such data to be
13 matched to payroll, refund and other pending payment files to iden-
14 tify those instances where setoff procedures may be implemented.
15 The director shall then make the following notification to the debtor
16 in writing, either by personal delivery to the debtor or by mail.
17 Such notification shall include:

18 (1) A demand for payment of the debt and a brief explanation
19 of the legal basis of the debt;

20 (2) a statement of the ~~state agency's~~ director's intention to setoff
21 the debt due against the debtor's earnings, refund or other payment
22 due to the debtor from the state of Kansas or any state agency;

23 (3) the right of the debtor to request in writing a hearing to
24 contest the validity of the claim, if such request is made: (A) Within
25 15 days of the mailing of the notice, or (B) in cases where notice
26 was not given by mail, within 15 days of personal delivery to the
27 debtor;

28 (4) a statement that a hearing may be requested by making a
29 written request therefor to the director of accounts and reports, and
30 the address of the director; and

31 (5) the fact that failure to request a hearing within the fifteen-
32 day period will be deemed a waiver of the opportunity to contest
33 the claim causing final setoff by default.

34 (b) A copy of the notice required by subsection (a) to be sent to
35 the debtor shall be sent to each state agency involved, *foreign state*
36 *agency or municipality seeking collection through setoff from the*
37 *debtor*. Subject to the provisions of K.S.A. 75-6205, ~~upon receipt~~
38 ~~of the copy of such notice the state and amendments thereto and~~
39 ~~upon request of the director, the payor agency shall withhold from~~
40 ~~the named debtor an amount equal to that claimed as the debt owed;~~
41 ~~and. The state agency, foreign state agency or municipality shall~~
42 ~~notify immediately the director of accounts and reports of any pay-~~
43 ~~ments thereafter received from the named debtor or of any arrange-~~

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1 ments thereafter made for payment of the debt. Until the director
2 of accounts and reports gives notice to a state ~~the~~ payor agency as
3 to the final determination to proceed or not proceed with the col-
4 lection of a debt by setoff, the state payor agency shall continue to
5 hold payments subject to setoff.

6 Sec. 8. K.S.A. 75-6207 is hereby amended to read as follows:
7 75-6207. (a) If the director receives a timely written request for a
8 hearing under K.S.A. 75-6206 and amendments thereto, the director
9 shall request the secretary of administration to appoint a presiding
10 officer who shall hold a hearing in accordance with the provisions
11 of the Kansas administrative procedure act to determine whether
12 the debt claim is valid. Subject to the provisions of subsection (b),
13 the presiding officer shall determine whether the claimed sum as-
14 serted as due and owing is correct, and if not, shall order an ad-
15 justment to the debt claim which shall be forwarded to the director
16 and to the ~~agency~~ state agency, foreign state agency or municipality
17 to which the debt is owed. No issue may be considered at the hearing
18 which has been previously litigated and no collateral attack on any
19 judgment shall be permitted at the hearing. The order of the pre-
20 siding officer shall inform the debtor of the amount determined as
21 due, if any, and that setoff procedures have been ordered to proceed
22 in accordance with this act. If the setoff is to be made against earnings
23 of the debtor, the order shall include a statement that the setoff
24 may be postponed in accordance with K.S.A. 75-6208 and amend-
25 ments thereto. Orders under this section shall not be subject to
26 administrative review.

27 (b) In cases where there is only one known present or future
28 payment due from the state to the alleged debtor, the presiding
29 officer may limit the hearing issue to a determination of whether
30 the debt owed the state agency, foreign state agency or municipality
31 is at least equal to the amount of the payment owed to the debtor
32 by the state.

33 (c) Pending final determination in the order of the presiding
34 officer of the validity of the debt asserted by the state agency, foreign
35 state agency or municipality, no action shall be taken in furtherance
36 of collection through the setoff procedure allowed under this act.

37 (d) Judicial review of an order under this section shall be in
38 accordance with the provisions of the act for judicial review and civil
39 enforcement of agency actions. In any such review, except as pro-
40 vided in subsection (e), the department of administration and the
41 secretary of administration shall not be named parties to the
42 proceedings.

43 (e) Parties to an action for review of an order under this section

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1 shall be: (1) The debtor; (2) the state agency, *foreign state agency*
 2 *or municipality* which requested assistance in collecting the debt or
 3 which certified the debt; and (3) any party the district court permits
 4 to intervene in the action. Applications for a stay or other temporary
 5 remedies shall be to the state agency described in subsection
 6 ~~(e)(2)~~ district court.

7 Sec. 9. K.S.A. 75-6210 is hereby amended to read as follows:
 8 75-6210. (a) Upon completion of a setoff transaction, the director
 9 shall transfer the net proceeds collected to the account or fund of
 10 the ~~office or agency~~ *state agency, foreign state agency or munic-*
 11 *ipality* to which the debt was owed.

12 (b) From the gross proceeds collected by the director through
 13 setoff, the director shall retain a reasonable collection assistance fee
 14 of not to exceed 15% *for a state agency*, except that in the case of
 15 transactions for collection of debts arising from the employment se-
 16 curity law such fee shall not exceed \$300 for any transaction. *The*
 17 *director shall retain a reasonable collection assistance fee from the*
 18 *gross proceeds of collections through setoff on behalf of a munici-*
 19 *pality in such amount as the municipality and the director shall*
 20 *agree. The director shall retain a reasonable collection assistance fee*
 21 *from the gross proceeds of collections through setoff on behalf of a*
 22 *foreign state agency in such amount as specified in the reciprocal*
 23 *agreement entered into pursuant to section 1. The director may credit*
 24 *a portion of the collection assistance fee to the appropriate account*
 25 *or fund of any other state agency that has incurred expenses in*
 26 *assisting in the collection of the debt. The amount of the collection*
 27 *assistance fee retained by the director shall be deposited in the state*
 28 *treasury and credited to the accounting services recovery fund.*

29 (c) Upon receipt by the ~~agency~~ *state agency, foreign state agency*
 30 *or municipality* of the net proceeds collected, the ~~agency~~ *state*
 31 *agency, foreign state agency or municipality* shall credit the debtor's
 32 obligation in the amount of the gross proceeds collected.

33 (d) Except as otherwise prescribed by the director or the sec-
 34 retary of administration, any state agency, *foreign state agency or*
 35 *municipality* which receives any payment from a debtor after noti-
 36 fication to the debtor under K.S.A. 75-6206 and amendments thereto,
 37 other than payments collected pursuant to K.S.A. 44-718 and amend-
 38 ments thereto or collected through the federal government or judicial
 39 process, shall remit the collection assistance fee imposed under sub-
 40 section (b) to the director which shall be credited to the accounting
 41 services recovery fund. If a state agency fails to remit the collection
 42 assistance fee as required by this subsection, the director may trans-
 43 fer an amount equal to such collection assistance fee from the ap-

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1 appropriate account or fund of the state agency to the accounting
2 services recovery fund. *If a foreign state agency or municipality fails*
3 *to remit the collection assistance fee as required by this subsection,*
4 *the director may seek collection of such fee in such manner as may*
5 *be allowed by law.*

6 (e) In cases involving the collection of debts arising from the
7 employment security law, the entire amount collected shall be cred-
8 ited to the employment security fund and the collection assistance
9 fee shall be transferred from the special employment security fund
10 to the accounting services recovery fund.

11 Sec. 10. K.S.A. 75-6211 is hereby amended to read as follows:
12 75-6211. The priority in multiple claims by state agencies, *foreign*
13 *state agencies and municipalities* for setoff under the provisions of
14 this act shall be according to the time of filing with the director
15 ~~under K.S.A. 75-6208.~~ Notwithstanding the priority established
16 ~~in this section,~~ collection of taxes shall have priority over other
17 ~~claims for collection by the setoff procedure, following priority~~
18 ~~of claims:~~

19 (a) Collection of taxes owed to agencies of the state of Kansas;

20 (b) claims for collection of intrastate and interstate child support
21 debts;

22 (c) claims for collection of debts which have been written off by
23 assignment to the director;

24 (d) claims for collection of debts owed municipalities;

25 (e) other claims according to the time of filing with the director
26 under K.S.A. 75-6208 and amendments thereto; and

27 (f) notwithstanding subsection (e), claims for collection of tax
28 liabilities of other states shall have last priority according to the
29 time of filing with the director under K.S.A. 75-6208, and amend-
30 ments thereto.

31 Sec. 11. K.S.A. 75-6212 is hereby amended to read as follows:
32 75-6212. (a) Notwithstanding any provision of law prohibiting dis-
33 closure by the department of revenue of the contents of taxpayer
34 records or information and notwithstanding any confidentiality statute
35 of any state agency, *foreign state agency or municipality*, all infor-
36 mation exchanged among the department of revenue, any other state
37 agency, *foreign state agency or municipality* and the debtor necessary
38 to accomplish and effectuate the intent of this act is lawful.

39 (b) The information obtained by any other state agency, *foreign*
40 *state agency or municipality* from the department of revenue in
41 accordance with the exemption authorized by subsection (a) shall
42 only be used by such other state agency, *foreign state agency or*
43 *municipality* in the pursuit of its debt collection duties and practices.

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1 Any person employed by, or formerly employed by, a state agency
2 other than the department of revenue, *who is employed, or formerly*
3 *employed by a foreign state agency or municipality, and* who receives
4 information subject to the provisions of K.S.A. 79-3234 and amend-
5 ments thereto, or other information designated by law as confidential,
6 shall be subject to the same duty of confidentiality with respect to
7 such confidential information imposed by law on officers and em-
8 ployees of the state agency, *foreign state agency or municipality*
9 from which such information was obtained and shall be subject to
10 any civil or criminal penalties imposed by law for violations of such
11 duty of confidentiality.

12 Sec. 12. K.S.A. 75-6214 is hereby amended to read as follows:
13 75-6214. (a) Upon written request to the director, any debtor against
14 whom setoff has been effected may have a hearing thereon if:

15 (1) The debtor alleges that either such debtor did not receive
16 actual notice of the right to request a hearing thereon or that the
17 debtor did not use the opportunity for a hearing;

18 (2) less than two years have elapsed since the setoff was effected;
19 and

20 (3) the debtor alleges that the setoff was improper.

21 (b) Hearings under this section shall be conducted in accordance
22 with the provisions of the Kansas administrative procedure act. Or-
23 ders resulting from hearings under this section shall not be subject
24 to administrative review. If it is determined that the setoff was
25 improper, the debtor shall be entitled to a refund of the sum im-
26 properly setoff. The director of accounts and reports shall cause such
27 refund to be paid from the fund or funds *of any state agency to*
28 *which the amounts which were setoff were credited. In the case of*
29 *a foreign state agency or municipality, the director shall direct a*
30 *refund of the amount improperly setoff.* The amount of any such
31 refund shall be in addition to and shall not be included in computing
32 expenditures credited against any expenditure limitation imposed on
33 any such fund.

34 Sec. 13. K.S.A. 75-6201, 75-6202, 75-6203, 75-6204, 75-6205, 75-
35 6206, 75-6207, 75-6210, 75-6211, 75-6212 and 75-6214 are hereby
36 repealed.

37 Sec. 14. This act shall take effect and be in force from and after
38 its publication in the statute book.

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CITY OF KANSAS CITY, KANSAS
FINANCE DEPARTMENT

Nancy L. Zielke, Director of Finance

ONE McDOWELL PLAZA 701 NORTH 7TH STREET, 66101

(913) 573-5270

FAX 573-5003



February 4, 1993

Senator Mark Parkinson
Senate Local Government Committee
Statehouse Capitol Room 531 North
Topeka, Kansas 66612

RE: Delinquent Special Assessment and Ad Valorem Taxes

Dear Chairperson Parkinson and Members of Senate Local Government Committee:

In the last several years, the City of Kansas City, Kansas, like many other local taxing jurisdictions across the State, has experienced an increased delinquency rate in the collection of special assessments levied for the cost of public improvements under K.S.A. 12-6a01 et seq., the general improvements and assessment law. Since special assessment bonds are issued under this statute as general obligations of the City, special assessment delinquencies can result in cash flow and budget problems in the funds used to make payments on the City's debt. To compensate for critical cash flow problems the City must use money from other funds or possibly delay paying for other activity. In addition to the delinquency problems of special assessments, local governments in Kansas are also facing the potentially larger problem of delinquent property taxes.

The approximate delinquency rates to the City for special assessment and ad valorem taxes over the past five years is as follows:

<u>Fiscal Year</u>	<u>Special Assessments</u>		<u>Ad Valorem</u>	
	<u>Percentage</u>	<u>Amount</u>	<u>Percentage</u>	<u>Amount</u>
1988	29.92 %	438,235	6.17 %	1,846,040
1989	11.34 %	134,423	6.89 %	2,066,147
1990	23.01 %	328,860	11.25 %	3,519,717
1991	32.34 %	654,279	11.29 %	3,342,577
1992	27.11 %	633,264	8.29 %	2,631,109

Recognizing the importance of properly accounting for the special assessment ad valorem tax activity, the City made an investment in the necessary equipment and personnel many years ago. With these investments and the attempt to properly maintain accurate receivable and delinquency records for special assessment and ad valorem taxes the City believes it can potentially obtain improved bond ratings and provide more efficient services to the citizen and business communities.

To achieve the full potential of special benefit district financing as an economic development tool the City believes the State should follow-up on the other proposed legislation and assure that all cities in Kansas have the tracking mechanism to properly account for these transactions. Specifically, Kansas City, Kansas legislative recommendations include the following:

- Amend Kansas Statutes to require the tax collecting agency to provide cities of over 100,000 in population specific information detailing each special assessment tax distribution. (e.g., project description, tax year levied, and distribution amount.)
- Amend Kansas Statutes to require the tax collecting agency to provide cities of over 100,000 in population specific information detailing each ad valorem tax distribution (e.g., fund of levy, tax year of levy, and distribution amount.)

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- Amend Kansas Statutes to allow for partial payments on special assessment and/or ad valorem taxes.
- Amend Kansas Statutes to allow cities that own the property in which special assessments are levied to clear those assessments by written authorization to the collecting agency. Currently these assessments are being cleared by transferring cash to the collecting agency and the agency then transfers the cash back to the City.
- Amend the special assessment bond statutes to provide cities with the authority to levy special assessments at a slightly higher interest rate than the rate on the general obligation bonds issued to finance improvements. The higher interest rate on assessments would provide protection against negative cash flows resulting from delinquencies and/or defaults.
- Amend the general improvement law to provide cities with the authority to create a special assessment reserve account. This account would be funded with bond proceeds, and property owner's assessments increased accordingly to repay the debt. This would also provide protection against negative cash flow.
- Amend K.S.A. 19-1207 to specifically prohibit registers of deeds from recording any transfer, sale, or platting of land on which there are delinquent special assessments.
- Amend K.S.A. 75-6201 et. seq., to include debts to municipalities (including special assessments) in the state setoff program administered by the Secretary of Revenue. The setoff program establishes a procedure whereby the state can withhold or garnish funds owed to a debtor of the state. The 1992 House Bill 3188, which passed the House but died in the Senate, would have allowed municipalities and other states to participate in this program.
- Amend the general improvement law to provide for the public hearing on proposed assessments for an improvement to occur before, rather than after construction. This represents a more logical sequence of events in the public improvement process.

These issues are areas that the City of Kansas City, Kansas would appreciate your review and consideration. Changes are needed to assist local units of government in creating more sound financial practices to safeguard the uses and investment of public funds.

If you have any questions, please feel free to contact me at your convenience. Your support for changes to our special assessment laws would be appreciated.

Respectfully submitted,



Nancy L. Zielke
Director of Finance

cc: Wyandotte County Legislative Delegation
Mayor Joseph E. Steineger, Jr.
City Council Members

TESTIMONY

DATE: February 4, 1993

TO: Senate Committee on Local Government

FROM: Mike Billinger, Ellis County Treasurer
and Representative of Kansas County
Treasurer's Association

RE: Senate Bill 130

Good Morning Mr. Chairman and members of the Local Government Committee. My name is Mike Billinger, Ellis County Treasurer and I am here today on behalf of the Kansas County Treasurer's Association.

I appreciate the opportunity to provide an explanation of why my association supports SB-130. Our interest in the bill is two-fold:

First, this bill will provide treasurers an additional method to collect delinquent taxes. In many instances, SB-130 will allow us to collect back taxes in amounts too small to recoup by current collection procedures.

Second, SB-130 will provide tax relief to our local taxpayers. It will reduce the need to assess tax payers who stay current on their tax liabilities the shortfall in revenue created by delinquencies. In too many cases, back taxes are written off the books because of the ability to factor them into the budgetary process. We believe SB-130 will assist us in minimizing the use of this option.

On behalf of the Kansas County Treasurer's Association, I ask that you take favorable action on SB-130.

Again, thank you for your time and attention. If I can answer any questions concerning our position on this bill, please do not hesitate to ask.

Mike Billinger
Ellis County Treasurer
Representative of K.C.T.A.
Legislative Committee

Senate Local Gov't

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