

Approved 3-17-92 (TUESDAY)  
Date

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Dan Thiessen at  
Chairperson

8:00 a.m./p.m. on Friday, March 6, 1992 in room 527-S of the Capitol.

All members were present except:

Committee staff present:

Bill Edds, Revisor's Office  
Don Hayward, Revisor's Office  
Chris Courtwright, Research Department  
Tom Severn, Research Department  
Marion Anzek, Committee Secretary

Conferees appearing before the committee:

Zoel Parenteau, President/General Manager-KPTS, Wichita  
Nick Slechta, Smoky Hills Cable T.V.  
Bill Waters, Taxation Department, Dept. of Revenue

Chairman Dan Thiessen called the meeting to order at 8:08 a.m. and told the members they would be considering bills and possible action on bills previously heard. He said, the committee would break for their regular scheduled committee assignments, return at 11:00 for the scheduled Assessment and Taxation meeting.

Chairman Thiessen turned attention to HB2381 and reminded the members that the bill passed out of committee, went to the Floor and Senator Gaines requested it back to committee so people from Andover would have a chance to offer testimony, and was referred back to committee. He said after the bill was amended in committee it does have in it, the proposal to reduce the interest rate on delinquent taxes.

Senator Gerald Karr made a conceptual motion to amend HB2381 for permissive language that would allow County Commissioners to waive or provide some kind of relief at the local level to individuals without any kind of insurance coverage, 2nd by Senator Phil Martin.

Senator Gerald Karr made a conceptual motion to amend HB2381, that destroyed property taxes be forgiven, limited to those who have no insurance, 2nd by Senator Phil Martin. The motion carried.

Senator Phil Martin moved to amend HB2381 to have the \$2.00 and under taxes forgiven, and raised to \$5.00 and under taxes forgive, 2nd by Senator Marge Petty. The motion carried.

Senator Gerald Karr moved to favorably pass HB2381 as amended, 2nd by Senator Phil Martin. The motion carried.

Chairman Dan Thiessen turned attention to SB723, the sales tax bill for Independence. 1/2¢ for industrial development, to sunset in 5 years.

Senator Audrey Langworthy moved to favorably pass SB723, 2nd by Senator Sheila Frahm. The motion carried.

The Chairman turned attention to SB601 Set off delinquent taxes owed to other States.

Senator Marge Petty moved to favorably pass SB601, 2nd by Senator Gerald Karr.

Senator Fred Kerr made a substitute motion to allow Bell Municipalities to use the service, 2nd by Senator Sheila Frahm.

After committee discussion: Senator Fred Kerr withdrew his substitute motion, and Senator Sheila Frahm withdrew her 2nd.

Chairman Dan Thiessen recessed the meeting at 8:30 a.m.. The meeting re-convened at 8:45 a.m.

The above motion by Senator Petty to favorably pass SB601, 2nd by Senator Gerald Karr, carried.

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 527-S, Statehouse, at 8:00 a.m./~~p.m.~~ on Friday, March 6, 1992

Chairman Dan Thiessen turned attention to SB578:Disclosure of tax information.

Senator Phil Martin moved to favorably pass SB578, 2nd by Senator Don Montgomery. The motion carried.

Chairman Thiessen called for discussion and possible action on SB579:Appointment of county appraisers; terms abolished.

Senator Phil Martin made a conceptual motion to amend SB579 to force the certified list to be from the list of Certified County Appraisers which the Real Estate Appraisal Board is now over-seeing.

Senator Martin said, this would make the requirements, that the County Appraiser would have, would to come from the list of Certified Appraisers that are coming off of the Real Estate Board Appraisal List, which certification is required now and is stated in the (FIRREA) Act. of 1989.

Senator Martin said Larry Clark testified on SB579 and he said, he specifically asked Mr. Clark if they would be in opposition to association. He said, right now the Director is the individual who determines the eligibility, and he said basically all they need is (1) year experience to pass their examination.

Senator Martin said the certified list which the Federal requires now for an appraiser to be certified requires 2,000 hours worth of experience, and pass the examination. He said, they have a published list with over 500 names. He said his amendment would basically be removing the certification from the Division of Property Valuation over to the same Board which is over-seeing appraisal certification.

Chairman Thiessen said the bill as it stands without the amendments, abolishes the terms for county appraisers. They would be hired with no limits, and the bill would also remove the 4 year appointment.

Senator Martin said his amendment would not affect that. He said, it would only be affecting who is eligible to be a County Appraiser.

Senator Don Montgomery asked how many out of the 500 would be willing to serve as county appraiser. He said, most of them are probably private individuals and in the real estate business.

Senator Martin said he would add that if those individuals were not certified out there now, it would take them a year to be able to obtain certification. He said, this would not impede anyone who is in there now. He said, a good many of them are certified and for those that are not, all they would have to do to be certified is to pass the examination.

Senator Montgomery said, the bill is about the 4 year term, and it has not been taken out in the amendment.

Chairman Dan Thiessen recessed the meeting at 9:00 a.m.. The meeting was called to order at 11:09 a.m..

**Senator Phil Martin withdrew his conceptual motion on SB579, 2nd by Senator Gerald Karr.**

Senator Phil Martin moved to amend SB579 motion to grandfather everyone in at this point and if they made another appointment, an individual then they would have to operate on the certified list that is contained from the Real Estate Appraisal Board, and would become effective January 1, 1993, and also re-insert the 4 year term, 2nd by Senator Karr.

Senator Martin said, the appointment motion gives rise to after January 1, 1993, the next time they make the appointment they would have to do it from the certified list which is under the KS Real Estate Appraisal Board, by the guidelines which are applicable to banks.

**THE MOTION TO AMEND SB579 CARRIED.**

Senator Martin moved to amend SB579 to take back language so there would be a fixed term on the bill, rather than the proposed new language in the bill. Take it back to the present law, 2nd by Senator Don Montgomery.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,

room 527-S Statehouse, at 8:00 a.m./~~pm~~ on Friday, March 6, 1992

Senator Fred Kerr said the purpose of the bill was to remove the 4 year term, and he said that is something supported by the task force which was set up last fall and they looked at it for quite awhile thinking this would make the process better, and the 4 years could be a clumsy situation when you have to renew the appointments after 4 years. He said, it could work either way, it could put an appraiser in the lame duck situation to where he has to be so political with what he considers, or the other way around. He said, he felt it could be a situation to where the commissioner would like to make a change and would hesitate to do so, until the 4 years are up. He said, he felt maybe that portion of the bill should be left the way it is, and the commissioner still has the authority to remove a person if they would have to do this, and he said, it just takes out this artificial 4 years.

Senator Martin said he thought the commissioner could really have more flexibility without the motion that has been made but he said, he made it with the understanding that he would offer that, but he said he thinks the commissioner would still have the ability to judge the appraiser and he said in a sense you are weakening the appraiser's decision, from the standpoint of his ability in terms of being with a fixed time with the commissioner.

Chairman Thiessen said the task force, reported it was loaded a bit to one side, (6-2).

Senator Montgomery said he thought it would be perceived, the way it works now the PVD pretty well controls the appraiser anyway in the county, and he said he felt the county wouldn't have any say at all, that after 4 years they don't have to be re-hired.

The Chairman asked for a vote on the motion, by Senator Martin, 2nd by Senator Montgomery with the fixed 4 year term. The motion failed.

Senator Phil Martin moved to favorably pass SB579 as amended, 2nd by Senator Fred Kerr. The motion carried.

**Senator Don Montgomery, and Senator Marge Petty recorded as a NO VOTE ON SB579.**

Chairman Thiessen turned attention to SB602:Electronic filing of individual income tax returns.

Senator Fred Kerr moved to favorably pass SB602, 2nd by Senator Gerald Karr. The motion carried.

Chairman Thiessen turned attention to SB684 and recognized Zoel Parenteau, President/General Manager KPTS-Wichita.

SB684:Sales tax exemption of purchases by public television and radio stations.

**The following conferees are proponents of SB684.**

Zoel Parenteau, said, his hand-out includes, A through G with corresponding letters dated 3-12-75 through 1-9-92. He said, the 1st page (A) explains the exemption status of KPTS sales tax exemption through the 2nd page ending with G. He reviewed his hand-out with the committee and asked their favorable consideration of SB684. (ATTACHMENT 1)

Nick Slechta, CEO/General Manager of Smoky Hills Public Television, said, for nearly 10 years ago Smoky Hills PTV has operated under a sales tax exemption as provided under regulations of the KS Department of Revenue, and on July 17, 1991 he said, they were advised by the Department of Revenue that they were no longer a tax exempt educational institution. He said their reason for the discontinuance was that they did not meet the Departments' redefinition of an educational institution.

He said, they attempted to obtain a temporary re-instatement of exemption until a formal hearing could be scheduled, and on January 29, 1992 they received notice that Smoky Hills PTV could continue to "enjoy the benefit of the tax exemption previously granted." He said, they also were authorized to obtain refunds for taxes paid during the 6 month interim period.

He said SB684 has been selected as the vehicle to provide them this exemption, and he encouraged the committee to support SB684. (ATTACHMENT 2)

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

room 527-S, Statehouse, at 8:00 a.m./~~p.m.~~ on Friday, March 6, 1992.

During committee discussion on **SB684** a committee member asked Bill Waters, Department of Revenue, "Why all of a sudden the law is interpreted different than it has been for years. Bill Waters said it was not all of a sudden, the regulations were changed back in the mid 80's, to re-determine whether or not they are an educational institution. He said, whether it is called Department policy or not, the regulations is a type of law, and he said, they are bound by that and he said, they follow the law.

Chairman Thiessen concluded the hearing on **SB684** and turned attention to **SB629**.

**SB629**: Property tax exemption for Airports.

Senator Fred Kerr said this is the Johnson County Airport bill and Mr. Tim Rogers requested an amendment. He said this would a separate clause, and separate from the Johnson County clause.

Senator Fred Kerr moved to amend **SB629** For all taxable years commencing after December 31, 1988, the Salina airport authority shall be exempt from the payment of ad valorem taxes levied by the state and any other political or taxing subdivision of the state on property owned by it prior to and on January 1, 1989, and which is located within the corporate limits of the city creating the authority. All property taxes, including any penalties and interest accrued thereon, imposed upon any property herein described for all taxable years commencing prior to January 1, 1989, are hereby declared to be cancelled. For all taxable years commencing after December 31, 1991, the Pratt airport authority shall be exempt from the payment of ad valorem taxes levied by the state and any other political or taxing subdivision of the state on property owned by it prior to and on January 1, 1992, and which is located within the corporate limits of the city creating the authority. All property taxes, including any penalties and interest accrued thereon, imposed upon any property herein described for all taxable years commencing prior to January 1, 1992, are hereby declared to be cancelled. Upon the creation of an authority hereunder, the governing body of the city shall transfer all property and any funds belonging to the city or to which the city may be entitled, which are to be used for or are necessary for the operation of a public airport, to the authority created hereunder, 2nd by Senator Audrey Langworthy. The motion carried.

Senator Fred Kerr moved to favorably pass **SB629** as amended, 2nd by Senator Audrey Langworthy. The motion carried.

Chairman Dan Thiessen turned attention back to **SB684** and asked if the members were ready to work the bill.

Senator Sheila Frahm moved to favorably pass **SB684**, 2nd by Senator Phil Martin. The motion carried.

Chairman Thiessen adjourned the meeting at 11:58 a.m.



KPTS SALES TAX EXEMPTION - 1

A

3/12/75 - Dept of Revenue declares KPTS exempt from state sales tax as "an educational institution within the meaning of K.S.A. 1974 Supp. 79-3606(c)."

5/10/77 - FCC issues license modification to KPTS, due to corporate name change from Sunflower Educational Television Corporation, Inc. to Kansas Public Telecommunications Service, Inc.

3/1/79 - Sunflower Educational Television Corporation files amendment to Articles of Incorporation, changing name to Kansas Public Telecommunications Service.

7/17/80 - Secretary of State issues amendment to articles of Incorporation re corporate name change.

B

9/22/80 - Dept of Revenue reaffirms status of KPTS, incorporating corporate name change.

7/21/86 - Internal Revenue Service reaffirms 3/68 federal income tax exemption status as a 501(c)(3) organization, acknowledging corporate name change.

8/1/86 - KPTS notified by Dept of Revenue that our exemption as a nonprofit educational institution would be withdrawn unless we sent a written request for a new ruling, based on their current definition of a nonprofit educational institution.

10/??/86 - KPTS request denied, instructed to begin paying sales tax.

10/17/86 - KPTS notifies vendors of new requirement to pay sales tax.

10/24/86 - KPTS testified before interim committee on Communications, Computers, and Technology, requesting the committee's assistance on the matter. (It is my understanding that the Dept of Revenue appeared before the committee at its November meeting, and was made aware of the committee's displeasure.)

C

11/7/86 - State Treasurer Joan Finney wrote to the Secretary of Revenue requesting

SENATE ASSES. & TAX  
9-6-92  
ATT. 1-1

KPTS SALES TAX EXEMPTION - 2

reconsideration of the ruling.

1/20/87 - Dept of Revenue advises KPTS to resume purchasing exempt from Kansas sales tax.

**D** 2/19/87 - Dept of Revenue directs KPTS to seek a refund from vendors to whom sales tax has been paid.

2/24/87 - David Martin, KPTS attorney, provides form letter for requesting refunds.

10/24/88 - SW Bell requests revenue letter authorizing sales tax exemption.

**E** 12/13/88 - Dept of Revenue confirms that sales tax exemption for KPTS is still in effect.

12/14/88 - Dept of Revenue docketed KPTS appeal (Docket No. 88-461), but postpones date for formal hearing.

**F** 11/25/91 - KPTS informed by the Dept of Revenue that KPTS is not exempt from sales tax.

12/18/91 - Dept of Revenue assigns Docket No. 91-1011 on Private Letter Ruling.

12/19/91 - Dept of Revenue denies appeal for reconsideration of Docket No. 88-461.

12/19/91 - Dept of Revenue schedules hearing on Docket 91-1011 for May 4, 1992.

**G** 1/9/92 - Dept of Revenue informs attorney that KPTS's tax exempt status continues in effect until after appeal is resolved.

STATE OF KANSAS

Department  of Revenue

ROBERT F. BENNETT  
GOVERNOR

Office of the  
SECRETARY OF REVENUE  
Topeka, Kansas 66625

JAMES T. McDONALD  
SECRETARY OF REVENUE

March 12, 1975

Mr. Stanley G. Andeel  
Foulston, Siefkin, Powers & Eberhardt  
Attorneys at Law  
700 Fourth Financial Center  
Broadway at Douglas  
Wichita, Kansas 67202

RE: Sunflower Educational Television Service  
KPTS Channel 8, Wichita, Kansas

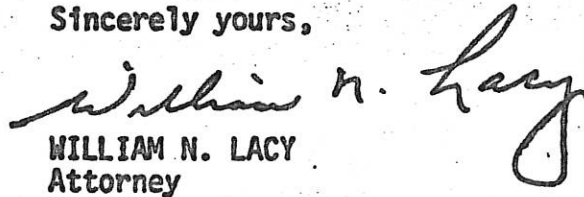
Dear Mr. Andeel:

This is to acknowledge receipt of your letter dated February 13, 1975 and supplemental information in regard to the above matter.

Please be advised, after reviewing the supplemental information and our meeting of January 24, 1975, it is the position of this office that Sunflower Educational Television Service, KPTS Channel 8, Wichita, Kansas, should be exempt from sales tax. This decision is based upon the fact that Sunflower Educational Television Service is an educational institution within the meaning of K.S.A. 1974 Supp. 79-3606(c).

If I can be of further assistance in this or any other matter, please advise.

Sincerely yours,

  
WILLIAM N. LACY  
Attorney

WNL:bjg





*Kansas*  
DEPARTMENT OF REVENUE

State Office Building  
Topeka, KS 66625

September 22, 1980

Robert W. Wine  
Vice President & Assistant Treasurer  
KPTS Channel 8  
352 N. Broadway  
P.O. Box 288  
Wichita, Kansas 67201

RE: Kansas Public Telecommunications  
Service, Inc.; KPTS Channel 8,  
Wichita, Kansas

Dear Mr. Wine:

This will acknowledge receipt of your letter.

It would be our position that the letter received by you on March 12, 1975 from Mr. William Lacy should continue in effect for Kansas Public Telecommunications Service, Inc. which was previously known as Sunflower Educational Television Service.

The exemption afforded by that letter will remain in effect for your corporation until further notice from this office.

Please contact me if I can be of any further assistance.

Sincerely,

Alan F. Alderson  
General Counsel

*Alan F. Alderson*  
By: S. Lucky DeFries  
Attorney

AFA:SLD:ja/l/A020/3

B

1-4

STATE OF KANSAS



Office of the State Treasurer

JOAN FINNEY  
STATE TREASURER  
Telephone  
(913) 286-3171

700 Harrison  
P.O. Box 737  
TOPEKA, KANSAS 66601

November 7, 1986

Mr. Harley T. Duncan  
Secretary of Revenue  
2nd Floor  
State Office Building  
Topeka, KS

Dear Harley:

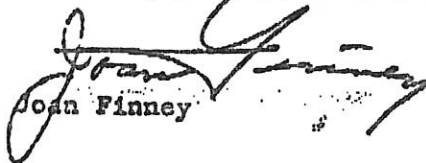
I have been contacted by several constituents who are deeply concerned about revenue ruling 19-86-2. This ruling requires our public television and radio stations not affiliated with educational facilities per se, to pay the sales tax on their purchases.

As you know, a portion of the budgets of those public stations come from state general fund revenues as well as federal funds from the corporation for public broadcasting and I am wondering if this procedure may only initiate additional requests to the legislature for funds to replace the additional expense for payment of sales tax.

Harley, I will greatly appreciate any further consideration you can give to this ruling.

With appreciation

Sincerely yours,

  
Joan Finney

JF:gw

C  
1-5



## KANSAS DEPARTMENT OF REVENUE

DIVISION OF TAXATION  
Robert B. Docking State Office Building  
Topeka, Kansas 66625-0001

February 19, 1987

David K. Martin, Atty.  
Foulston, Siefkin, Powers & Eberhardt  
700 4th Financial Center  
Broadway at Douglas  
Wichita, KS 67202

RE: KPTS Television

Dear Mr. Martin:

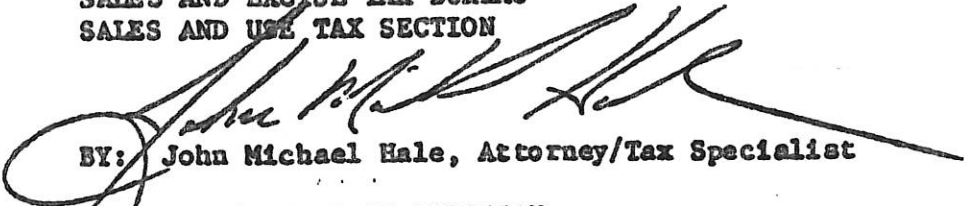
This letter is in response to your request for a refund from Kansas sales tax dated February 11, 1987.

Pursuant to the Department of Revenue's policies in regard to sales tax refunds, KPTS is directed to seek a refund from its vendors, who will in turn petition the Department of Revenue for a refund of sales tax collected from KPTS. This procedure is established to prevent the possibility of a taxpayer receiving a double refund, one from its vendor and one from the state of Kansas. I trust you can understand the department's procedures. We are not denying KPTS Television a refund of tax, but they do need to pursue the refund from their vendors.

I trust that I have outlined the department's procedures. Should either you or your client have additional questions, please contact me.

Sincerely,

SALES AND EXCISE TAX BUREAU  
SALES AND USE TAX SECTION

  
BY: John Michael Hale, Attorney/Tax Specialist

FOR THE DIRECTOR OF TAXATION

JMH:t/4219b

cc: Cleo Murphy  
Legal Services  
Audit Services

1-6 D



KANSAS DEPARTMENT OF REVENUE  
*Division of Taxation*  
Robert B. Docking State Office Building  
Topeka, Kansas 66625-0001

December 13, 1988

Mr. Zoel Parenteau  
President and General Manager  
KPTS  
P.O. Box 288  
Wichita, Kansas 67201

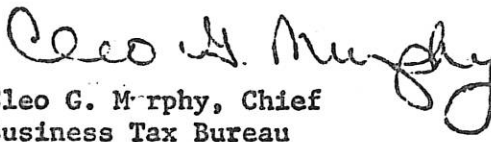
Dear Mr. Parenteau:

At the present time, no action has been taken by the Department to revoke the sales tax exemption status previously granted to KPTS. Therefore, the sales tax exemption previously granted is still in effect.

I have checked with the Director of Taxation's Office and this matter has not been docketed. Therefore, I am requesting a docket number be assigned so the appeal process can begin. You should receive a letter from the Director within the next couple of weeks.

Do not hesitate to contact me should you have any further questions.

Sincerely,

  
Cleo G. Murphy, Chief  
Business Tax Bureau

FOR THE DIRECTOR OF TAXATION

CGM:d1

1-7 E

STATE OF KANSAS

Alisa M. Dotson, Director  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66625-0001



(913) 296-3044  
FAX (913) 296-7928

Department of Revenue  
*Division of Taxation*

November 25, 1991

Mr. Zoel Parenteau, President  
KPTS, Inc.  
Wichita, KS 67201

Dear Mr. Parenteau:

This private letter ruling, in accordance with the provisions of Kansas Administrative Regulation 92-19-59, serves to notify KPTS, Inc., that the Kansas Department of Revenue is of the opinion that KPTS, Inc. does not qualify for the Kansas Retailers' Sales tax-exempt status, as a "nonprofit educational institution", for the following reasons:

The Kansas Department of Revenue has determined that the term "educational institution" means:

An institution with enrolled students which provides an organized curriculum of classes and courses involving the systematic teaching and learning processes that collectively make up the arts and sciences, the humanities, and other subjects or fields of study that are commonly associated with a classroom environment, and that are taught by certified or bona fide teachers or instructors in a centralized building or buildings that commonly comprise a school building or campus environment.

A list of examples which would qualify as "nonprofit educational institutions" under this ruling are: universities, colleges, junior colleges, community colleges, vocational-technical schools, business colleges and pre-schools that offer structured lessons in rudimentary mathematics, spelling, health, social studies, etc. to help prepare a child enter the elementary school level.

Unless an organization or entity can meet the requirements established above, that organization or entity will not be afforded sales or compensating tax exemption as a "nonprofit educational institution."

Thus even if an organization imparts knowledge or informs the public, that does not necessarily bring them under the "nonprofit educational institution" exemption. The teaching and information must be in a structured environment, the instruction and knowledge must be taught by accredited or bona fide teachers or instructors and the organization's curriculum

1-8 F1

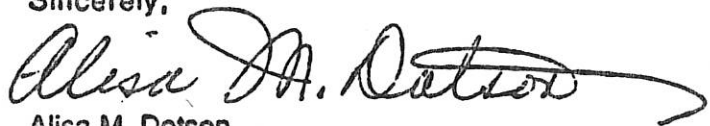
must include the instruction or teaching of multiple fields of study involving the whole course training the moral, mental and physical faculties.

It should be noted that the Kansas sales/use tax statutes do not provide an exemption from sales/use tax for nonprofit corporations, organizations or associations. Further, it is the opinion of the Kansas Department of Revenue that KPTS, Inc., does not meet the requirements for sales or compensating tax exemption as a "nonprofit educational institution." Therefore, the above named entity would be obligated to pay sales/use tax on its purchases of tangible personal property and taxable services. They also would be obligated to register, collect, and remit both state and local sales tax on its retail sales.

If you feel aggrieved by this private letter ruling, you may petition the Director of Taxation for a hearing, stating definitely and in detail each particular item in the private letter ruling to which you object, together with a reason for your objection. Such petition must be filed in triplicate with the Director of Taxation, Docking State Office Building, Topeka, Kansas 66612, within thirty (30) days from the mailing of this letter.

Please feel free to contact me if I can be of further assistance.

Sincerely,



Alisa M. Dotson  
Director of Taxation

1-9 F2

STATE OF KANSAS



Alisa M. Dotson, Director  
Robert B. Docking State Office Building  
915 S.W. Harrison St.  
Topeka, Kansas 66625-0001

(913) 296-3044  
FAX (913) 296-7928

Contact: (913) 296-5476

Department of Revenue  
*Division of Taxation*

January 9, 1992

Foulston & Siefkin  
ATTN: Eric F. Melgren  
700 Fourth Financial Center  
Wichita, Kansas 67202

Dear Mr. Melgren:

I am in receipt of your letter of January 3, 1992, requesting a written verification that the dismissal of KPTS, Inc., docket number 88-461, was premised solely on procedural grounds, and said case was dismissed for the purpose of placing the sales tax exemption status of KPTS, Inc. properly before the Director of Taxation, via the Department's private letter ruling. This is in fact the case. Furthermore, the dismissal of case number 88-461 will not result in a revocation of KPTS, Inc's tax exempt status. KPTS, Inc's tax exempt status will continue in effect until such time as KPTS, Inc's appeal of the Department's private letter ruling is finally resolved.

Please feel free to contact me if I can be of further assistance.

Sincerely,

A handwritten signature in cursive script, reading "Alisa M. Dotson". The signature is written in dark ink and has a long, sweeping tail that extends to the right.

Alisa M. Dotson  
Director,  
Division of Taxation

## RATIONALE FOR CONTINUED SALES TAX EXEMPTION FOR KPTS

### 1. UNIQUE SERVICE OF PUBLIC TELEVISION:

Life-long-learning programming, supportive of family values, is presented for viewers of all ages. Such programming includes: information, art, music, dance, education, instruction, how-to-do-it, public affairs, entertainment, history, information, science, language, economics, travel, nature, wildlife, geography, etc. -- all of which combine for a unique, special, and quality service to Kansas citizens.

Public affairs programming, free of the dependence on advertising for its support, is a unique service of public broadcasting, which can afford to devote the broadcast time and raise the money toward providing thoughtful, responsible, and comprehensive public-service journalism to viewers.

It would take the combination of universities, high schools, elementary schools, pre-schools, libraries, theatres, cinemas, concert halls, national and world tours, newspapers, magazines, financial institutions, seats of governments, and others to even approximate the services to the public, all available to them in their own homes, schools, or even offices.

### 2. FUNDING OF PUBLIC TELEVISION:

Primary support of KPTS comes from federal and state tax-deductible contributions from individuals, businesses, and foundations.

Why should supporters be encouraged (through charitable contribution deductions) to support public TV if that support is to be taxed when it is spent by KPTS?

Secondary support of KPTS comes from federal and state governments' grants. Why should this public tax support be taxed again when it is used by KPTS?

### 3. SURROUNDING STATES' PRACTICES:

Both Missouri and Colorado exempt all public TV stations from state sales tax.

Both Nebraska and Oklahoma public TV and radio stations are exempt due to the fact that all stations are either state or university-owned.



4. STATION OWNERSHIP DISCRIMINATION:

KTWU, owned by Washburn University in Topeka, as well as university- and college-owned radio stations in Lawrence, Manhattan, Pittsburgh, Hutchinson, Wichita (2), and Salina, all enjoy sales tax exemptions by virtue of their parent institutions' educational status.

However, the types of programming offered by KTWU and KPTS are virtually the same.

In addition, the financial support for both stations comes from viewers, business grants and gifts, federal and state grants, and contract earnings. KTWU, although owned by Washburn, receives no financial support from Washburn -- just in-kind services valued at 1.6% of KTWU's \$1,453,019 operating expenses in FY1991.

Finally, the FY1991 state grants to KPTS and KTWU were identical -- \$132,137.

5. FINANCIAL IMPACT ON SERVICES:

In FY1991, KPTS operating expenses totaled \$1,758,590. Approximately \$882,000 of that total would have been sales taxable. Had sales tax been paid on that amount, it would have cost KPTS approximately \$46,300.

In addition, capital expenses totaled another \$448,874. Sales tax on the purchase of those items would have cost KPTS another \$23,566.

Thus, in FY1991, sales taxes would have totaled approximately \$69,866.

FY1991 services would have to have been cut to pay almost \$70,000 in sales taxes, or that amount would have had to be raised to retain services. Since fund-raising always attempts to achieve maximum funding, it would have required service cuts to take care of that almost 16% increase in FY1991's overall expenses.

6. STATE OF KANSAS GRANTS TO KPTS:

In FY1991, KPTS received an operating grant from the state of \$132,137, and a special capital grant for transmitter replacement of \$99,125.

Why would the state provide \$231,262 in assistance to KPTS, and then take back \$69,866 or 30% of it in sales taxes?

SMOKY HILLS PUBLIC TELEVISION CORPORATION  
KOD/9 BUNKER HILL - KSWK/3 LAKIN  
March 6, 1992

SENATE ASSESSMENT AND TAXATION COMMITTEE

INTRODUCTION:

I am Nick Slechta, CEO and General Manager of Smoky Hills Public Television. I appreciate the opportunity to appear before you as a proponent of Senate Bill, 684, specifically section (uu) concerning the exemption from all sales of tangible personal property and services purchased by a public broadcasting station licensed by the federal communications commission as a noncommercial educational television or radio station. SHPTV is such a licensee.

For nearly ten years, Smoky Hills PTV has operated under a sales tax exemption as provided under regulations of the Kansas Department of Revenue. On July 17, 1991, we were advised by the Department of Revenue that we were no longer a tax exempt educational institution. Their reason for the discontinuance was that we did not meet the Departments' redefinition of an educational institution.

We began paying sales taxes and attempted to obtain a temporary re-instatement of exemption until a formal hearing could be scheduled. On January 29th, we received notice that Smoky Hills PTV could continue to "enjoy the benefit of the tax exemption previously granted....." They also authorized us to obtain refunds for taxes paid during the six month interim period.

We have since been notified by the Department that a prehearing conference has been scheduled for October 20, 1992 to deal with our appeal of the Department's decision.

I am not here to debate definitions of educational institutions as defined by Webster's dictionary or the Department of Revenue. A botanist could redefine a rose but it would look just as beautiful and smell just as sweet. That is not the issue. The issue is whether the legislature wishes to provide public television and radio an operating environment that is free from the judgments and philosophies of department administrations as to who should or should not be included in definitions.

The merit of a sales tax exemption for public broadcasters should not be in question. I could recite a litany of programs, services, outreach alliances, and pre-school projects we provide that support our educational value to those who choose to participate. We are womb to tomb educational organizations with, collectively, the largest classroom in Kansas. We offer lifelong learning opportunities to those with access to a television set. There is no discrimination based on economic status, the color of your skin, your ability to hear, and in some cases, not even by one's ability to see clearly.

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Your colleagues, Senators Feliciano and Winter, Ways & Means Subcommittee, summarized this situation most appropriately:

"The subcommittee feels that it would be "like robbing Peter to pay Paul" for the State to give operating grants to public broadcasting stations with one hand, only to take back the money with the other hand in the form of sales and use taxes."

".....believes that the present situation is illogical, and that it creates inequity among public broadcasting institutions: institutions licensed to community colleges and university continue to be exempt from taxation, while independent stations must pay."

"In order to address the situation, the Subcommittee recommends that the public television and radio stations be exempted in their own right from sales and use taxes, and that a bill be introduced to accomplish this."

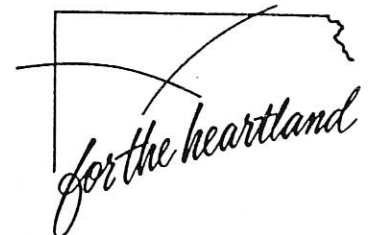
Senate bill No. 684 has been selected as the vehicle to provide this exemption. I encourage this committee to support the (uu) provision. You are not endorsing a provision which will create a loss of revenues to the state since we have not been paying sales tax. You will be providing us with some assurance that our exempt status will not be threatened or jeopardized by the Department of Revenue.

That concludes my testimony. I will try to answer any questions you may have.

# ***THIS IS OUR MISSION***

*It shall be the mission of Smoky Hills Public Television Corporation, as a community licensee in Kansas, to satisfy the needs of the people in our broadcast area with quality programming and educational and cultural telecommunication services that educate, inspire social awareness and involvement, and maximize the human potential of our broadcast area's communities and residents in a way that is responsive to and reflects their unique character. Educational services and programming will be supportive of the area's school systems.*

**Smoky  
Hills  
Public  
Television**



## Harnessing the Power of Television for Education

**A**mericans learn from public TV—in the classroom, the workplace and the home.

As partners with schools, colleges and producers of educational programs, public TV stations put to work communications technologies that give students of all ages equality of educational opportunity. Public TV teaches, intrigues and inspires preschoolers, students and adults.

Television has been called a cause of America's educational problems, but it can also be an active part of the solution.

**We started out as "educational TV," and we keep at it, 32 hours a week.** That's the average amount of instructional and preschool programming on a public TV station in 1988—about 27 percent of its broadcast hours.

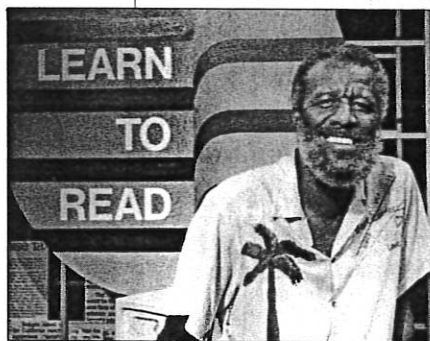
And that doesn't count the many daytime and primetime programs, such as *The Civil War* and *The Brain*, that are substantial enough to be used as the core of college courses. Series supported by the Annenberg/CPB Project, for instance, were viewed by 7.5 million non-students in 1989, as well as 32,000 college-level students enrolled in the telecourses. An additional 1.5 million college-level students saw one or more of the programs as part of their school work.

**Public TV's technology can make a difference.** This isn't technology for technology's sake. Public TV meets many educational needs efficiently and equitably by bringing together teachers, subject experts and students who can't all be in the same place at the same time.

Television technologies let public TV apply the combined skills of content specialists, educators and

TV professionals. Programs videotaped off the air allow people to learn when their work schedules permit. And satellites bring public TV's teachers to isolated, sparsely populated and low-income areas.

A prime example: A project operated by 23 states and their statewide public TV networks, the Satellite Educational Resources Consortium (SERC), uses satellites to transmit Japanese and Russian language lessons directly to schools, overcoming the shortage of qualified teachers.



*Cookie entrepreneur Famous Amos hosts Kentucky ETV's reading series.*

**Public TV is committed to helping achieve the nation's educational goals.** It was one of the first nationwide institutions to respond to the educational goals adopted in 1989 by state governors and President Bush. By the year 2000, the country aims to prepare every preschooler for learning, increase high

school graduation rates, make our students first in science and math, assure that every adult has reading, employment and citizenship skills, and rid the schools of drugs.

Public TV is committed to help achieve these goals in preschool, elementary/secondary, college-level and adult education.

**Public TV helps prepare children to start school, ready to learn.** For two decades, public TV stations have given high priority to preschool and elementary education. Programs for preschoolers made up 11 percent of their 1988 broadcast hours.

*Sesame Street* and other public TV programs attract 33 percent of households with preschoolers (ages up to six) in the average week. Studies indicate

that, regardless of family income, preschoolers who watch the series improved vocabulary, counting, sight reading and other skills, and improved their attitudes toward school and cooperation with others.

For all young children, public TV is the place to turn for the humane and nurturing *Mister Rogers' Neighborhood* and *Captain Kangaroo*.

**Public TV stations help U.S. schools become first-class again, reaching 59 percent of elementary and secondary students.** In 1990, the stations brought top-quality instruction to more than 27 million students at 53,000 schools in every kind of school district. Public TV stations broadcast instructional programs for classroom use—on the average, 5.5 hours a day—and provide related materials for teachers, including curriculum guides. Thanks to VCRs in the schools, many of these programs are recorded and played later in the day or later in the year.

The PBS Education Pipeline, carrying program indexes and other data for teachers, is transmitted invisibly along with programs, using new data technology.

Outside the classroom, *Reading Rainbow* aims to preserve young students' reading skills during summer vacation. *Square One TV* and *Newton's Apple* help build kids' interest in math and science.

**Over the air, by satellite, by cable and by videotape, public TV distributes college-level telecourses for hundreds of thousands of students, including working adults.** "Distance learning" is increasingly valuable as many working adults go back to college. More than 30 percent of degree students are older than 24. Since 1981, the PBS Adult Learning Service and local stations have brought telecourses to 1.4 million students. Students view the telecourses at home, at the college or in their workplaces. PBS distributed 46 telecourses in 1989-90, enrolling 265,000 at 1,800 colleges and universities. In addition, the PBS Business Channel brings adult education, professional development and videoconferences to thousands of business sites and colleges.



*Country musician Waylon Jennings joins the Kentucky network's 1990 call-in promoting GED (high school equivalency) studies.*

**Public TV sparks economic productivity through adult education, literacy training and GED preparation.** While we need literacy and widespread job retraining to keep the economy competitive internationally, many Americans are not prepared to take part.

The problem is greater than most realize. Twenty-nine percent of teens who entered eighth grade do not graduate from high school—700,000 a year. And an estimated 27 million Americans over the age of 17 can't read beyond fourth-grade level.

Public TV helps many pass the GED test—a passport to productivity. Thousands have studied for the GED (General Educational Development) certificate, the equivalent of high-school graduation, using the *GED on TV* telecourse developed by Kentucky Educational Television and aired by stations in more than 35 states.

In Kentucky, 75 percent who took the telecourse in 1988 passed the test. And 46 percent of Kentucky graduates said in a survey that GED helped them get or keep a job or earn a promotion. But many adults can't study for the test because they can't read. Alabama Public Television found that only 10 or 15 percent of people calling to enroll were able to pass the screening exam.

In the campaign to reduce illiteracy, public TV has been a major catalyst. Since 1983, PLUS (Project Literacy U.S.), a joint project of public TV and Capital Cities/ABC, Inc., has raised public awareness of the problem, recruited thousands of volunteer tutors and created 450 local literacy task forces.

For more information about education and public TV, ask for the booklet *Educational Views*, available from America's Public Television Stations, (202) 887-1700.

## Public Television's Role in Education

✓ **Public TV is committed to help achieve the nation's educational goals.** It started out as "educational TV," and stations today offer an average of 32 hours a week of instructional and preschool programming. In addition, public TV's primetime and daytime programs inform nearly 100 million Americans a week.

✓ **"Distance learning" through instructional TV benefits many students where there's no teacher available.** Qualified instructors simply cannot be found everywhere there are students who hope to take an advanced science or language course. Public TV expands educational opportunity and reduces inequity through statewide and multi-state hookups that bring instruction to those students. And by transporting electronic signals instead of teachers or students, it does so economically.

✓ **But in most cases the teachers back in the classroom still are the ones responsible for teaching—public TV signs on as teacher's helper.** Public TV provides audiovisual and print materials for the classrooms, and trains teachers how to use them. It also offers satellite videoconferences to help teachers further develop their professional skills and join their peers in the debate on current educational issues.

✓ **To help in the classroom, public TV is working in partnerships with states, school systems, colleges, universities, educational associations and businesses.** Increasingly, the partnerships span numerous states or even the whole nation. Many public TV stations themselves are operated by educational institutions, and three-quarters air daytime instructional programs in cooperation with local schools.

✓ **Besides television, public TV's educational projects use the most appropriate combinations of electronic technologies.** The selection includes computer-based systems, fiber optics and cable TV transmission, videocassettes, videodiscs, nationwide and international satellite relays, and regional microwave video networks.

## EXHIBIT AREA: **Audiences with Special Needs**

**PROBLEMS:** Sight and hearing impairments and limited language skills have long deprived many students of the full benefit of educational TV.

**SOLUTIONS:** Public TV has played a key role in developing and offering closed captioning for viewers with hearing and language difficulties, the new Descriptive Video Service for the visually impaired, and second-language translation for non-English-speaking viewers.

■ **Closed Captioning**—Many instructional programs and primetime public TV series come with optional captions for deaf and hearing-impaired viewers. The captions also assist students learning English as a second language and prove valuable for learning-disabled students.

Public TV led the development of both open and closed captioning on television.

Federal funds from the Department of Education and the Corporation for Public Broadcasting underwrite the cost of captioning many programs. Look for the "CC" symbol in program listings.

**HOW IT WORKS:** Program producers have captions prepared (by the Caption Center at WGBH, the public TV station in Boston, or by the National Captioning Institute in Falls Church, Va., among several institutions offering the service). Stations then transmit the data along with television broadcasts. The captions appear on the screen only if the set is connected to a special caption decoder. The decoder, which sells for less than \$180, is available at more than 1,000 retailers and can be ordered through major mail order catalogues.

The Decoder Circuitry Act, effective in July 1993, will ensure that most new TV sets will be equipped with a built-in decoder.

■ **Descriptive Video Service**—DVS, introduced nationally by public TV a year ago, provides an optional audio narration for blind and visually impaired viewers that describes the action on the screen.

Several major PBS series already are available with DVS narration, and the service will be added to instructional programs when funding permits. WGBH, the Boston public TV station, developed and provides the DVS service. Congress has appropriated \$2 million to the Department of Education for DVS, but the funds have not yet been released.

**HOW IT WORKS:** The service is transmitted over the "SAP" (Separate Audio Program) channel that can be received using most stereo TV sets, recently manufactured stereo VCRs, and relatively inexpensive Multi-channel Television Sound adapters.

Viewers who flick the switch for "SAP" audio will hear supplementary narration during pauses in dialogue. Programs now available with DVS include *WonderWorks Family Movie* and *DeGrassi High*.

■ **Second-language audio**—Using the same "SAP" technology that makes DVS possible, public TV is pioneering in the simultaneous broadcasting of second-language soundtracks. *The MacNeil/Lehrer NewsHour* is aired nightly with a simultaneous Spanish translation available in about 40 cities to viewers with stereo TV sets. And other PBS programs also have had optional Spanish audio. If funds can be raised, the new service will be offered with more programs.



## EXHIBIT AREA: **Preschool**

**PROBLEM:** In the critical first five years of life, many American children spend their days under the guidance of childcare workers with limited training. Childcare providers (as well as parents) seek ways to stimulate the children's mental and social development.

**SOLUTION:** By lending a hand to childcare providers, public TV helps prepare children to start school ready to learn.

### ■ **South Carolina Educational Television's Early Childhood Professional Development Network**

—South Carolina ETV Network has produced more than 30 instructional programs used in this and other countries to train early childhood professionals in childcare, child development programs and Head Start. (The tapes are produced in cooperation with the National Association for the Education of Young Children.)

Last year, some 10,000 videocassettes were shipped for childcare professionals.

Now the Network is preparing to supplement the videocassette distribution with a series of live training videoconferences for childcare workers, beginning later this year.

#### **LIVE SATELLITE DEMONSTRATION:**

*Wednesday, March 6, 8:45 a.m.* You're invited to join a discussion of the preschool learning environment with a panel of experts in the Columbia, S.C. studio and an audience of Head Start workers in Chicago. Part of the videoconference will originate in South Carolina ETV's own "laboratory" childcare center at its headquarters. *Capacity will be limited. Please reserve space by calling Christy Fawcett, 202-887-1700.*

### ■ **"A Visit to Sesame Street" interactive compact disc**

—Children's Television Workshop, which pioneered with public TV's acclaimed *Sesame Street*, is again a pathfinder—this time in the application of interactive media to learning. In addition to the software it has created for well-established personal computer technologies, CTW has produced *A Visit to Sesame Street* for the "CD-I" (Compact Disc-Interactive) players that are scheduled to be introduced in the fall.

**HOW IT WORKS:** With a CTW-designed "trackball" remote control in hand, children are able to interact with their favorite characters as they appear on the screen in familiar settings. They visit Big Bird in his nest and perhaps watch *Sesame Street* sequences on his TV set. In Bert and Ernie's apartment they may listen to the radio. And some children will want to play a counting game with The Count in his castle. The digital disc contains dozens of other educational and entertaining activities.

#### **HANDS-ON**

**DEMONSTRATION:** You can try out this leading-edge interactive technology that lets preschoolers learn on their own by exploring Sesame Street.

*Continued on reverse*

■ **Using “Mister Rogers’ Neighborhood” in childcare**—WGTE, the public TV station in Toledo, Ohio, is evaluating the use of the public TV series *Mister Rogers’ Neighborhood* and the handbook *Mister Rogers’ Plan & Play Book* in a number of Toledo-area childcare centers.

In the latest edition of the spiral-bound *Plan & Play Book*, parents and childcare workers can find 640 suggested activities that help preschoolers talk and play about the themes in each program, such as discussing their feelings, overcoming fears and learning self-control.

The book was initially funded by the Corporation for Public Broadcasting, which is also supporting the Toledo project. The book is published by Family Communications, the Pittsburgh-based producers of the public TV series.