

March 20, 2017

The Honorable Kristey Williams, Chairperson
House Committee on Local Government
Statehouse, Room 165-W
Topeka, Kansas 66612

Dear Representative Williams:

SUBJECT: Fiscal Note for HB 2404 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2404 is respectfully submitted to your committee.

HB 2404 would amend existing law relating to the qualifications and rehabilitation of abandoned property to add to the definition of “abandoned property” any residential real estate continuously unoccupied by those in legal possession for the preceding 15 months and which has a blighting influence on surrounding properties. An exception would be if the exterior of the property is being maintained, and the property is either the subject of a probate action, action to quiet title or other ownership dispute, or the property is subject to a mortgage. In addition, the definition could not apply to any real estate where the owner of the property is known and has expressed in writing to the appropriate governing body a desire to retain ownership and maintain the real estate and brings the property into code compliance within 90 days of the expressed desire. These changes to the definition of “abandoned property” would expire on July 1, 2021. The bill would amend the definition of “blighting influence” to include a structure which is dangerous or injurious to the welfare of the occupants of the building or other residents of the municipality. Lack of sanitary facilities and any violation of health, fire, building or property maintenance codes or zoning regulations which constitute a health or safety threat would be included in the statutory defects contributing to a blighting influence.

Current law allows an organization to file a petition with the district court for an order of temporary possession of an abandoned property if the property meets the statutory definition of abandoned and if the organization intends to rehabilitate the property to use as housing and has sent notice to all parties in interest of the property. Prior to July 1, 2021, the bill would also allow the petition if the organization intends to use the property for ancillary facilities relating to housing, including infrastructure, open space, parks and parking facilities. In addition, prior to July 1, 2021, the bill would allow the governing body of a city to file a petition with the district court for an order of temporary possession of a property. This petition could be filed if the

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property meets the statutory definition of abandoned, and the governing body has designated an organization to rehabilitate the property and has formally approved the filing of the petition. The bill specifies the information that must be included in the petition. HB 2404 would include requirements for the governing body to make a final attempt by certified or registered mail to contact the parties in interest of the property, owners of property within 200 feet of the property, and any neighborhood associations in which the property is located.

Any property owner acting as defendant against the petition may, for good cause, be granted an extension to the 90 day period allowed to bring the property into compliance. The bill would prohibit a defendant's affirmative defense from being stricken solely on the basis of delinquent property taxes. The bill would specify the circumstances under which an organization that has received temporary possession of property may seek quiet title, and may or may not be granted that title.

The League of Kansas Municipalities is unable to estimate the fiscal effect that HB 2404 would have on Kansas cities since it is unable to determine how many qualified persons or cities would take action based upon the new provisions of the bill. The League does, however, indicate that passage of the bill could cause a reduction in costs for the cities in Kansas by shortening the amount of time that must be spent on oversight of these properties.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a long horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget