



TO: Representative Marvin Kleeb, Chairperson
and Members of the House Committee on Taxation

FROM: Martha Neu Smith, Executive Director
Kansas Manufactured Housing Association

DATE: January 26, 2016

RE: HB2474 - Providing For The Extinguishment Of Tax Liens Under Certain Circumstance

Chairman Kleeb and Members of the Committee, my name is Martha Smith and I am the Executive Director of the Kansas Manufactured Housing Association (KMHA). KMHA is a statewide trade association representing all facets of the manufactured and modular housing industries (manufacturers, retail centers, manufactured home community owners and operators, service and supplier companies, finance and insurance companies and transport companies) and I appreciate the opportunity to comment on HB2474.

HB2474 was requested by KMHA to make a technical change to K.S.A. 79-2026.

In 2014, we requested HB2511 to address a problem that a lot of manufactured home community owners have experienced, that is when a manufactured home tenant abandons their home without paying their personal property taxes or the home is repossessed without the taxes being paid. The community owner/landlord must go through the Quiet Title Action and provide the county with the court documents. The county then requires the previous owner's back taxes to be paid before a title is issued.

We worked with the Kansas Division of Property Valuation (PVD) who drafted the language in K.S.A. 79-2026 which is very narrowly focused and both KMHA and PVD thought HB2511 addressed the situation by stating "*the owner or lessee of any real property upon which such property was situated at the time of abandonment or repossession shall not be liable for such taxes where lawful title to such property is acquired...*". However, it was pointed out to KMHA and PVD that while the current language states that the owner of the real property is not liable for the back taxes; the statute does not state that the tax lien is extinguished for the owner of the real property. Consequently, when the owner of the real property goes through the legal process of obtaining the title to the home since the lien is not extinguished he/she must still pay the other person's back taxes.

HB2474 makes it clear that IF the Community Owner/Landlord goes through the legal process to obtain the title within a specified time the tax lien for the Community Owner/Landlord is extinguished.

It is important to note that the tax lien is NOT extinguished for the person(s) who abandon their personal property manufactured homes.

In closing, the only change HB2474 makes to K.S.A. 79-2026 is it extinguishes the tax lien for the real property owner IF they go through the legal process to secure the title within 12 months of abandonment or repossession.

Thank you Chairman Kleeb for the opportunity to comment on HB2474 and I would be happy to try and answer any questions. I would respectfully ask the House Committee on Taxation's support on HB2474.