

Approved _____
Date 4-29-84

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by SENATOR PAUL "BUD" BURKE at
Chairperson

11:00 a.m./p.m. on February 28, 1984 in room 526-S of the Capitol.

All members were present except: Senator Angell (excused)

Committee staff present: Don Hayward, Revisor's Office
Wayne Morris, Research Dept.
Tom Severn, Research Dept.

Conferees appearing before the committee:

Stan Lind, Counsel and Secretary of the Kansas Association of Finance
Companies, Kansas City
James R. Turner, President, Kansas Savings & Loan League, Topeka
Bill Edds, Department of Revenue
Dee Likes, Kansas Livestock Association
John Blythe, Kansas Farm Bureau
Ivan Wyatt, Kansas Farmers Union

The committee held a hearing on SB 749, taxation of finance companies.

The chairman called on Stan Lind who had requested this legislation. He told the committee that under the present statutes, the state has favored banks over finance companies in the field of taxation. The purpose of this legislation would be to provide for taxing finance companies in the same manner as banks. With the passage of this bill, each county in which an office is now located which is subject to this bill would be adding the personal property located in each of the respective counties to its tax rolls. The tax would be paid where the property is located.
(Attachment #1)

The chairman recognized James Turner, KLSI, who said they had no policy regarding finance companies being taxed under the privilege tax. He did, however, request that the committee amend the bill by reducing the privilege tax on savings and loan associations to that level enjoyed by banks. He presented amendatory language with the request. (Attachment #2)

Bill Edds, Dept. of Revenue, stated they have many questions about this bill. Section 1 would apply to any large corporation engaged in the business of lending money and they would anticipate arguments that any of these corporations could come into the privilege tax and avoid corporation income tax. Another problem would be transition from income to privilege tax - could be duplicate or a missed year. When would the entities crossing the line make estimated tax payments since the privilege tax doesn't have estimated tax payments? Also, how should the tax be apportioned and applied in the privilege tax area? The Property Valuation Division is concerned about the present method of taxing average capital in the finance area. He said this is a very complex method of computing this tax, and they would support a change in the law that would tax personal property of finance companies on the same basis as savings and loans.

The committee held a hearing on SB 813 which provides for "use value" appraisal as a determining factor in valuing agricultural land for property tax purposes.

Feb. 28

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 526-S, Statehouse, at 11:00 a.m./~~p.m.~~ on February 28, 1984

The chairman recognized Dee Likes, KLA, who said there is a need for use value which is determining value based on the productivity and income producing ability of a tract of land. He said agricultural land has two values--amount of worth to the farmer in his attempt to produce food at a profit and the sale price of the land, which is consistently more than its first valuation. There is a constant shrinking availability of farmland, and the agricultural economy has forced farmers and ranchers from the land. The remaining farmers, hoping to increase their efficiency by expanding, have purchased more land and have caused highly inflated sales prices. He said that under today's real property appraisal low productivity and earnings capacity are to be taken into account; however, the appraiser can use any factor he desires and the result is that all factors are ignored except "sales price". He said reappraisal under the current interpretation would result in doubling or tripling of current evaluations. He believes that the use value appraisal process should be part of the system, and is more like other business property is valued. This would provide some equity from one farmer to the next and within the counties.

The chairman recognized John Blythe, KFB, who presented examples pertaining to four counties showing the average yield and average price for four main commodities as prepared by the Kansas State Board of Agriculture. He called attention to page 5 (Attachment #3), a list of agriculture land classes, and page 6, an example of use value with an acre of cropland planted to wheat in Reno County. He said the average selling price of land in Reno County would probably be \$500. He, too, noted that agricultural land is a commodity which is becoming scarcer every year. He urged support of SB 813.

The chairman recognized Ivan Wyatt, KFU, who said he had serious questions about this bill. He said it sets tax rates by legislation instead of the Constitutional amendment approach which could lock it in. He is concerned about 5 or 10 years down the road as agriculture changes and becomes more in the minority. "Use value" in many cases will shift the tax burden from grassland to farm homes, improvements, pickups, etc. If taxes are lowered, someone else will pick up the tab, but always a shift. Perhaps use value could lead to the same result as farm machinery. He acknowledged 46 states have this, but he thinks it should be accomplished with a Constitutional amendment. He would support the bill if the rates were locked in.

The chairman asked the committee to be prepared to vote on SB 813.

The chairman adjourned the meeting at 12:00 noon. The committee meets on February 29, 11:00 a.m.

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
Feb-28	IR COOPER		PVD
	GARY Smith	Topeka	SHAWNEE Co.
	Joice Marcum	Topeka	Revenue
	Jim Mauer	"	KBA
	Wes Barber	Topeka	KLA
	John Blythe	Manhattan	KFB
	Chip Wheelen	Topeka	KLPG
	RON GACHES	TOPEKA	KCCI
	Tom Reagan	!!	KAFQ
	Stan Spurr	KC	KAFQ
	Herald Bailey	Highland	KAFZ
	John O. Miller	Topeka	Ks. Crop Soils
	Jenneth Baxter	Humboldt Kan PR#1	Farm Bureau ^{Independent}
	Tom Shinde	Topeka	Revenue
	T Wilder	"	KLSI
	Jim Turner	Topeka	KLSI
	Mauda Garrison	Lawrence	LWVK
	Mervin C. Unkhuber	Topeka	KML
	M. Harwood	"	
	Ivan W. Wyatt	McPherson	Ks Farmers Union
	R. Mc Neely	Topeka	KIN
	Mary J. Bruner	Uniontown	Farm Bureau
	ALAN HESS	ALMA, KS	WAR. Co. FARM BUREAU
	John C. Huck	Alma, Ks	War. Co. Farm Bureau
	Phil Martin	Topeka	PVD
	Ada Baxter	Humboldt,	Farm Bureau
	Linger Roberts	Savonburg, Ks	Farm Bureau
	Mike Bean	Topeka	KLA
	Debra Wray Blythe	Manhattan	
	Kurt's Gardner	SHAWNEE	

Statement of Stanley L. Lind, Counsel & Secretary
of the
Kansas Assn. of Finance Cos.
before the
Senate Committee on Assessment & Taxation
on S.B. 749
on February 28, 1984

Atch. 1
(2/28/84)

Mr. Chairman and Members of the Committee:

I am Stanley L. Lind, counsel and secretary of the Kansas Assn. of Finance Cos., the state trade association of consumer finance companies in Kansas.

Before addressing myself to the bill, I would like to express our appreciation to the committee for having introduced the bill at our request so that we might have this opportunity to present this problem to you.

In order to have an understanding of the purposes of the bill and its merits, I would like to review the present statutes to acquaint you with how finance companies are presently taxed in Kansas.

Prior to 1963, banks and finance companies were taxed under the provisions of 79-1101 and 79-1103, respectively. The basis of the tax was essentially on the net worth of each entity at the rate of \$5.00 per \$1000.

In 1963, the tax on banks was switched to its present basis, and savings associations were also included.

Essentially 79-1103, the statute for taxation of finance companies has remained the same as it was in 1963 and prior years. The assessing officer determines the average capital employed and determines the value of each share of stock. Altho the shareholder is ultimately liable, the company pays the tax. In arriving at a valuation, real estate ~~and personal property~~ ^{is} ~~other than cars, are~~ deducted from the assets before arriving

at their valuation of net worth and the value of each share.

While 79-1103 is directed to domestic companies, 79-1105a. is addressed to the out-of-state companies doing business in Kansas. The basis of taxation is the same for both. Most finance companies operating in Kansas are incorporated in Kansas. Based upon a net worth for all licensed lenders in Kansas in 1982, the total tax raised was approximately \$155,000. This tax is paid to the county in which each domestic corporation has its principle office.

As an example, I am the resident agent of a domestic finance corporation with approximately a dozen offices in Kansas. Since my office in Wyandotte County is listed as the corporation's principle office, the tax is paid in Wyandotte, altho the company has no finance offices in Wyandotte.

While each locally owned company would pay its tax in its home county, my best judgment is that most companies list Shawnee County as their principle office because most have their resident agent in Shawnee County.

In addition to paying the net worth tax, finance companies also pay the corporate income tax, which is 4 1/2% with a 2 1/4% surcharge over \$25,000.

If this bill were enacted, finance companies would be relieved of paying the tax on net worth and would be taxed in a manner identical to banks, namely 4 1/4% plus a surcharge of 2 1/8% in excess of \$25,000.

What is the justification for taxing finance companies in a manner identical to banks?

It is because finance companies, banks and savings associations are in competition in the business of lending money in the field of consumer credit. We are not playing on a level playing field however, because under the present statutes, the state has favored banks over finance companies in the field of taxation - notwithstanding that 79-1103 and 79-1105a. both state that for purposes of taxation, finance companies are deemed to be engaged in the business of banking. Unquestionably, this statement in these statutes constitutes a classification made by the state for taxation purposes. The Courts have held repeatedly, that once the legislature has made a classification, it must treat all in the class in the same manner.

2d.

Quoting from 16A American Jurisprudence/at Section 756, we find this statement:

"A fundamental principle involved in classification is that it must meet the requirement that a law shall affect alike all persons in the same class and under similar conditions."

We submit that finance companies have not been treated for taxation purposes, the same as others in the classification.

The question was asked during the introduction of this bill as to whether the repeal of 79-1101 and 79-1105a. would solve the problem without having to amend the bank section on taxation. My answer at that time was that the effect would be the same. I would like to amend my answer at this time to state that while the repeal of these two sections, would

essentially accomplish the same objective, there would be these differences:

- a - the corporate tax rate is 4 1/2% and 2 1/4%.
- b - the bank tax rate is 4 1/4% and 2 1/8%.
- c - the present statute and the bank tax statute have a provision that states that the tax levied shall be lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivisions thereof upon shares of capital stock or the intangible assets of the taxed entity.

To accomplish the objectives sought by this bill, which would preclude amending the bank's tax section at 79-1107, a new section 2 could be drafted to use the same wording as the bank's tax section and the same rate.

If this approach is used, the present section 2 would be deleted and a New Section 2 added in lieu thereof as follows:

"New Section 2. Every individual, association, group of unincorporated persons or corporations described in K.S.A. 79-1103, and amendments thereto, who are, for the purpose of taxation, deemed to be engaged in banking, and are located or doing business within the state shall annually pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding calendar year or fiscal year ending in the next preceding year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

(a) The normal tax shall be an amount equal to 4 1/4% of such net income; and

(b) the surtax shall be an amount equal to 2 1/8% of such net income in excess of \$25,000.

The tax levied shall be in lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivisions thereof upon shares of capital stock or the intangible assets of those described in K.S.A. 79-1103, and amendments thereto."

If the committee would rather proceed by adopting a new section 2, this would then require an amendment to section 6 by deleting the repeal of 79-1107, the present bank tax section.

Another value to the passage of this bill is that each county in which an office is now located which is subject to this bill would be adding the personal property located in each of the respective counties to its tax rolls so that that tax would be paid where the property is located.

In conclusion, I suggest that the title be amended in this bill to delete the words "finance companies" and insert in lieu thereof:

"those engaged in the business of lending money, ^{for profit} but which are not organized under the banking, trust or savings and loan association laws of the United States or this state;"

the reason is that while finance companies are certainly involved, to my knowledge, this section of the statutes is also used to tax stockbrokers - and - I'm certain others engaged in lending money, buying and selling notes, bonds, stocks and other evidence of indebtedness.

2

SI Kansas League of Savings Institutions

Attachment #2

JAMES R. TURNER, President • Suite 612 • 700 Kansas Ave. • Topeka, KS 66603 • 913/232-8215

February 28, 1984

TO: SENATE COMMITTEE ON ASSESSMENT AND TAXATION
FROM: JAMES R. TURNER, KANSAS LEAGUE OF SAVINGS INSTITUTIONS
RE: S.B. 749 (Privilege Tax)

The Kansas League of Savings Institutions appreciates the opportunity to appear before the Senate Committee on Assessment and Taxation to discuss S.B. 749 which would place finance companies under the provisions of the Kansas privilege tax.

The League has no policy position regarding finance companies being taxed under the privilege tax. However, we would request that the Committee give consideration to correcting an inequity that has existed since 1979. Accordingly, we would like to request that the Committee amend S.B. 749 by reducing the privilege tax on savings and loan associations to that level enjoyed by banks. We have enclosed amendatory language that would accommodate this request.

In an effort to correct a potential flaw in the privilege tax law, the 1979 Legislature enacted S.B. 485 which reduced the privilege tax rate of commercial banks to accommodate their then holdings of industrial revenue bonds. Enclosed find a copy of our May 1, 1979, letter to Governor Carlin urging his signature of S.B. 485.....which also points out the inequity that was created.

We believe that this inequity has existed far too long and would urge this Committee, and the Legislature, to correct the situation by establishing the same privilege tax level for savings and loan associations and commercial banks.

James R. Turner
President

JRT:bw

Encl.

Atch. 2
(2/29/84)

RE: 1984 S.B. 749 (Taxation)
Amendments

The provisions of 1984 S.B. 749 should be amended as follows:

1. On line 15, after "finance companies" add "and trust companies and savings and loan associations;"
2. On line 16, before "K.S.A. 1983 Supp." insert "K.S.A. 79-1108"
3. Add a new section 3 to read as follows:

Sec. 3. K.S.A. 79-1108 is hereby amended to read as follows: 79-1108. Every trust company and savings and loan association located or doing business within the state shall annually pay to the state for the privilege of doing business within the state a tax according to or measured by its net income for the next preceding calendar year or fiscal year to be computed as provided in this act. Such tax shall consist of a normal tax and a surtax and shall be computed as follows:

- a. The normal tax on every trust company and savings and loan association shall be an amount equal to ~~four-and-one-half-percent-(4½)~~ 4¼% of such net income.
- b. The surtax on every trust company and savings and loan association shall be an amount equal to ~~two and-one-fourth-percent-(2¼%)~~ 2-1/8% of such net income in excess of twenty five thousand dollars (\$25,000).

The tax levied shall be in lieu of ad valorem taxes which might otherwise be imposed by the state or political subdivision thereof upon shares of capital stock or other intangible assets of trust companies and savings and loan associations.

4. Renumber the present section 3 as section 4 and renumber the other sections.
5. On line 196, after "79-1105b" add "and 79-1108."

May 1, 1979

Honorable John Carlin
Governor
State Capitol
Topeka, Kansas 66612

Dear Governor:

We know that you are pleased that the privilege tax problem was, hopefully, resolved with the passage of S.B. 485 and we would urge your earliest consideration of signing the measure into law.

Also, we want to express our appreciation for the very positive efforts of your administration in resolving this matter. The cooperation and assistance demonstrated by the Revenue Department was the major catalyst in the agreements reached.

Needless to say, we were very disappointed in the substantial bank rate reduction afforded commercial banks. The fact that over 200 banks having no industrial revenue bonds will receive an 11% to 15% "windfall" tax reduction, while no adjustments were granted savings and loan associations is certainly less than equitable. The enactment of a 7% tax lid on bank tax increases with no such lid for savings and loans will result in our member associations paying a disproportionate share of the total privilege tax revenue.

Please know that the League plans to seek a reduction in our privilege tax rate during the 1980 Legislature and would appreciate your consideration of recommending the same in your legislative message next year.

Sincerely,

James R. Turner
President

JRT:bw

JOHNSON COUNTY
Information from Kansas State Board of Agriculture Attachment #3

<u>Year</u>	<u>Acres Harvested</u>	<u>Yield Acre</u>	<u>Total Production</u>	<u>Farm Value</u>	<u>Price Per Bushel</u>
WHEAT					
75	15,000	34.0	510,000	\$ 1,708,500	\$ 3.35
76	15,400	24.4	375,800	\$ 1,005,200	\$ 2.67
77	13,100	28.9	378,800	\$ 871,200	\$ 2.30
78	5,200	33.8	176,000	\$ 521,000	\$ 2.96
79	9,900	49.1	485,700	\$ 1,831,600	\$ 3.77
80	11,300	35.6	402,400	\$ 1,580,800	\$ 3.93
81	18,300	35.0	640,500	\$ 2,461,800	\$ 3.84
82	20,000	29.5	589,000	\$ 2,158,500	\$ 3.66
8 yr. ave.	13,525	32.9	444,775	\$ 1,517,325	\$ 3.41
MILO					
75	11,780	46.6	549,300	\$ 1,230,400	\$ 2.24
76	13,500	48.0	648,600	\$ 1,219,400	\$ 1.88
77	14,000	72.4	1,013,000	\$ 1,762,600	\$ 1.74
78	21,300	71.1	1,514,900	\$ 2,969,100	\$ 1.96
79	12,000	98.9	1,186,900	\$ 2,569,700	\$ 2.17
80	12,800	46.1	590,000	\$ 1,697,100	\$ 2.88
81	8,300	75.9	629,600	\$ 1,347,400	\$ 2.14
82	5,000	62.3	311,500	\$ 813,000	\$ 2.61
8 yr. ave.	12,335	65.3	805,475	\$ 1,701,088	\$ 2.11
CORN					
75	19,100	49.1	937,000	\$ 2,345,000	\$ 2.50
76	15,800	38.1	602,600	\$ 1,325,700	\$ 2.20
77	10,300	85.0	875,600	\$ 1,707,400	\$ 1.95
78	11,900	70.8	843,000	\$ 1,930,200	\$ 2.29
79	10,500	102.5	1,076,600	\$ 2,592,600	\$ 2.41
80	4,200	20.8	87,400	\$ 296,100	\$ 3.39
81	10,000	92.5	925,000	\$ 2,372,100	\$ 2.56
82	14,200	98.3	1,396,100	\$ 3,780,600	\$ 2.71
8 yr. ave.	12,000	70.2	842,913	\$ 2,043,713	\$ 2.42
SOYBEANS					
75	31,200	23.9	745,200	\$ 3,345,800	\$ 4.49
76	13,800	15.0	207,000	\$ 1,345,500	\$ 6.50
77	19,000	37.0	703,300	\$ 3,811,900	\$ 5.42
78	31,000	28.9	895,100	\$ 5,961,100	\$ 6.66
79	27,900	39.0	1,088,500	\$ 6,498,300	\$ 5.97
80	34,200	24.3	83,000	\$ 6,285,200	\$ 7.57
81	23,200	30.2	700,000	\$ 4,136,900	\$ 5.91
82	30,200	29.3	885,700	\$ 4,782,000	\$ 5.40
8 yr. ave.	26,313	25.2	663,475	\$ 4,520,838	\$ 6.81

Handwritten:
A-3
2/8/84

MONTGOMERY COUNTY
Information from Kansas State Board of Agriculture

Ka Farm Bureau

<u>Year</u>	<u>Acres Harvested</u>	<u>Yield Acre</u>	<u>Total Production</u>	<u>Farm Value</u>	<u>Price Per Bushel</u>
WHEAT					
75	56,900	25.8	1,470,100	\$ 4,924,800	\$ 3.35
76	57,300	29.3	2,115,000	\$ 5,557,500	\$ 2.63
77	51,700	34.8	1,799,900	\$ 4,139,800	\$ 2.30
78	31,000	19.1	593,100	\$ 1,749,800	\$ 2.95
79	51,000	41.2	2,099,500	\$ 7,938,100	\$ 3.78
80	57,500	41.7	2,397,300	\$ 9,297,600	\$ 3.88
81	72,400	34.8	2,523,100	\$ 9,572,600	\$ 3.79
82	70,000	34.1	2,384,700	\$ 8,572,600	\$ 3.59
8 yr. ave.	55,975		1,922,838	\$ 6,469,100	\$ 3.36
MILO					
75	30,470	30.8	938,100	\$ 2,148,300	\$ 2.29
76	26,900	46.9	1,261,600	\$ 2,359,200	\$ 1.87
77	32,900	60.1	1,976,500	\$ 3,379,800	\$ 1.71
78	36,400	31.2	1,135,800	\$ 2,260,200	\$ 1.99
79	28,600	69.8	1,996,800	\$ 4,383,200	\$ 2.20
80	22,300	18.5	411,800	\$ 1,249,800	\$ 3.03
81	17,200	47.4	816,100	\$ 1,770,900	\$ 2.17
82	25,300	54.5	1,377,900	\$ 3,600,500	\$ 2.61
8 yr. ave.	27,509	45.1	1,239,325	\$ 2,643,988	\$ 2.13
CORN					
75	6,000	47.2	283,000	\$ 739,000	\$ 2.61
76	5,600	51.2	286,600	\$ 650,600	\$ 2.27
77	5,900	67.7	399,500	\$ 807,000	\$ 2.02
78	5,000	31.1	155,300	\$ 386,700	\$ 2.49
79	5,100	85.6	436,500	\$ 1,116,800	\$ 2.56
80	4,600	23.8	109,300	\$ 385,500	\$ 3.53
81	3,700	77.1	285,200	\$ 785,600	\$ 2.75
82	4,600	80.3	369,400	\$ 1,029,700	\$ 2.79
8 yr. ave.	5,063	57.4	290,600	\$ 737,613	\$ 2.54
SOYBEANS					
75	12,100	24.0	290,700	\$ 1,308,100	\$ 4.50
76	10,200	15.0	153,000	\$ 999,800	\$ 6.53
77	14,300	25.7	367,900	\$ 2,008,700	\$ 5.46
78	32,000	14.0	449,500	\$ 2,993,600	\$ 6.66
79	29,000	17.2	498,800	\$ 3,013,100	\$ 6.04
80	20,000	10.8	215,000	\$ 1,623,800	\$ 7.55
81	26,100	17.0	444,000	\$ 2,628,400	\$ 5.92
82	32,000	18.4	590,300	\$ 3,169,400	\$ 5.37
8 yr. ave.	21,963	17.1	376,150	\$ 2,218,113	\$ 5.90

HASKELL COUNTY
Information from Kansas State Board of Agriculture

<u>Year</u>	<u>Acres Harvested</u>	<u>Yield Acre</u>	<u>Total Production</u>	<u>Farm Value</u>	<u>Price Per Bushel</u>
WHEAT					
75	113,900	32.9	3,748,100	\$ 12,556,200	\$ 3.35
76	99,200	26.8	2,661,400	\$ 6,868,000	\$ 2.58
77	119,000	32.4	3,858,600	\$ 8,604,700	\$ 2.23
78	109,400	32.9	3,600,600	\$ 10,370,800	\$ 2.88
79	57,200	49.6	2,836,100	\$ 10,441,700	\$ 3.68
80	113,300	39.5	4,471,200	\$ 16,675,800	\$ 3.73
81	86,300	30.7	2,650,500	\$ 9,583,400	\$ 3.62
82	139,300	46.3	6,452,500	\$ 22,293,900	\$ 3.46
8 yr. ave.	104,700	36.1	3,784,875	\$ 12,174,313	\$ 3.22
MILO					
75	24,570	58.8	1,444,400	\$ 3,307,700	\$ 2.29
76	31,700	66.6	2,112,500	\$ 3,957,900	\$ 1.87
77	27,900	77.4	2,160,400	\$ 3,905,300	\$ 1.81
78	28,100	82.7	2,322,900	\$ 4,808,200	\$ 2.07
79	40,900	69.9	2,858,500	\$ 6,389,300	\$ 2.24
80	47,700	79.0	3,770,000	\$ 11,057,100	\$ 2.93
81	67,900	99.3	6,744,500	\$ 14,770,500	\$ 2.19
82	65,000	85.2	5,534,900	\$ 15,110,300	\$ 2.73
8 yr. ave.	41,721	80.7	3,368,513	\$ 7,913,288	\$ 2.35
CORN					
75	92,400	113.4	10,481,000	\$ 27,256,000	\$ 2.60
76	107,500	125.1	13,444,000	\$ 28,505,600	\$ 2.12
77	124,100	106.0	13,154,600	\$ 26,802,300	\$ 2.04
78	99,700	139.5	13,909,300	\$ 33,517,600	\$ 2.41
79	84,600	136.8	11,572,000	\$ 30,189,600	\$ 2.61
80	86,000	130.1	11,188,300	\$ 37,785,900	\$ 3.38
81	76,300	155.5	11,865,700	\$ 31,736,700	\$ 2.67
82	80,800	147.9	11,950,300	\$ 34,740,900	\$ 2.91
8 yr. ave.	93,925	129.8	12,195,650	\$ 31,316,825	\$ 2.57
SOYBEANS					
75	100	31.0	3,100	\$ 12,900	\$ 4.16
76	100	15.0	1,500	\$ 9,800	\$ 6.53
77	700	42.9	30,000	\$ 164,100	\$ 5.47
78	1,100	30.9	34,000	\$ 218,300	\$ 6.42
79	4,800	32.0	153,700	\$ 891,100	\$ 5.80
80	3,300	28.5	94,200	\$ 701,100	\$ 7.44
81	3,900	44.9	175,000	\$ 994,100	\$ 5.68
82	6,500	39.0	253,800	\$ 1,319,600	\$ 5.20
8 yr. ave.	2,563	36.3	93,163	\$ 538,875	\$ 5.78

RENO COUNTY
Information from Kansas State Board of Agriculture

Kan. Farm Bureau

<u>Year</u>	<u>Acres Harvested</u>	<u>Yield Acre</u>	<u>Total Production</u>	<u>Farm Value</u>	<u>Price Per Bushel</u>
WHEAT					
75	361,500	27.8	10,056,300	\$ 33,542,100	\$ 3.34
76	365,700	28.2	10,318,300	\$ 26,918,800	\$ 2.61
77	355,600	24.7	8,778,600	\$ 20,190,800	\$ 2.30
78	297,900	30.3	9,031,300	\$ 26,825,700	\$ 2.97
79	317,900	35.6	11,315,300	\$ 43,007,300	\$ 3.80
80	284,100	25.6	7,278,900	\$ 27,943,700	\$ 3.84
81	318,900	30.3	9,671,400	\$ 36,597,300	\$ 3.78
82	326,600	33.7	10,999,700	\$ 39,872,100	\$ 3.62
8 yr. ave.	328,525	29.5	9,681,225	\$ 31,862,225	\$ 3.29
MILO					
75	76,900	36.9	2,841,200	\$ 6,563,200	\$ 2.31
76	88,400	33.1	2,992,500	\$ 5,465,100	\$ 1.87
77	96,600	59.0	5,697,900	\$ 9,914,300	\$ 1.74
78	88,000	40.2	3,539,300	\$ 7,255,300	\$ 2.04
79	78,800	67.1	5,288,300	\$ 11,873,300	\$ 2.25
80	94,800	53.6	5,084,900	\$ 15,032,600	\$ 2.96
81	98,500	51.7	5,094,600	\$ 11,157,200	\$ 2.19
82	82,700	56.9	4,701,700	\$ 12,365,300	\$ 2.63
8 yr. ave.	88,088	49.9	4,396,300	\$ 9,953,288	\$ 2.26
CORN					
75	3,200	101.9	326,000	\$ 845,000	\$ 2.59
76	2,300	71.9	165,400	\$ 352,300	\$ 2.13
77	4,300	104.7	450,100	\$ 895,700	\$ 1.99
78	4,500	99.8	449,300	\$ 1,073,700	\$ 2.39
79	3,500	121.4	424,900	\$ 1,087,200	\$ 2.56
80	4,800	71.1	341,300	\$ 1,149,300	\$ 3.37
81	600	108.3	65,000	\$ 171,200	\$ 2.63
82	6,900	117.1	807,900	\$ 2,276,300	\$ 2.82
8 yr. ave.	3,763	100.6	378,738	\$ 981,338	\$ 2.59
SOYBEANS					
75	2,900	23.7	68,700	\$ 309,100	\$ 4.50
76	1,400	20.0	28,000	\$ 182,900	\$ 6.53
77	2,400	36.6	87,900	\$ 493,900	\$ 5.62
78	3,500	24.3	84,900	\$ 565,400	\$ 6.66
79	4,200	28.4	119,300	\$ 713,400	\$ 5.98
80	4,300	17.8	76,600	\$ 579,300	\$ 7.56
81	4,200	29.0	122,000	\$ 713,700	\$ 5.85
82	5,400	31.6	170,700	\$ 909,700	\$ 5.33
8 yr. ave.	3,538	26.8	94,763	\$ 558,425	\$ 5.89

Agriculture Land Classes

No. 1	Irrigated	1,459,622	}	2,197,750 acres	4.56%
No. 2	"	738,128			
No. 1	Bottom	1,239,359	}	2,248,562 acres	4.67%
No. 2	"	1,009,203			
No. 1	Upland	13,547,014	}	23,590,727 acres	48.97%
No. 2	"	10,043,713			
No. 1	Tame Grass	745,772	}	1,643,621 acres	3.41%
No. 2	" "	897,849			
No. 1	Native Grass	8,943,047	}	18,493,342 acres	38.39%
No. 2	" "	9,550,295			
Total				48,174,002	

Capitalization of Net Income to Determine Pasture Value Native Pasture (Flint Hills)

Gross Income	\$15.00
Expenses	
Taxes	\$2.00
Upkeep (fences, well, pond, ect.)	1.00
Management (10%)	<u>1.50</u>
Total Expenses	\$4.50
Net Income	\$11.50

$$\$11.50 \div 14\% \text{ (cap rate)} = \$82.15$$

Reno County

To determine the use value appraisal of an average acre of Reno County cropland planted to wheat we will use the eight year average yield and price per bu. as reported in the State Board of Agriculture Annual Report.

Reno counties eight year average yield of wheat was 29.5 bu per acre with an average price of \$3.29.

Total crop acres in Reno county is 538,456 and total acres harvested of the four major crops is 423,916. 526,370 acres or 70% of the 753,200 total acres of Reno county is put in the "upland" class by the county appraisers.

Example of Use-Value with an acre of cropland planted to Wheat

landlord share = 1/3

Gross Income (29.5 bu. x \$3.29 = 97.05 ÷ 3 = \$32.35) 32.35

Expenses

Taxes (40.62 = assessed value of upland) (40.62 x .0892 = \$3.62) \$ 3.62
.0892 = ave. rural tax levy

Fertilizer (landlord share = 1/3) \$ 6.00

Upkeep (terraces, waterways, lime application, ect.) \$ 1.00

Management (10%) \$ 3.23

Total Expenses \$ 13.85

Net Income \$ 18.50

\$18.50 ÷ 14% = \$132.¹⁴ = Use Value appraised

.14 $\overline{) 132}$
 $\underline{1850}$
 $\underline{14}$
 $\underline{45}$
 $\underline{42}$
 30

10 $\overline{) 1850}$
 $\underline{1850}$