

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m. on Tuesday, February 26, 1985 in room 519-S of the Capitol.

All members were present except:

Senator Jim Allen (Excused)
Senator Don Montgomery (Excused)

Committee staff present:

Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:

Senator Mike Johnston
Almeda Edwards, Ottawa
Joe Harkins, Kansas Water Office
David L. Pope, Chief Engineer, State Board of Agriculture
John K. Blythe, Farm Bureau
Senator Phil Martin
Pat Hubbell, Kansas Railroad Association

S.B. 194 - Income tax credit for water measuring device costs

Senator Mike Johnston explained that the bill would provide a tax credit for people who are required by the Chief Engineer to install a water meter. He said the bill is an effort for the state to shoulder some of the responsibility for the cost since the theory is that the entire state benefits from minimum streamflows and water conservation.

Almeda Edwards read her written testimony (Attachment 1). She described their experience and costs when they were required to install a water meter. She recommended that the provisions of the bill be retroactive.

Joe Harkins said two methods had been discussed to provide state assistance with regard to water meters. He told the Committee that it seems to be the general concensus that it is preferable that the meters be placed in the state cost-share program administered by the State Conservation Commission. This would mean that people not having a tax liability would still be able to receive assistance and would also mean that the impact on the budgeting process would be minimized. Mr. Harkins pointed out that the administrative mechanism is already in place for the cost-share program and that it would be very difficult for the Department of Revenue to certify whether or not the meters are actually in place. Mr. Harkins suggested that a paragraph be added to the statute providing for the cost-share program which would include water meters (Attachment 2). He said the language in the amendment is retroactive and includes a sunset provision.

David Pope summarized his written testimony (Attachment 3). He described situations where his office requires water meters. He suggested that the Committee may wish to consider including people who voluntarily install water meters in the bill. Mr. Pope also pointed out that groundwater management districts have authority to require the installation of water meters. He agreed that the provisions of the bill should be retroactive. He testified that he anticipates the need to continue to require water meter installation in the future.

John Blythe read his written testimony in support of S.B. 194 (Attachment 4).

Senator Frey pointed out that water meters were probably already considered as a deductible business expense.

S.B. 258 - Valuation of railroad property for taxation purposes

Senator Phil Martin explained that the bill speaks to segregating the value of railroads for purposes of assessment. He distributed a copy of a newspaper

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m./~~p.m.~~ on Tuesday, February 26, 1985

article (Attachment 5) describing a situation where the sum of the parts of a corporation are worth more than the value of the whole. Senator Martin provided a proposed amendment to the bill (Attachment 6) which would include all public utilities. He feels the Property Valuation Division should have the ability to make a determination using either the segregated approach or the unit approach. Senator Karr asked about the effect a classification plan such as the 30-12 proposal would have in this area. Senator Martin answered that it would be extremely difficult to perform a unit method of assessment if personal property were exempt.

Pat Hubbell summarized his written statement in opposition to the bill (Attachment 7). He said that railroads cannot be sold in a piecemeal manner without extensive hearings. He stated that it is possible that a segregated valuation might possibly bring in a lower valuation than the unit approach. Mr. Hubbell said that the unit valuation has been used in several states where personal property is exempt. The Committee was told that in those states, the percentages as to what is realty and personalty varies, depending on the state.

Senator Mulich moved that the minutes of the February 25, 1985 meeting be approved. Senator Karr seconded the motion, and the motion carried.

Meeting adjourned.

(Note: See letter from Secretary Harley Duncan regarding S.B. 194 - attached.)

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/26/85	Doris Nabel	Topeka	Div. of Budget
	Terry Humphrey	"	KMH I
	JANET STUBBS	"	HBAK
	Richard D. Kready	"	KPL / Gas Services
	Ted Meyer	"	HP & L
	D. WAYNE ZIMMERMAN	TOPEKA	THE ELECTRIC COS ASSOC. OF KS.
	Donna Voth	"	Sen Johnston
	Donna Voth	"	KCCI
	Mary E Turningham	Topeka	Kansas Motor Carriers Assn
	Clay Wheeler	Topeka	Leg. Policy Group
	Bob Bradley	LAURENCE	KS Assoc. Counties
	Mike Germann	Topeka	KS Railroad Assn.
	JOHN KOEPKE	Topeka	KA & B
	JERRY COOPER	TOPEKA	KG & E
	Jahn K. Blythe	Manhattan	K. F. B.
	Rich McKee	Topeka	K. L. A
	Ed Reinert	"	LWU's
	Marian Harner	Lawrence	LWVK
	Pat Hubbell	Topeka	Kansas RR Assn.
	H. Dymca	Topeka	Dept of Rev
	Kenneth Kern	Topeka	STATE CONSERVATION ^{Commission}
	Phil Martin	Atchison	St. Senator
	Carol Bouck	Topeka	DOR
	VIC MILLER	"	PVD
	Frank Wesson	Lawrence	KWA
	David H. Egel	Topeka	DNR / WPA
	Tom Gaches	TOPEKA	UNITED TELEPHONE

TESTIMONY ON S.B. 194

by

Almeda Edwards
R. 2, Ottawa, Kansas

Senate Assessment and Taxation Committee

Mr. Chairman and members of the committee, I appreciate the opportunity to appear before you to comment on S.B. 194.

I am Almeda Edwards. My husband and I farm just north of Ottawa and irrigate almost 300 acres of cropland. We pump from a rock quarry on our property, where we impound water from a wet-weather creek during times of heavy rain. We began irrigating in 1969, we have senior water rights for this use, and we report the amount of water pumped each year as required by law. Our storage capacity is about 240 acre feet and we pump about 75,000,000 gallons in an average dry summer.

As you know, legislation identified as S.B. 735 was passed in the 1984 session, effective April 12, 1984, allowing the establishment of minimum desirable streamflow regulations for four basin areas including that of the Marais des Cygnes River.

From this legislation, the Chief Engineer-Director of Division of Water Resources, State Board of Agriculture determined it necessary that meters be installed on any pumps used for appropriating water in the drainage basin of the river, except for domestic uses.

By certified mail, we and other irrigators of record received letters from David Pope, Chief Engineer-Director, dated June 13, 1984, accompanied by an official order, also dated June 13th, and a water meter specifications sheet, directing that meters were required subject to the order and were to be installed on or before August 1, 1984. Any extension of time required a request stating reasons, followed by written approval from the Chief Engineer. There was no procedure suggested in the event you simply thought your own location did not warrant the use of meters.

Although our irrigation project had no effect on minimum streamflow of the Marais des Cygnes, we figured it was just another example of regulations having a high price tag.

We ordered two meters for our pumps and also on the same invoice, two for a neighbor caught in a similar situation. The meters cost \$536.00 each. They were in place by August 1st as ordered. They will in no way return their cost in increased efficiency of our operation. They are at best a convenience for filling out reports to the State.

I am here today to ask that you amend S.B. 194 to be retroactive to the date of the legislation which resulted in the order affecting the irrigators on the four basins, namely April 12, 1984. Allowing a tax credit to those who chose not to appeal but instead purchased and installed the meters as ordered, is more equitable treatment of all involved.

If such a change is made, I ask that you recommend passage of S.B. 194. I will be happy to respond to any questions you may have.

McCROMETER FLOW METERS

This might be of interest to those who have never seen a meter. They are only warranted by the manufacturer for one year.

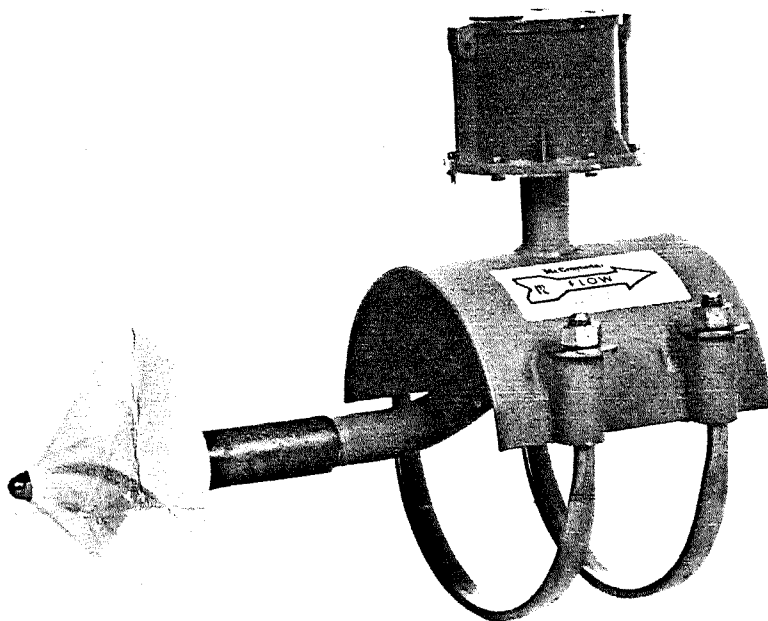
Bolt-On Saddle Meter

Model No. MO300

GENERAL

Model MO300 Bolt-on Saddle Meters are manufactured of standard parts as found in McCrometer Main-line Meters, but using a fabricated steel saddle assembly coated with plastic. The Model MO300 is manufactured to comply with applicable provisions of the American Water Works Association Standard No. C704-70 for propeller type flowmeters. The steel saddle is not subject to fatigue as cast saddles are, and is flexible enough to conform to out-of-true pipe. The plastic coating protects the saddle and drop pipe from corrosion and scale build-up.

Meters to be mounted with weld-on clips and bolts (in lieu of "U" bolts) are available on special order. Magnetic Drive, Instantaneous Flowrate Indication, Straight Reading Totalizer are standard production.





KANSAS STATE BOARD OF AGRICULTURE

DIVISION OF WATER RESOURCES
DAVID L. POPE, Chief Engineer-Director
109 SW Ninth Street, Suite 202
TOPEKA, KANSAS 66612-1283
(913) 296-3717

HARLAND E. PRIDDLE
Secretary

CERTIFIED

June 13, 1984

TO: Water Users, Marais des Cygnes River

FROM: David L. Pope, Chief Engineer-Director

Information in this office indicates that you are the owner, operator or have an interest in a water right which is subject to the enclosed order of the Chief Engineer-Director, dated June 13, 1984, requiring the installation of meters on all pumping units to be used to pump water from a reach of the river described in the order. If you no longer have an interest in this water right, please advise us of the change.

The meters are to be installed on or before August 1, 1984, or within any authorized extension of time. If you feel that you need additional time to install the meter(s), you must make a request in writing to this office stating the reason or reasons additional time is needed. If an extension is granted, you will be notified in writing by this office.

It is requested that you keep a record of the meter readings at the beginning and end of each year and report the readings and the quantity pumped at the end of each year.

Also enclosed is a copy of the specifications for acceptable water meters which have been adopted by the Chief Engineer-Director. If you have an existing meter installed which does not meet these requirements, you may request a variance to the specifications by providing us with the information or data about the meter or its installation so that we can determine if it will be acceptable.

Please let me know if you have any questions.

Sincerely yours,

David L. Pope

David L. Pope, P.E.
Chief Engineer-Director

by James O. Bagley

DLP:JOB:srf

Enclosure

cc: Dale P. Mahan, Water Commissioner
Topeka Field Office

THE STATE



OF KANSAS

STATE BOARD OF AGRICULTURE

Harland E. Priddle, *Secretary*

DIVISION OF WATER RESOURCES

David L. Pope, *Chief Engineer-Director*

BEFORE DAVID L. POPE, CHIEF ENGINEER-DIRECTOR
DIVISION OF WATER RESOURCES
KANSAS STATE BOARD OF AGRICULTURE

IN THE MATTER OF THE INSTALLATION OF WATER METERS
ON PUMPS DIVERTING SURFACE WATER FROM THE MARAIS DES CYGNES RIVER
AND ALL STREAMS AND WATERCOURSES IN ITS DRAINAGE BASIN

The Chief Engineer-Director hereby makes the following findings and order:

FINDINGS

1. That K.S.A. 82a-706c provides in pertinent part,

"The chief engineer shall have the full authority to require any water user to install meters, gages, or other measuring devices, which devices he or she or his or her agents may read at any time, and to require any water user to report the reading of such meters, gages, or other measuring devices at reasonable intervals...."

2. That the 1984 Session of the Legislature of the State of Kansas enacted legislation identified as Senate Bill No. 735 which became effective on April 12, 1984. That said Senate Bill No. 735 incorporated by reference that section of the State Water Plan submitted to the 1984 Legislature identifying and establishing minimum desirable streamflows for the following four rivers: The Marais des Cygnes; the Neosho and its major tributary; the Cottonwood; and the Little Arkansas.
3. That the Chief Engineer-Director has determined that in order to properly administer surface water rights and the minimum desirable streamflows for the Marais des Cygnes River, it is necessary for all persons who appropriate surface waters from said river, or from any streams or watercourses in the drainage basin of said river, to install meters on any pumps by means of which such surface waters are appropriated.

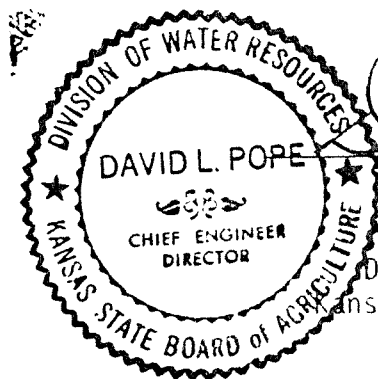
ORDER

NOW, THEREFORE, the Chief Engineer-Director, Division of Water Resources, Kansas State Board of Agriculture, hereby orders all non-domestic water right holders appropriating surface water from the Marais des Cygnes River, or from any streams or watercourses in the drainage basin of said river:

1. To install meters on all pumps which are used to divert surface water from said river, or from any streams or watercourses in the drainage basin of said river;
2. To install meters on all pumps being used to divert such waters, except those being used to divert water solely for domestic use;
3. To install such meters on or before August 1, 1984, or within any authorized extension of time thereof for good cause shown by the water user;
4. To install the meters in accordance with the manufacturer's specifications;
5. To install meters which will meet or exceed the specifications adopted by the Chief Engineer on March 27, 1980 and amended on March 16, 1981; and
6. To maintain all meters required by this order in an operating condition satisfactory to the Chief Engineer-Director.

The Chief Engineer specifically retains jurisdiction in this matter to make such changes, additions or deletions to this order as he deems necessary in the public interest.

Dated at Topeka, Kansas, this 13th day of June, 1984.



David L. Pope

David L. Pope, P.E.
Chief Engineer-Director
Division of Water Resources
Kansas State Board of Agriculture

2-1915. Conservation structures on private lands; state appropriations authorized for construction; limitations; rules and regulations of state conservation commission; other assistance. Appropriations may be made for grants out of funds in the treasury of this state for the construction of terraces, terrace outlets, check dams, dikes, ponds, ditches, watershed structures and other water conservation structures on privately owned lands. Such grant shall not exceed eighty percent (80%) of the total cost of the construction of any such structure. The state conservation commission shall adopt rules and regulations to administer such grant program. Any district is authorized to make use of any assistance whatsoever given by the United States, or any agency thereof, or derived from any other source, in the construction of such structures.

History: L. 1937, ch. 5, § 15; L. 1976, ch. 7, § 5; L. 1979, ch. 9, § 1; July 1.

Research and Practice Aids:

States 131.

C.J.S. States §§ 161 et seq.

All holders of water rights for agricultural and industrial uses who voluntarily or are required the Chief Engineer of the division of water resources of the state board of agriculture to install new metering devices between December 31, 1984 and June 30, 1990 may be eligible for reimbursement of up to fifty (50) percent of the cost of such device and installation not to exceed \$500.

STATEMENT BY DAVID L. POPE
CHIEF ENGINEER-DIRECTOR
DIVISION OF WATER RESOURCES
KANSAS STATE BOARD OF AGRICULTURE

TO SENATE COMMITTEE ON ASSESSMENT AND TAXATION

FEBRUARY 26, 1985

Thank you, Chairman Kerr and Members of Committee, for the opportunity to appear before you today. I am David L. Pope, Chief Engineer-Director of the Division of Water Resources, Kansas State Board of Agriculture. I am not appearing at this hearing as either a proponent or opponent to Senate Bill No. 194; however, I would like to make a few comments about the bill.

As a matter of information, my office finds it necessary in some cases to require the holders of existing water rights or new permits for the appropriation of water to install water meters or other suitable measuring devices so that we may adequately discharge our administrative responsibilities under the Water Appropriation Act and other related statutes. Some examples of situations where water meters were required by our office during 1984 are: 1) The holders of water rights on each of the four rivers where minimum desirable streamflow standards were adopted by the Legislature last year, 2) On water right holders in the two additional intensive groundwater use control areas established by our office last year, and 3) On a number of water right holders where there were special concerns regarding possible overuse, special problems relating to possible impairment or other unique problems.

Generally, our philosophy has been to require water meters only when special administrative problems require the need for this information from a regulatory standpoint. However, we highly encourage all water users to use any means at their disposal, including water meters, to accurately determine the amount of water they are using.

I note that Senate Bill No. 194 would allow only those individuals required to install a water meter to claim the tax credit. You may wish to consider some way to allow water users who voluntarily install water meters to qualify for some type of assistance.

Also the groundwater management districts have the authority to require water meters and some have chosen to do so. As I read the bill these individuals would not qualify for the tax credit. During 1984, my office required approximately 1,000 water meters or other measuring devices to be installed. In addition, several of the groundwater management districts required meters on new wells, replacement wells and in other situations.

All of the water users subject to orders of the Chief Engineer referred to above were required to install water meters within a specified time limit or within any authorized extension of time. In the case of the orders in 1984 relating to minimum desirable streamflow, a blanket extension of time was granted until June 1, 1985 for several reasons. These reasons included the lack of availability of equipment in that part of the state and the need to resolve local concerns related to some of the unique situations that existed in the area related to the use of water from ponds. However, I think in all fairness, any of the water users who went ahead and installed their required meter before January 1, 1985, should be entitled to the same opportunity for tax credit as the ones who delayed until after January 1, 1985.

I might also point out that the matter of water meters was extensively discussed during consideration of the proposed State Water Plan last year. After consideration of comments at public meetings and extensive discussion by the Kansas Water Authority, the proposed State Water Plan was revised to recommend a cost share program instead of a tax credit program. The State Water Plan proposal requires the Chief Engineer to certify that the water meter be installed in

accordance with the specifications in order to qualify for the cost share assistance. Senate Bill No. 194 does not require the Chief Engineer to certify the meter to be installed before the tax credit is given, although one could assume that would not be a problem since only meters required by the Chief Engineer would be eligible. On the other hand, the proposal in the State Water Plan does not limit this type of assistance to only those individuals who are required to install a water meter by the Chief Engineer. Consequently, these individuals who voluntarily install a measuring device or who were required to install a measuring device by the Board of Directors of an existing groundwater management district would also be eligible for assistance under the State Water Plan proposal. In most cases, my office does not require a water meter if the local groundwater management district has a meter policy that would require a meter under similar circumstances. This allows the local district to maximize local enforcement. I think meters required by districts should be eligible for assistance.

I do anticipate the need to continue requiring water meters in select circumstances in the future. At the current time, we have three rather large proposed intensive groundwater use control areas pending designation. At this time we do not know if, in fact, these areas will be designated as intensive groundwater use control areas at all, whether any special controls will be established, or whether meters will be required. In addition, legislation is pending this year regarding the adoption of minimum desirable streamflow requirements on five additional streams. While I would not necessarily anticipate that all of these situations will result in meters being required, potentially about 5,000 water users could be affected if all of them were required to install meters.

Chairman Kerr, that concludes my remarks. I would be happy to answer any questions the Committee might have at this time.



Kansas Farm Bureau, Inc.

2321 Anderson Avenue, Manhattan, Kansas 66502 / (913) 537-2261

STATEMENT TO
SENATE COMMITTEE ON ASSESSMENT & TAXATION

RE: S.B. 194--Tax Credit for Costs
of Water Measuring Devices

February 26, 1985
Topeka, Kansas

Presented by
John K. Blythe, Assistant Director
Public Affairs Division
Kansas Farm Bureau

Mr. Chairman and Members of the Committee:

My name is John Blythe. I appear here today representing the Kansas Farm Bureau.

Although we do not have a policy of supporting the requirement of water metering or measuring devices, we do support the authority of Ground Water Management Districts and their activities.

Should water metering or measuring devices be required, we support the provisions of S.B. 194 in granting a tax credit for this expense in the amount of 50 percent of the cost including installation costs.

We thank you for this opportunity to appear.

Sunday, February 24, 1985

The Topeka Capital Journal

Home/Business

Wall Street sharks watch Helms-CBS

By DAVID A. VISE
LA Times-Washington Post Service

What began last month as a campaign by Sen. Jesse Helms, R-N.C., and other conservatives to eliminate a "liberal bias" in CBS Inc., news coverage is making the \$4.9 billion communications company more vulnerable to a takeover, Wall Street experts say.

The biggest risk to CBS is not that Fairness in Media — the North Carolina-based group backed by Helms — will be able to buy enough stock to control CBS, according to Wall Street analysts and investment bankers. Instead, the greater risk is that some Wall Street takeover specialist will make a bid for the company amidst the turmoil, these sources said.

On the other hand, CBS would have some powerful defensive weapons at its disposal in such a fight, the analysts said.

"Most people on the street (Wall Street) do not put much credibility on Fairness in Media's proxy fight. On the other hand, it raises the profile of the company (CBS). To the extent it makes CBS appear more vulnerable, it may create interest among other sharks," said Mark Rieley, an analyst with F. Eberstadt & Co. Inc.

Analysts and corporate takeover specialists said they believe that CBS is at risk because the sum of its parts is considered to be worth more than the stock market's valuation of the whole.

One of the reasons for this is the price that television stations are selling for in the current market. CBS owns highly valuable television stations in New York, Los Angeles, Chicago, Philadelphia and St. Louis.

CBS stock has been selling for about \$80 a share. Estimates suggest that the company's principal assets, if they were sold one-by-one, could be worth as much as \$110-a-

share to \$170-a-share, according to interviews with investment bankers and Wall Street analysts. "In the real world, everything has a price. On a liquidation basis, CBS is worth considerably more than it is selling for (on the stock market)," said R. Joseph Fuchs, a Kidder, Peabody & Co. Inc. analyst, echoing the views of other experts.

Therefore, a corporate raider could pocket a sizable profit by purchasing more than half of CBS stock and then voting to bust up the company and sell the assets. The raider could offer stockholders a premium of about 35 percent over the market price and still have the potential to profit on the transaction, experts said.

While no such raiders have stepped forward, experts believe they are sharpening their pencils and trying to decide whether to make their move.

CBS is, of course, not the only industry attraction for the takeover

specialists. For about two years now, American Broadcasting Cos., parent company of the ABC television network, has been mentioned as a takeover target, most recently about three weeks ago.

Savvy Wall Street financiers like Saul Steinberg could view CBS as an attractive takeover target, and Cable News Network founder Ted Turner has stated in the past that he would like to control one of the networks, although Turner hasn't publicly expressed an interest in CBS since its battle with FIM began.

An investor group that included both financial and broadcasting experts could pose a threat to CBS, experts said, especially since such a group could retain the services of an investment banking firm such as Drexel Burnham Lambert Inc., which has the power to raise tremendous sums quickly to finance hostile takeover bids.

CBS reported record revenue and

profits in 1984 of \$4.92 billion and \$212.4 million respectively, an increase in profits of 13.5 percent over 1983.

Analysts credit CBS Chairman Thomas H. Wyman with doing an excellent job identifying what businesses the company should be in and what businesses it should abandon.

Last year, CBS made a major acquisition by purchasing a group of magazines from Ziff-Davis Publishing Co. and took a large loss when it decided, to the applause of analysts, to get out of the musical instruments business.

CBS continues to be the leading network in primetime, daytime and evening news, and Dan Rather, one of the targets of FIM's campaign, continues to be the most popular network anchorperson. The phenomenal success of CBS Records in the last few years, including Michael Jackson's "Thriller" album, the largest-selling record by a single artist in recorded music history, will be difficult to maintain, analysts said.

Experts said arbitrageurs, institutional investors and takeover specialists have been reviewing broad-

Wall Street sharks watch Helms-CBS
(Continued)

cast stocks to determine which of them are potential takeover targets. The publicity surrounding FIM's campaign could prompt bids from raiders interested in profits, not politics.

CBS has about 29.7 million shares outstanding, two thirds of which are owned by institutions, rather than individual shareholders. FIM's campaign, including the mailing of one million letters to individuals and asking them to buy at least 20 shares of CBS each, is an attempt to organize individual shareholders to gain influence over corporate and network affairs. But strong institutional ownership of CBS and other factors make it difficult for the FIM strategy to succeed, according to Wall Street analysts.

For example, CBS's rules for electing directors make it difficult for a minority of shareholders to gain seats on the company's board.

But it is clear from discussions with sources close to the situation that FIM is considering other ways of putting pressure on CBS. Last week, FIM said in a Securities and Exchange Commission filing that it is holding discussions with third parties about transactions to seek control of CBS. The documents did not identify the third parties.

The current total stock market capitalization or value of CBS is approximately \$2.4 billion, while the estimated break-up value of the company could approximate \$4 billion, depending on market conditions when the assets are sold, according to analysts and investment bankers.

Institutional money managers, who would sell their shares if a raider offered a significant enough premium to the CBS stock price, clearly control the future ownership of the company. The company's biggest single stockholder is William S. Paley, who controls about 1.9 million shares or 6.4 percent of the company.

In addition to the standard takeover defenses against hostile bidders, CBS could try to bleed a bidder by making the takeover process lengthy and costly. This strategy might discourage a raider from hanging on in a lengthy battle because the annual interest cost to the raider who borrows money to finance a CBS takeover bid could exceed \$250 million.

The Federal Communications Commission would have to approve a transfer of broadcast licenses, CBS lawyers noted in a recent court filing. Presumably, CBS lawyers could take advantage of this requirement to make a takeover attempt both lengthy and costly, sources said.

Some experts believe that any realistic analysis of the break-up value of CBS must recognize that some of the value would be diminished unless the network and the five owned and operated stations in New York, Los Angeles, Chicago, Philadelphia and St. Louis were controlled by the same party. Selling them separately

might not reap the full benefit, while finding a buyer able to afford the entire package at a premium price could be difficult, analysts said.

The reason to keep them together, experts said, is that the television stations in the major markets serve as important outlets for network programming, and also encourage affiliated stations around the country to be loyal to the network.

Another possible outcome of the battle for control is that CBS could end up in the hands of a white knight, or friendly acquirer. Another possibility is that the FIM campaign will generate more publicity than action, leaving CBS as a broadly held public company.

Another possibility is that FIM will team up with a group of wealthy conservative investors and launch a hostile bid for CBS.

Whatever the outcome, the FIM-Helms campaign to eliminate what they believe is a liberal bias in news coverage at CBS is a difficult event for many Wall Street analysts to interpret. Typically, takeover bids and proxy fights are launched for economic reasons. In this case, political and philosophical beliefs are the driving forces.

CBS issued the following statement in response to the initial FIM, SEC filing:

"CBS News reports the news as accurately and fairly as it can independent of any political point of view. Its sole purpose is journalism. Its goal is total objectivity. To seek control of a corporation for the sole purpose of subjecting its news to political influence contradicts the traditions of a free and independent press. CBS intends to take all appropriate steps to maintain the independence and integrity of its news organization."

In his letter to one million Americans, asking for support of the bid to influence CBS, Sen. Jesse Helms wrote the following:

"For years good Americans like you have asked President Reagan and me what can be done to combat the flagrant bias in the liberal news media. ... At last there's an answer to that question.

"The answer is for you and other Americans like you to switch a portion of your savings and investments into stock ... in one of America's largest TV networks.

"... FIM is launching a nationwide campaign, very much like a presidential campaign, to end the liberal bias at CBS by urging conservatives to purchase enough CBS stock ... if necessary to control the network.

"... So please, even if you can't shift some of your investments to CBS stock, please send FIM a contribution today of \$15 or \$25. If you can send more than \$25, bless you!

"... FIM is counting on you to become Dan Rather's boss — by switching a portion of your investments to CBS stock."

Proposed Amendment to SB 258

On page 1, by striking all in lines 23 to 45, inclusive;

On page 2, by striking all in lines 46 to 82, inclusive;

On page 3, by striking all in lines 83 to 112, inclusive;

after line 112, by inserting a new section to read as follows:

"Section 1. K.S.A. 79-5a04 is hereby amended to read as follows: 79-5a04. The director of property valuation shall annually determine the fair market value of public utility property, both real and personal, tangible and intangible, of every public utility as defined in subsection (a) of K.S.A. 79-5a01 and amendments thereto. In making such determination, the director may either value public utility real and personal property separately or value all such property utilizing the unit valuation methodology as hereinafter prescribed.

As used in this section, "fair market value" means the amount in terms of money that a well informed buyer is justified in paying and a well informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. For the purposes of this definition, it shall be assumed that consummation of a sale occurs as of January 1.

The division of property valuation in determining the fair market value of public utility property shall ~~where practicable~~ may determine the unit valuation, allocated to Kansas, and in doing so shall use generally accepted appraisal procedures developed through the appraisal process and may consider, including but not by way of exclusion, the following factors:

(a) Original cost.

(b) Original cost less depreciation or reproduction cost less depreciation, or both, or replacement cost new less depreciation, except that where either method is used proper allowance and deduction shall be made for functional or economic obsolescence and for operation of nonprofitable facilities which

necessitate regulatory body approval to eliminate.

(c) The market or actual value of all outstanding capital stock and debt.

(d) The utility operating income, capitalized in the manner and at such rate or rates as shall be just and reasonable.

(e) Such other information or evidence as to value as may be obtained that will enable the property valuation department to determine the fair market value of the property of such public utility.

The fair market value of affiliated properties separately assessed, or the nonoperating properties of such companies, or both, shall be ascertained and determined as nearly as possible and deducted from the total unit value of the properties of such companies if such properties are included in the unit value. Except for the property of any entity enumerated in subsection (b) of K.S.A. 79-5a01 and amendments thereto, and insofar as it is practicable to do so, the same method of evaluating the properties of the companies separately assessed or nonoperating properties, or both, shall be used as was used in determining the unit value of such companies. All property of any entity enumerated in subsection (b) of K.S.A. 79-5a01 and amendments thereto, shall be valued by the county or district appraiser in the same manner as provided by law for the valuation of the same type or class of property in the county.";

By renumbering existing sections 6 to 8, inclusive, as sections 2 to 4, respectively;

Also, on page 3, in line 115, by striking "79-5a01" and inserting "79-5a04";

In the title, in line 18, after "the" by inserting "method of"; in line 19, by striking "railroad" and inserting "public utility"; also, in line 19, by striking all after "properties"; in line 20, by striking all before the semicolon; also, in line 20, by striking "79-5a01" and inserting "79-5a04";

STATEMENT OF THE
KANSAS RAILROAD ASSOCIATION

Presented To

THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The Honorable Fred A. Kerr, Chairman

Statehouse
Topeka, Kansas
February 26, 1985

KANSAS RAILROAD ASSOCIATION

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PATRICK R. HUBBELL
SPECIAL REPRESENTATIVE-PUBLIC AFFAIRS

MICHAEL C. GERMANN, J. D.
LEGISLATIVE REPRESENTATIVE

MR. CHAIRMAN AND MEMBERS OF THE SENATE ASSESSMENT AND
TAXATION COMMITTEE:

My name is Pat Hubbell. I am the Special Representative
- Public Affairs for the Kansas Railroad Association.

Chapter 434 of the 1969 Session Laws of Kansas,
(K.S.A. 79-5a01 et seq.), was enacted after two years of
legislative study and has been reviewed periodically by
standing and special committees of this legislature. The
1982 Special Committee on Assessment and Taxation stated in
its report to the Legislature: "The Committee recommends no
change in the statutes pertaining to the valuation of
railroads and other public utilities." Kansas Railroads
support the underlying principles of public utility
appraisal set forth in Kansas statutes.

The first sentence of subsection (a) of new Section 2 of
S.B. 258 would require the Director of Property Valuation to
contract with a qualified appraisal company to appraise the
property of all railroad companies doing business in the
state for the purpose of taxation for the year 1985. This

one sentence is the only new substantive provision of law contained in S.B. 258. I am not able to estimate the cost of this one sentence to the State of Kansas, but I suspect it would be rather significant.

The remainder of subsection (a) of new Section 2 would require the Director of Property Valuation to annually determine the fair market value of all railroad companies doing business in Kansas. It also would authorize the Director of Property Valuation to conduct investigations and make findings to properly arrive at the fair market value of railroad properties and grant the Director of Property Valuation authority to require railroad companies to furnish all records and files material to any investigation.

Current law is almost identical:

"The director of property valuation shall annually determine the fair market value of the property of all public utilities and shall keep a complete record of how such valuations were determined. The director is authorized to make any investigations and findings to properly arrive at the fair market value of the property of each of the public utilities to be appraised. Any public utility or representative shall upon request of the director furnish any records or files of said utility material to such investigation. . . ." (K.S.A. 79-5a03, para. 2.)

Subsection (b) of new Section 2 would require every railroad company to make an annual return in writing on forms prescribed by the Director of Property Valuation.

The annual return must show all information required by the Director necessary for the purpose of appraising and apportioning the values of all railroad properties. Current law is almost identical:

"Every public utility with property in this state shall through its owner, officer or agent having control of its affairs, before March 20 each year, make a return in writing to the director of property valuation on forms prescribed by the director showing all the information that the director shall require and deem necessary for the appraisal and apportionment of values of said property. . . ." (K.S.A. 79-5a02.)

The language of new Sections 3, 4, 5 and 6 is drawn from and is nearly identical to K.S.A. 79-5a05, 79-5a07, 79-5a10 and 79-5a11.

A one time appraisal by an appraisal firm under contract to the Director of Property Valuation would serve to verify that the Department of Property Valuation of the State of Kansas does a good job of annually appraising rail transportation properties. To accomplish the same purpose we would suggest a less expensive approach. We would recommend that the Director of Property Valuation of the State of Kansas consult with qualified and experienced appraisal experts and with other state assessing authorities to ensure that the Department's appraisal procedures and

findings of fair market value of rail transportation
properties are appropriate.


Thank you for the opportunity to present our statement.
I will try to respond to any questions which you may have.



Kansas
DEPARTMENT OF REVENUE

State Office Building
TOPEKA, KANSAS 66625

MEMORANDUM TO: The Honorable Fred A. Kerr, Chairman
Senate Committee on Assessment
and Taxation

FROM: Harley T. Duncan 
Secretary of Revenue

DATE: February 27, 1985

RE: Senate Bill 194

Following are our administrative comments on S. B. 194 which provides a tax credit for the installation of water measuring devices.

1. The bill should be clarified to make certain that it applies to all taxpayers required to install a water meter in Kansas.
2. The Committee should speak to whether replacement meters for meters which were originally installed under an order from the chief engineer will qualify for the credit.
3. The bill should require that the chief engineer provide a certified list of those persons ordered to install meters to the Department of Revenue. Also, the bill should require that a copy of the order and a receipt for the meter be submitted along with the claim for the credit.
4. The bill should include provisions requiring the add-back of any expense or depreciation claimed on a federal return for such meters and their installation to avoid a double tax benefit.

I hope this information is helpful. Please contact me if you should have any questions.

HTD:do