

Approved: 3/22/94  
Date

## MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Keith Roe at 9:00 a.m. on March 18, 1994 in Room 519-S of the Capitol.

All members were present except: Representative Grotewiel, excused  
Representative Wagle, excused  
Representative Wagnon, excused

Committee staff present: Chris Courtwright, Legislative Research Department  
Tom Severn, Legislative Research Department  
Bill Edds, Revisor of Statutes Office  
Lenore Olson, Committee Secretary

Conferees appearing before the committee:  
Senator Bill Wisdom  
Shirley Knapp - Director, Property Management, Wyandotte County  
Mary Jane Johnson - City of Kansas City, Kansas  
Bert Cantwell - President, Kansas City, Kansas Area  
Chamber of Commerce

Others attending: See attached list

Chairperson Roe opened the hearing on SB 459.

SB 459 - property tax accumulated interest amnesty program.

Senator Bill Wisdom testified in support of SB 459 and explained that this bill was amended on the Senate side to allow businesses to participate and to require county treasurers to accept significant partial payments of tax.

Shirley Knapp, Director of Property Management, Wyandotte County, testified in support of SB 459. Ms. Knapp said there are 10,037 delinquent parcels in Wyandotte County, with a total due of \$35,300,204. Vacant lots comprise 44 percent of the delinquent parcels and a large number are parcels that the interest exceeds the general tax. She also said these parcels are a perfect example of how this bill could benefit the delinquent load of taxes that are continually rising in Wyandotte County (Attachment 1).

Mary Jane Johnson, City of Kansas City, Kansas, testified in support of SB 459. She said the City supports strengthening the local government's ability to deal with the problems of delinquent real estate taxes and special assessments levied for public improvements. Ms. Johnson requested the bill be amended on line 29 after the words "property tax" to add "and special assessments" (Attachment 2).

Bert Cantwell, President, Kansas City, Kansas Area Chamber of Commerce, testified in support of SB 459 and said that in many cases the amount of interest owed is greater than the amount of taxes due on the property. He also said that when the amnesty period is over the Wyandotte County Commissioners will have an added reason to aggressively go after all those who did not take advantage of the opportunity given them by this legislation (Attachment 3).

Chairperson Roe concluded the hearing on SB 459 and asked the Committee if they wished to take any action.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on March 18, 1994.

A motion was made by Representative Welshimer, seconded by Representative Mays, to amend SB 459 by adding the language "and special assessments" in line 29. The motion carried.

A motion was made by Representative Wilk, seconded by Representative Welshimer, to pass SB 459 favorable as amended.

A substitute motion was made by Representative Mays, seconded by Representative Empson, to amend SB 459 to expand to include any Kansas county with a delinquency rate over 5 percent into the amnesty program. The motion failed.

The Chair directed the Committee to return to the original motion to Pass SB 459 as amended.

A motion was made by Representative Brown, seconded by Representative Crowell, to amend SB 459 so that the program would be a one-time program for Wyandotte County only, and be completed by January 1, 1995, (rather than once each decade). The motion carried.

A motion was made by Representative Larkin, seconded by Representative Wilk, to pass SB 459 favorably as amended.

A substitute motion was made by Representative Crowell, seconded by Representative Lowther, to amend SB 459 by striking the words in lines 30-32 "No qualified person shall be eligible to participate in any such program more than once." The motion carried.

A motion was made by Representative McKinney, seconded by Representative Adkins, to pass SB 459 favorably as amended. The motion carried.

The meeting adjourned at 9:55 a.m.  
The next meeting is scheduled for March 21, 1994.

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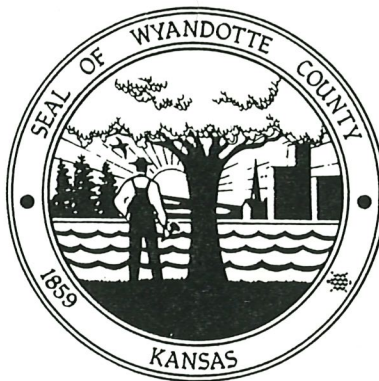
ADDRESS

REPRESENTING

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**SHIRLEY KNAPP**  
DIRECTOR OF PROPERTY MANAGEMENT  
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OFFICE OF  
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Testimony  
for  
SB 459

Chairman Roe and Members of the House Assessment and Taxation Committee:

My name is Shirley Knapp, Director of Property Management for Wyandotte County. I am here in support of SB 459, which will provide some necessary changes in the law that will allow Wyandotte County to collect some portion of the revenues that are presently not being collected. There are 10,037 delinquent parcels in Wyandotte County, with a total due of \$35,300,204.32. Listed below is a breakdown of parcels by usage.

Single Family Residential	4,234
Duplex	103
Triplex	12
Fourplex	35
Condominium	115
Farm-Ranch Residential Improvements	7
Vacant Residential Land	4,445
Commercial Improved and Vacant	1,086
	<hr/>
	10,037

Of the parcels listed above 44% are vacant lots, and a large number are parcels that the interest exceeds the general tax, and the total grossly exceeds the value of the property. These parcels are a perfect example of how SB 459 could benefit the delinquent load of taxes that are continually rising in Wyandotte County. If we are allowed to eliminate the interest on these parcels, we would encourage private sales and partial payments instead of tax foreclosure sales.

The county would like to give every property owner the opportunity to become current on their taxes. However, we will aggressively move forward with foreclosure on the parcels that are not redeemed. Our county does recognize that there are extraordinary circumstances for every property owner, whether they

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Attachment 1

are homeowners on fixed incomes or those who have fallen on hard times, or business owners struggling to survive. We hope that the committee recognizes the social and economic need of the people in Wyandotte County. They are proud people who want and need this opportunity to redeem their property and their pride.

Thank you for the opportunity to appear before you today.



## LEGAL DEPARTMENT of KANSAS CITY, KANSAS

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701 North Seventh Street  
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City Attorney  
Harold T. Walker

Police Legal Advisor  
Loren L. Taylor

### Testimony for SB 459

Chairman Roe & Members of the House Assessment and Taxation Committee:

My name is Mary Jane Johnson and I am here today representing the city of Kansas City Kansas.

I am appearing today in support of S.B. 459, with one request for a clarification amendment, which I will address later in my testimony. The city of Kansas City Kansas supports strengthening the local government's ability to deal with the problems of delinquent real estate taxes and special assessments levied for public improvements. The city has been approached by many businesses and homeowners for the provision of partial payments on delinquent real estate taxes to the County Treasurer. The city supports section 2 of SB 459 which allows county treasurers the option of collecting partial payments.

Secondly, in the last several years the city has experienced an increase in the delinquency rate in the collection of special assessments. Since special assessment bonds are issued under the statute as general obligations of the City, special assessment delinquencies can result in cash flow problems to the Bond and Interest Fund which is used to make payments on the City's debt. Delinquent special assessments are a symptom of a larger problem facing local units of government in Wyandotte County: delinquent property taxes. The current rate for city special assessments is approximately 20% compared to the delinquency rate of 8.2% on personal property tax payments.

The delinquency factor of special assessments is not addressed or at least it is not clear as to whether or not they are to be paid under the amnesty plan. We believe the intention is too include specials so the city would suggest on Line 29 after property tax to add the words "and special assessments", to clarify payments made under the amnesty plan would have to also include special assessments.

The city believes that SB 459 would be a good beginning for cutting down our ever increasing delinquency rate on property taxes.

Thank you for your consideration.

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Attachment 2



## APPEARANCE BEFORE THE HOUSE TAXATION COMMITTEE ON SB 459

Chairman Roe and members of the Committee, thank you for giving me the opportunity to appear before you this morning. My name is Bert Cantwell, I am President of the Kansas City, Kansas Area Chamber of Commerce and I appear in support of SB 459.

Wyandotte County has more than its share of problems. We have the highest taxes in the state, the highest unemployment rate, and the lowest per capita income in the metropolitan area. This combination is a factor in Wyandotte County also having the biggest delinquent tax problem in the state.

There is a total of 64,199 taxable parcel of real property in Wyandotte County. Of that total, 10,037 parcels or 15.6% have unpaid taxes on them that are at least one year delinquent. The total amount of taxes, interest and other costs owed on these 10,037 parcels is \$35,300,204.32. Of that amount \$12,488,704.05 represents accumulated interest. Leaving 22,812,500.97 due in delinquent general taxes.

SB 459 will not by itself solve our delinquent tax problem, but it will help. It will enable the county commissioners to grant a 60 day amnesty period to delinquent taxpayers, many of whom become delinquent through no fault of their own, and allow them to pay their taxes without paying any accumulated interest.

In many cases the amount of interest owed is greater than the amount of the taxes due on the property. In looking through the records, I found many examples of this. Here are two; One piece of commercial property has taxes delinquent in the amount of \$46,931.00 with an accompanying interest due of \$102,000, and is appraised at only \$33,080.00. The second is a residential vacant lot with a delinquent tax of \$903.40 and interest of \$2,287.98 due. It is appraised at only \$330.00

SB 459 does not give anyone a free ride on their taxes. It does give every delinquent taxpayer in Wyandotte County an opportunity to pay their taxes without paying a penalty. Some would say that it is not fair to the rest of us who pay our taxes in a timely manner. Others would argue that commercial property should not be included because their costs can be passed on to consumers, that is assuming some income is being produced by the property, an assumption that you can not make.

No doubt there will be those who benefit from this legislation, people who shouldn't, who could and should have paid their taxes in a timely manner. However, Wyandotte County stands to benefit the most from SB 459. Our delinquent tax problem has become a cancer spreading across the county, growing in size each year and finally getting so bad that drastic measures must be taken to cure the problem.

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Attachment 3

SB 459 will give delinquent taxpayers the best reason they are ever going to get to pay up. And when the amnesty period is over the Wyandotte County Commissioners will have an added reason to aggressively go after all those who did not take advantages of the opportunity given them by this legislation.

On behalf of the Kansas City Area Chamber of Commerce, I urge you to pass SB 459 favorably out of Committee and to encourage your fellow house members to vote aye when it comes before the house for a vote.

Thank you, I would be happy to try and answer any questions that you might have of me.