

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 3:08 PM on May 1, 2005 in Room 241-N of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research
Martha Dorsey, Kansas Legislative Research
Gordon Self, Revisor of Statutes Office
Judy Swanson, Secretary

Conferees appearing before the committee:

Harriet Lange, Kansas Association of Broadcasters

Others attending:

See attached list.

Senator Apple presented a new m and e proposal to the Committee which would reinstate the LAVTRF transfers. (Attachment 1) Senator Donovan said he thought this proposal would be much more expensive to the State than the original proposal. Senator Lee felt this proposal would be paying back to the counties what the State has already taken away.

Senator Lee made a motion, seconded by Senator Schmidt, to amend **HB 2573, income taxation**, by amending the House Taxation Committee version of **SB 384, income tax checkoff for Kansas military emergency relief and breast cancer research**, the provisions of **SB 465, increasing income tax credit for adoption of certain Kansas children**, and the provisions of **SB 444, net operating loss carry back or carry forward for income tax purposes**, into the bill. Motion carried.

Senator Schmidt moved to create a substitute bill for **HB 2573** and recommended **Senate Sub. for HB 2573**, favorably for passage. Senator Lee seconded the motion, and the motion passed.

Senator Lee moved to amend **HB 2689, sales taxation, countywide and citywide retailers' sales tax authority, sales tax exemptions**, by removing the Johnson County language from the bill, and by adding in provisions for Atchison County and Saline County, and to give Revisor license to make technical amendments as needed. Senator Schmidt seconded the motion, and the motion passed.

Senator Schmidt moved to further amend **HB 2689** by adding language that would give certain non-profit museums a sales tax exemption. Senator Donovan seconded the motion, and the motion passed.

Senator Donovan moved to further amend **HB 2689** by adding language that would give the Kansas Childrens Service League of Topeka a sales tax exemption. Senator Jordan seconded the motion, and the motion passed.

Senator Apple moved to further amend **HB 2689** by adding the provisions of **HB 2794, classification of cities for sales taxation purposes**. Senator Schmidt seconded the motion, and the motion carried.

Senator Schmidt moved to create a substitute bill for **HB 2689**, and recommended **Senate Substitute for HB 2689** favorably for passage. Senator Donovan seconded the motion, and the motion passed.

Senator Jordan made a motion to reconsider actions on **Senate Sub. for HB 2573**. Senator Donovan seconded the motion, and the motion passed.

Senator Jordan moved to amend **Senate Sub for HB 2573** by adding the provisions of **SB 551, reporting requirements as a condition of claiming tax credits**, into it. Senator Donovan seconded the motion, and the motion passed.

Senator Jordan moved to recommend **Senate Sub for HB 2573** favorably for passage. Senator Donovan seconded the motion, and the motion passed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 3:08 PM on May 1, 2005 in Room 241-N of the Capitol.

HB 2619, property tax exemption for certain commercial and industrial machinery and equipment, materials and supplies, was discussed. A suggestion to mitigate some of the m and e costs was presented by Senator Donovan. (Attachment 2) He suggested changing the effective date, lowering the mitigation formula percentages, reducing the homestead refund fiscal note, and reducing income tax credits to 15%. Several concerns were expressed concerning this proposal.

Harriet Lange, Kansas Association of Broadcasters, testified to the need of temporary property tax relief on digital broadcast equipment. (Attachment 3)

Chairman Allen announced that the Committee would meet May 2 upon first recess of the Senate. Being no further business, the Committee adjourned.

3:08 pm

SENATE
ASSESSMENT & TAXATION COMMITTEE

GUEST LIST

3:08 pm

DATE: 05-01-06

NAME	REPRESENTING
David R. Coburn	K DOR
Ann Durkin	DOB
Ben Cleaves	DOIZ
Christy Caldwell	Topeka Chamber of Commerce
Jennie Roe	KACCT
BRAD HARRELSON	KFB
Doug Smith	Pinegar, Smith & Associates
Leslie Kaufman	Ks Coop Council
Mary Jane Stankiewicz	KARA
Ashley Sheard	Lenexa Chamber
Andy Shaw	Kearney & Associates
Wes Ashton	O.P. Chamber
JEANNE GOODWIN	City of Wichita
Bernie Koch	Wichita Chamber of Commerce
Harriet Lange	Ks Assn B'casters
Dud Burke	Lesona
Ron Seiber	Law Firm
KEN DANIEL	Ks SMALL BIZ.COM

MEMORANDUM

May 1, 2006

To: Sen. Pat Apple
From: Chris W. Courtwright, Principal Economist
Re: LAVTRF Restoration

The attached printouts show the amount of additional revenues that would be provided to each county for subsequent disaggregation between and among taxing subdivisions other than school districts if LAVTRF transfers were to be restored at the following amounts:

FY 2008	\$13.5 million
FY 2009	\$27.0 million
FY 2010	\$40.5 million
FY 2011	\$54.0 million

Assessment & Taxation
Date 5-1-06 AD
Attachment # 1

County Name	2005 Assessed Valuation	CY 2004 Population Certified 7/1/05	LAVTRF Ratio	Distribution Amount
				\$13,500,000
Allen	\$ 79,488,947	13,949	0.00434	\$ 58,646
Anderson	\$ 67,034,996	8,191	0.00281	\$ 37,998
Atchison	\$ 113,923,684	16,848	0.00548	\$ 73,968
Barber	\$ 73,225,639	4,999	0.00214	\$ 28,841
Barton	\$ 196,623,885	27,367	0.00905	\$ 122,173
Bourbon	\$ 84,953,824	15,066	0.00468	\$ 63,185
Brown	\$ 82,094,070	10,362	0.00353	\$ 47,596
Butler	\$ 441,998,615	61,828	0.02042	\$ 275,627
Chase	\$ 38,675,768	3,068	0.00123	\$ 16,605
Chautauqua	\$ 23,937,357	4,178	0.00130	\$ 17,588
Cherokee	\$ 131,174,257	21,950	0.00691	\$ 93,351
Cheyenne	\$ 40,501,431	2,979	0.00123	\$ 16,639
Clark	\$ 37,917,371	2,343	0.00105	\$ 14,147
Clay	\$ 62,171,778	8,597	0.00285	\$ 38,450
Cloud	\$ 68,626,116	9,779	0.00321	\$ 43,370
Coffey	\$ 455,842,283	8,759	0.00799	\$ 107,813
Comanche	\$ 42,159,476	1,903	0.00100	\$ 13,477
Cowley	\$ 204,004,662	35,772	0.01114	\$ 150,425
Crawford	\$ 219,819,386	38,060	0.01189	\$ 160,530
Decatur	\$ 31,715,450	3,274	0.00119	\$ 16,049
Dickinson	\$ 134,700,485	19,132	0.00629	\$ 84,928
Doniphan	\$ 65,515,538	8,062	0.00276	\$ 37,318
Douglas	\$ 1,038,091,400	102,786	0.03787	\$ 511,255
Edwards	\$ 43,639,549	3,308	0.00135	\$ 18,243
Elk	\$ 22,581,705	3,117	0.00103	\$ 13,948
Ellis	\$ 270,807,578	27,060	0.00994	\$ 134,161
Ellsworth	\$ 54,913,571	6,350	0.00222	\$ 29,973
Finney	\$ 470,512,179	39,271	0.01543	\$ 208,255
Ford	\$ 219,946,113	33,278	0.01076	\$ 145,213
Franklin	\$ 177,650,848	26,049	0.00849	\$ 114,627
Geary	\$ 133,854,235	25,111	0.00770	\$ 103,959
Gove	\$ 38,979,781	2,845	0.00118	\$ 15,943
Graham	\$ 42,259,364	2,745	0.00120	\$ 16,196
Grant	\$ 345,416,263	7,685	0.00630	\$ 85,057
Gray	\$ 64,041,925	5,980	0.00225	\$ 30,382
Greeley	\$ 35,431,811	1,415	0.00080	\$ 10,735
Greenwood	\$ 57,515,527	7,538	0.00254	\$ 34,239
Hamilton	\$ 72,648,427	2,654	0.00157	\$ 21,218
Harper	\$ 60,443,860	6,238	0.00227	\$ 30,580
Harvey	\$ 219,244,111	33,769	0.01086	\$ 146,665
Haskell	\$ 212,379,658	4,272	0.00377	\$ 50,844
Hodgeman	\$ 33,440,623	2,089	0.00093	\$ 12,549
Jackson	\$ 77,998,743	13,169	0.00414	\$ 55,884
Jefferson	\$ 131,678,865	18,906	0.00620	\$ 83,674
Jewell	\$ 35,882,835	3,422	0.00128	\$ 17,252
Johnson	\$ 7,171,851,084	496,691	0.21092	\$ 2,847,470
Kearny	\$ 286,362,195	4,515	0.00478	\$ 64,561
Kingman	\$ 97,822,789	8,390	0.00326	\$ 44,020
Kiowa	\$ 64,410,702	3,084	0.00157	\$ 21,157
Labette	\$ 111,921,096	22,269	0.00674	\$ 91,007
Lane	\$ 32,801,724	1,950	0.00089	\$ 11,991
Leavenworth	\$ 491,118,236	72,439	0.02357	\$ 318,255
Lincoln	\$ 34,888,396	3,416	0.00126	\$ 17,059
Linn	\$ 161,787,466	9,775	0.00442	\$ 59,649

1-2

County Name	2005 Assessed Valuation	CY 2004 Population Certified 7/1/05	LAVTRF Ratio	Distribution
				Amount \$13,500,000
Logan	\$ 40,499,541	2,827	0.00120	\$ 16,151
Lyon	\$ 218,162,708	35,717	0.01131	\$ 152,725
Marion	\$ 97,646,856	13,010	0.00436	\$ 58,810
Marshall	\$ 86,109,471	10,402	0.00359	\$ 48,426
McPherson	\$ 290,455,618	29,413	0.01075	\$ 145,145
Meade	\$ 106,413,866	4,592	0.00247	\$ 33,339
Miami	\$ 313,307,824	29,712	0.01112	\$ 150,100
Mitchell	\$ 54,093,702	6,564	0.00226	\$ 30,516
Montgomery	\$ 205,706,380	34,975	0.01098	\$ 148,166
Morris	\$ 56,391,783	5,977	0.00215	\$ 29,035
Morton	\$ 160,018,126	3,269	0.00285	\$ 38,469
Nemaha	\$ 77,114,259	10,458	0.00348	\$ 47,033
Neosho	\$ 89,926,383	16,555	0.00510	\$ 68,831
Ness	\$ 53,189,491	3,080	0.00142	\$ 19,182
Norton	\$ 39,807,488	5,799	0.00189	\$ 25,563
Osage	\$ 118,232,763	17,091	0.00559	\$ 75,501
Osborne	\$ 35,609,420	4,100	0.00144	\$ 19,379
Ottawa	\$ 56,636,207	6,175	0.00220	\$ 29,713
Pawnee	\$ 54,110,624	6,795	0.00232	\$ 31,260
Phillips	\$ 47,865,995	5,583	0.00195	\$ 26,280
Pottawatomie	\$ 368,842,391	18,871	0.00926	\$ 125,036
Pratt	\$ 99,483,573	9,417	0.00353	\$ 47,605
Rawlins	\$ 31,123,637	2,765	0.00106	\$ 14,312
Reno	\$ 462,334,743	63,676	0.02112	\$ 285,112
Republic	\$ 48,059,471	5,224	0.00186	\$ 25,162
Rice	\$ 100,041,673	10,497	0.00379	\$ 51,167
Riley	\$ 368,396,042	63,069	0.01976	\$ 266,737
Rooks	\$ 60,887,283	5,386	0.00207	\$ 27,925
Rush	\$ 35,386,001	3,466	0.00128	\$ 17,306
Russell	\$ 69,707,062	6,978	0.00256	\$ 34,574
Saline	\$ 470,197,690	53,943	0.01891	\$ 255,265
Scott	\$ 71,727,927	4,691	0.00204	\$ 27,591
Sedgwick	\$ 3,608,117,774	463,802	0.15695	\$ 2,118,762
Seward	\$ 267,620,682	23,237	0.00899	\$ 121,340
Shawnee	\$ 1,427,520,824	171,716	0.05929	\$ 800,471
Sheridan	\$ 33,509,739	2,614	0.00106	\$ 14,245
Sherman	\$ 62,001,706	6,218	0.00228	\$ 30,789
Smith	\$ 35,998,758	4,179	0.00146	\$ 19,701
Stafford	\$ 64,285,561	4,512	0.00190	\$ 25,716
Stanton	\$ 102,902,175	2,374	0.00190	\$ 25,610
Stevens	\$ 354,980,725	5,520	0.00591	\$ 79,784
Sumner	\$ 161,163,972	25,272	0.00809	\$ 109,252
Thomas	\$ 78,959,399	7,801	0.00288	\$ 38,832
Trego	\$ 37,527,059	3,158	0.00124	\$ 16,693
Wabaunsee	\$ 62,587,452	6,938	0.00246	\$ 33,201
Wallace	\$ 28,650,993	1,579	0.00075	\$ 10,075
Washington	\$ 56,394,616	6,107	0.00218	\$ 29,452
Wichita	\$ 32,157,702	2,360	0.00098	\$ 13,194
Wilson	\$ 69,865,679	9,946	0.00327	\$ 44,123
Woodson	\$ 28,210,937	3,553	0.00121	\$ 16,331
Wyandotte	\$ 1,110,992,382	156,487	0.05158	\$ 696,267
Totals	\$ 27,019,361,810	2,735,502	1.00000	\$ 13,500,000

Formula states population makes up 65% and valuation 35% of the amount to the county.

1-3

County Name	2005	CY 2004	LAVTRF Ratio	Distribution
	Assessed Valuation	Population Certified 7/1/05		Amount
				\$27,000,000
Allen	\$ 79,488,947	13,949	0.00434	\$ 117,293
Anderson	\$ 67,034,996	8,191	0.00281	\$ 75,996
Atchison	\$ 113,923,684	16,848	0.00548	\$ 147,935
Barber	\$ 73,225,639	4,999	0.00214	\$ 57,682
Barton	\$ 196,623,885	27,367	0.00905	\$ 244,346
Bourbon	\$ 84,953,824	15,066	0.00468	\$ 126,371
Brown	\$ 82,094,070	10,362	0.00353	\$ 95,191
Butler	\$ 441,998,615	61,828	0.02042	\$ 551,255
Chase	\$ 38,675,768	3,068	0.00123	\$ 33,210
Chautauqua	\$ 23,937,357	4,178	0.00130	\$ 35,177
Cherokee	\$ 131,174,257	21,950	0.00691	\$ 186,701
Cheyenne	\$ 40,501,431	2,979	0.00123	\$ 33,278
Clark	\$ 37,917,371	2,343	0.00105	\$ 28,293
Clay	\$ 62,171,778	8,597	0.00285	\$ 76,900
Cloud	\$ 68,626,116	9,779	0.00321	\$ 86,740
Coffey	\$ 455,842,283	8,759	0.00799	\$ 215,625
Comanche	\$ 42,159,476	1,903	0.00100	\$ 26,954
Cowley	\$ 204,004,662	35,772	0.01114	\$ 300,851
Crawford	\$ 219,819,386	38,060	0.01189	\$ 321,061
Decatur	\$ 31,715,450	3,274	0.00119	\$ 32,097
Dickinson	\$ 134,700,485	19,132	0.00629	\$ 169,855
Doniphan	\$ 65,515,538	8,062	0.00276	\$ 74,637
Douglas	\$ 1,038,091,400	102,786	0.03787	\$ 1,022,510
Edwards	\$ 43,639,549	3,308	0.00135	\$ 36,486
Elk	\$ 22,581,705	3,117	0.00103	\$ 27,895
Ellis	\$ 270,807,578	27,060	0.00994	\$ 268,322
Ellsworth	\$ 54,913,571	6,350	0.00222	\$ 59,945
Finney	\$ 470,512,179	39,271	0.01543	\$ 416,510
Ford	\$ 219,946,113	33,278	0.01076	\$ 290,426
Franklin	\$ 177,650,848	26,049	0.00849	\$ 229,254
Geary	\$ 133,854,235	25,111	0.00770	\$ 207,919
Gove	\$ 38,979,781	2,845	0.00118	\$ 31,886
Graham	\$ 42,259,364	2,745	0.00120	\$ 32,391
Grant	\$ 345,416,263	7,685	0.00630	\$ 170,113
Gray	\$ 64,041,925	5,980	0.00225	\$ 60,764
Greeley	\$ 35,431,811	1,415	0.00080	\$ 21,470
Greenwood	\$ 57,515,527	7,538	0.00254	\$ 68,477
Hamilton	\$ 72,648,427	2,654	0.00157	\$ 42,436
Harper	\$ 60,443,860	6,238	0.00227	\$ 61,161
Harvey	\$ 219,244,111	33,769	0.01086	\$ 293,330
Haskell	\$ 212,379,658	4,272	0.00377	\$ 101,687
Hodgeman	\$ 33,440,623	2,089	0.00093	\$ 25,098
Jackson	\$ 77,998,743	13,169	0.00414	\$ 111,768
Jefferson	\$ 131,678,865	18,906	0.00620	\$ 167,349
Jewell	\$ 35,882,835	3,422	0.00128	\$ 34,504
Johnson	\$ 7,171,851,084	496,691	0.21092	\$ 5,694,940
Kearny	\$ 286,362,195	4,515	0.00478	\$ 129,122
Kingman	\$ 97,822,789	8,390	0.00326	\$ 88,041
Kiowa	\$ 64,410,702	3,084	0.00157	\$ 42,313
Labette	\$ 111,921,096	22,269	0.00674	\$ 182,014
Lane	\$ 32,801,724	1,950	0.00089	\$ 23,983
Leavenworth	\$ 491,118,236	72,439	0.02357	\$ 636,511
Lincoln	\$ 34,888,396	3,416	0.00126	\$ 34,118
Linn	\$ 161,787,466	9,775	0.00442	\$ 119,298

1-4

County Name	2005	CY 2004	LAVTRF Ratio	Distribution
	Assessed Valuation	Population Certified 7/1/05		Amount
				\$27,000,000
Logan	\$ 40,499,541	2,827	0.00120	\$ 32,302
Lyon	\$ 218,162,708	35,717	0.01131	\$ 305,450
Marion	\$ 97,646,856	13,010	0.00436	\$ 117,619
Marshall	\$ 86,109,471	10,402	0.00359	\$ 96,852
McPherson	\$ 290,455,618	29,413	0.01075	\$ 290,290
Meade	\$ 106,413,866	4,592	0.00247	\$ 66,679
Miami	\$ 313,307,824	29,712	0.01112	\$ 300,201
Mitchell	\$ 54,093,702	6,564	0.00226	\$ 61,031
Montgomery	\$ 205,706,380	34,975	0.01098	\$ 296,333
Morris	\$ 56,391,783	5,977	0.00215	\$ 58,069
Morton	\$ 160,018,126	3,269	0.00285	\$ 76,939
Nemaha	\$ 77,114,259	10,458	0.00348	\$ 94,065
Neosho	\$ 89,926,383	16,555	0.00510	\$ 137,663
Ness	\$ 53,189,491	3,080	0.00142	\$ 38,363
Norton	\$ 39,807,488	5,799	0.00189	\$ 51,127
Osage	\$ 118,232,763	17,091	0.00559	\$ 151,002
Osborne	\$ 35,609,420	4,100	0.00144	\$ 38,758
Ottawa	\$ 56,636,207	6,175	0.00220	\$ 59,425
Pawnee	\$ 54,110,624	6,795	0.00232	\$ 62,519
Phillips	\$ 47,865,995	5,583	0.00195	\$ 52,560
Pottawatomie	\$ 368,842,391	18,871	0.00926	\$ 250,072
Pratt	\$ 99,483,573	9,417	0.00353	\$ 95,210
Rawlins	\$ 31,123,637	2,765	0.00106	\$ 28,625
Reno	\$ 462,334,743	63,676	0.02112	\$ 570,224
Republic	\$ 48,059,471	5,224	0.00186	\$ 50,324
Rice	\$ 100,041,673	10,497	0.00379	\$ 102,334
Riley	\$ 368,396,042	63,069	0.01976	\$ 533,474
Rooks	\$ 60,887,283	5,386	0.00207	\$ 55,850
Rush	\$ 35,386,001	3,466	0.00128	\$ 34,613
Russell	\$ 69,707,062	6,978	0.00256	\$ 69,148
Saline	\$ 470,197,690	53,943	0.01891	\$ 510,530
Scott	\$ 71,727,927	4,691	0.00204	\$ 55,183
Sedgwick	\$ 3,608,117,774	463,802	0.15695	\$ 4,237,524
Seward	\$ 267,620,682	23,237	0.00899	\$ 242,680
Shawnee	\$ 1,427,520,824	171,716	0.05929	\$ 1,600,943
Sheridan	\$ 33,509,739	2,614	0.00106	\$ 28,490
Sherman	\$ 62,001,706	6,218	0.00228	\$ 61,578
Smith	\$ 35,998,758	4,179	0.00146	\$ 39,402
Stafford	\$ 64,285,561	4,512	0.00190	\$ 51,431
Stanton	\$ 102,902,175	2,374	0.00190	\$ 51,221
Stevens	\$ 354,980,725	5,520	0.00591	\$ 159,569
Sumner	\$ 161,163,972	25,272	0.00809	\$ 218,503
Thomas	\$ 78,959,399	7,801	0.00288	\$ 77,664
Trego	\$ 37,527,059	3,158	0.00124	\$ 33,386
Wabaunsee	\$ 62,587,452	6,938	0.00246	\$ 66,402
Wallace	\$ 28,650,993	1,579	0.00075	\$ 20,151
Washington	\$ 56,394,616	6,107	0.00218	\$ 58,904
Wichita	\$ 32,157,702	2,360	0.00098	\$ 26,388
Wilson	\$ 69,865,679	9,946	0.00327	\$ 88,245
Woodson	\$ 28,210,937	3,553	0.00121	\$ 32,662
Wyandotte	\$ 1,110,992,382	156,487	0.05158	\$ 1,392,533
Totals	\$ 27,019,361,810	2,735,502	1.00000	\$ 27,000,000

Formula states population makes up 65% and valuation 35% of the amount to the county.

1-5

County Name	2005	CY 2004	LAVTRF Ratio	Distribution
	Assessed Valuation	Population Certified 7/1/05		Amount
				\$40,500,000
Allen	\$ 79,488,947	13,949	0.00434	\$ 175,939
Anderson	\$ 67,034,996	8,191	0.00281	\$ 113,994
Atchison	\$ 113,923,684	16,848	0.00548	\$ 221,903
Barber	\$ 73,225,639	4,999	0.00214	\$ 86,524
Barton	\$ 196,623,885	27,367	0.00905	\$ 366,519
Bourbon	\$ 84,953,824	15,066	0.00468	\$ 189,556
Brown	\$ 82,094,070	10,362	0.00353	\$ 142,787
Butler	\$ 441,998,615	61,828	0.02042	\$ 826,882
Chase	\$ 38,675,768	3,068	0.00123	\$ 49,815
Chautauqua	\$ 23,937,357	4,178	0.00130	\$ 52,765
Cherokee	\$ 131,174,257	21,950	0.00691	\$ 280,052
Cheyenne	\$ 40,501,431	2,979	0.00123	\$ 49,916
Clark	\$ 37,917,371	2,343	0.00105	\$ 42,440
Clay	\$ 62,171,778	8,597	0.00285	\$ 115,350
Cloud	\$ 68,626,116	9,779	0.00321	\$ 130,111
Coffey	\$ 455,842,283	8,759	0.00799	\$ 323,438
Comanche	\$ 42,159,476	1,903	0.00100	\$ 40,431
Cowley	\$ 204,004,662	35,772	0.01114	\$ 451,276
Crawford	\$ 219,819,386	38,060	0.01189	\$ 481,591
Decatur	\$ 31,715,450	3,274	0.00119	\$ 48,146
Dickinson	\$ 134,700,485	19,132	0.00629	\$ 254,783
Doniphan	\$ 65,515,538	8,062	0.00276	\$ 111,955
Douglas	\$ 1,038,091,400	102,786	0.03787	\$ 1,533,765
Edwards	\$ 43,639,549	3,308	0.00135	\$ 54,729
Elk	\$ 22,581,705	3,117	0.00103	\$ 41,843
Ellis	\$ 270,807,578	27,060	0.00994	\$ 402,483
Ellsworth	\$ 54,913,571	6,350	0.00222	\$ 89,918
Finney	\$ 470,512,179	39,271	0.01543	\$ 624,765
Ford	\$ 219,946,113	33,278	0.01076	\$ 435,639
Franklin	\$ 177,650,848	26,049	0.00849	\$ 343,881
Geary	\$ 133,854,235	25,111	0.00770	\$ 311,878
Gove	\$ 38,979,781	2,845	0.00118	\$ 47,828
Graham	\$ 42,259,364	2,745	0.00120	\$ 48,587
Grant	\$ 345,416,263	7,685	0.00630	\$ 255,170
Gray	\$ 64,041,925	5,980	0.00225	\$ 91,146
Greeley	\$ 35,431,811	1,415	0.00080	\$ 32,206
Greenwood	\$ 57,515,527	7,538	0.00254	\$ 102,716
Hamilton	\$ 72,648,427	2,654	0.00157	\$ 63,654
Harper	\$ 60,443,860	6,238	0.00227	\$ 91,741
Harvey	\$ 219,244,111	33,769	0.01086	\$ 439,995
Haskell	\$ 212,379,658	4,272	0.00377	\$ 152,531
Hodgeman	\$ 33,440,623	2,089	0.00093	\$ 37,647
Jackson	\$ 77,998,743	13,169	0.00414	\$ 167,651
Jefferson	\$ 131,678,865	18,906	0.00620	\$ 251,023
Jewell	\$ 35,882,835	3,422	0.00128	\$ 51,756
Johnson	\$ 7,171,851,084	496,691	0.21092	\$ 8,542,411
Kearny	\$ 286,362,195	4,515	0.00478	\$ 193,682
Kingman	\$ 97,822,789	8,390	0.00326	\$ 132,061
Kiowa	\$ 64,410,702	3,084	0.00157	\$ 63,470
Labette	\$ 111,921,096	22,269	0.00674	\$ 273,021
Lane	\$ 32,801,724	1,950	0.00089	\$ 35,974
Leavenworth	\$ 491,118,236	72,439	0.02357	\$ 954,766
Lincoln	\$ 34,888,396	3,416	0.00126	\$ 51,177
Linn	\$ 161,787,466	9,775	0.00442	\$ 178,947

1-6

County Name	2005 Assessed Valuation	CY 2004 Population Certified 7/1/05	LAVTRF Ratio	Distribution Amount
				\$40,500,000
Logan	\$ 40,499,541	2,827	0.00120	\$ 48,453
Lyon	\$ 218,162,708	35,717	0.01131	\$ 458,175
Marion	\$ 97,646,856	13,010	0.00436	\$ 176,429
Marshall	\$ 86,109,471	10,402	0.00359	\$ 145,278
McPherson	\$ 290,455,618	29,413	0.01075	\$ 435,435
Meade	\$ 106,413,866	4,592	0.00247	\$ 100,018
Miami	\$ 313,307,824	29,712	0.01112	\$ 450,301
Mitchell	\$ 54,093,702	6,564	0.00226	\$ 91,547
Montgomery	\$ 205,706,380	34,975	0.01098	\$ 444,499
Morris	\$ 56,391,783	5,977	0.00215	\$ 87,104
Morton	\$ 160,018,126	3,269	0.00285	\$ 115,408
Nemaha	\$ 77,114,259	10,458	0.00348	\$ 141,098
Neosho	\$ 89,926,383	16,555	0.00510	\$ 206,494
Ness	\$ 53,189,491	3,080	0.00142	\$ 57,545
Norton	\$ 39,807,488	5,799	0.00189	\$ 76,690
Osage	\$ 118,232,763	17,091	0.00559	\$ 226,502
Osborne	\$ 35,609,420	4,100	0.00144	\$ 58,138
Ottawa	\$ 56,636,207	6,175	0.00220	\$ 89,138
Pawnee	\$ 54,110,624	6,795	0.00232	\$ 93,779
Phillips	\$ 47,865,995	5,583	0.00195	\$ 78,839
Pottawatomie	\$ 368,842,391	18,871	0.00926	\$ 375,108
Pratt	\$ 99,483,573	9,417	0.00353	\$ 142,816
Rawlins	\$ 31,123,637	2,765	0.00106	\$ 42,937
Reno	\$ 462,334,743	63,676	0.02112	\$ 855,335
Republic	\$ 48,059,471	5,224	0.00186	\$ 75,486
Rice	\$ 100,041,673	10,497	0.00379	\$ 153,502
Riley	\$ 368,396,042	63,069	0.01976	\$ 800,211
Rooks	\$ 60,887,283	5,386	0.00207	\$ 83,775
Rush	\$ 35,386,001	3,466	0.00128	\$ 51,919
Russell	\$ 69,707,062	6,978	0.00256	\$ 103,723
Saline	\$ 470,197,690	53,943	0.01891	\$ 765,795
Scott	\$ 71,727,927	4,691	0.00204	\$ 82,774
Sedgwick	\$ 3,608,117,774	463,802	0.15695	\$ 6,356,285
Seward	\$ 267,620,682	23,237	0.00899	\$ 364,021
Shawnee	\$ 1,427,520,824	171,716	0.05929	\$ 2,401,414
Sheridan	\$ 33,509,739	2,614	0.00106	\$ 42,736
Sherman	\$ 62,001,706	6,218	0.00228	\$ 92,366
Smith	\$ 35,998,758	4,179	0.00146	\$ 59,102
Stafford	\$ 64,285,561	4,512	0.00190	\$ 77,147
Stanton	\$ 102,902,175	2,374	0.00190	\$ 76,831
Stevens	\$ 354,980,725	5,520	0.00591	\$ 239,353
Sumner	\$ 161,163,972	25,272	0.00809	\$ 327,755
Thomas	\$ 78,959,399	7,801	0.00288	\$ 116,497
Trego	\$ 37,527,059	3,158	0.00124	\$ 50,078
Wabaunsee	\$ 62,587,452	6,938	0.00246	\$ 99,602
Wallace	\$ 28,650,993	1,579	0.00075	\$ 30,226
Washington	\$ 56,394,616	6,107	0.00218	\$ 88,356
Wichita	\$ 32,157,702	2,360	0.00098	\$ 39,582
Wilson	\$ 69,865,679	9,946	0.00327	\$ 132,368
Woodson	\$ 28,210,937	3,553	0.00121	\$ 48,992
Wyandotte	\$ 1,110,992,382	156,487	0.05158	\$ 2,088,800
Totals	\$ 27,019,361,810	2,735,502	1.00000	\$ 40,500,000

Formula states population makes up 65% and valuation 35% of the amount to the county.

County Name	2005	CY 2004	LAVTRF Ratio	Distribution
	Assessed Valuation	Population Certified 7/1/05		Amount
				\$54,000,000
Allen	\$ 79,488,947	13,949	0.00434	\$ 234,586
Anderson	\$ 67,034,996	8,191	0.00281	\$ 151,992
Atchison	\$ 113,923,684	16,848	0.00548	\$ 295,871
Barber	\$ 73,225,639	4,999	0.00214	\$ 115,365
Barton	\$ 196,623,885	27,367	0.00905	\$ 488,692
Bourbon	\$ 84,953,824	15,066	0.00468	\$ 252,741
Brown	\$ 82,094,070	10,362	0.00353	\$ 190,382
Butler	\$ 441,998,615	61,828	0.02042	\$ 1,102,510
Chase	\$ 38,675,768	3,068	0.00123	\$ 66,420
Chautauqua	\$ 23,937,357	4,178	0.00130	\$ 70,353
Cherokee	\$ 131,174,257	21,950	0.00691	\$ 373,403
Cheyenne	\$ 40,501,431	2,979	0.00123	\$ 66,555
Clark	\$ 37,917,371	2,343	0.00105	\$ 56,587
Clay	\$ 62,171,778	8,597	0.00285	\$ 153,800
Cloud	\$ 68,626,116	9,779	0.00321	\$ 173,481
Coffey	\$ 455,842,283	8,759	0.00799	\$ 431,250
Comanche	\$ 42,159,476	1,903	0.00100	\$ 53,908
Cowley	\$ 204,004,662	35,772	0.01114	\$ 601,702
Crawford	\$ 219,819,386	38,060	0.01189	\$ 642,122
Decatur	\$ 31,715,450	3,274	0.00119	\$ 64,195
Dickinson	\$ 134,700,485	19,132	0.00629	\$ 339,711
Doniphan	\$ 65,515,538	8,062	0.00276	\$ 149,274
Douglas	\$ 1,038,091,400	102,786	0.03787	\$ 2,045,020
Edwards	\$ 43,639,549	3,308	0.00135	\$ 72,972
Elk	\$ 22,581,705	3,117	0.00103	\$ 55,791
Ellis	\$ 270,807,578	27,060	0.00994	\$ 536,644
Ellsworth	\$ 54,913,571	6,350	0.00222	\$ 119,891
Finney	\$ 470,512,179	39,271	0.01543	\$ 833,020
Ford	\$ 219,946,113	33,278	0.01076	\$ 580,851
Franklin	\$ 177,650,848	26,049	0.00849	\$ 458,509
Geary	\$ 133,854,235	25,111	0.00770	\$ 415,837
Gove	\$ 38,979,781	2,845	0.00118	\$ 63,771
Graham	\$ 42,259,364	2,745	0.00120	\$ 64,782
Grant	\$ 345,416,263	7,685	0.00630	\$ 340,227
Gray	\$ 64,041,925	5,980	0.00225	\$ 121,528
Greeley	\$ 35,431,811	1,415	0.00080	\$ 42,941
Greenwood	\$ 57,515,527	7,538	0.00254	\$ 136,954
Hamilton	\$ 72,648,427	2,654	0.00157	\$ 84,872
Harper	\$ 60,443,860	6,238	0.00227	\$ 122,322
Harvey	\$ 219,244,111	33,769	0.01086	\$ 586,660
Haskell	\$ 212,379,658	4,272	0.00377	\$ 203,374
Hodgeman	\$ 33,440,623	2,089	0.00093	\$ 50,196
Jackson	\$ 77,998,743	13,169	0.00414	\$ 223,535
Jefferson	\$ 131,678,865	18,906	0.00620	\$ 334,697
Jewell	\$ 35,882,835	3,422	0.00128	\$ 69,009
Johnson	\$ 7,171,851,084	496,691	0.21092	\$ 11,389,881
Kearny	\$ 286,362,195	4,515	0.00478	\$ 258,243
Kingman	\$ 97,822,789	8,390	0.00326	\$ 176,081
Kiowa	\$ 64,410,702	3,084	0.00157	\$ 84,627
Labette	\$ 111,921,096	22,269	0.00674	\$ 364,028
Lane	\$ 32,801,724	1,950	0.00089	\$ 47,966
Leavenworth	\$ 491,118,236	72,439	0.02357	\$ 1,273,022
Lincoln	\$ 34,888,396	3,416	0.00126	\$ 68,236
Linn	\$ 161,787,466	9,775	0.00442	\$ 238,596

1-8

County Name	2005	CY 2004	LAVTRF Ratio	Distribution
	Assessed Valuation	Population Certified 7/1/05		Amount
				\$54,000,000
Logan	\$ 40,499,541	2,827	0.00120	\$ 64,603
Lyon	\$ 218,162,708	35,717	0.01131	\$ 610,899
Marion	\$ 97,646,856	13,010	0.00436	\$ 235,239
Marshall	\$ 86,109,471	10,402	0.00359	\$ 193,704
McPherson	\$ 290,455,618	29,413	0.01075	\$ 580,580
Meade	\$ 106,413,866	4,592	0.00247	\$ 133,358
Miami	\$ 313,307,824	29,712	0.01112	\$ 600,401
Mitchell	\$ 54,093,702	6,564	0.00226	\$ 122,063
Montgomery	\$ 205,706,380	34,975	0.01098	\$ 592,665
Morris	\$ 56,391,783	5,977	0.00215	\$ 116,139
Morton	\$ 160,018,126	3,269	0.00285	\$ 153,878
Nemaha	\$ 77,114,259	10,458	0.00348	\$ 188,131
Neosho	\$ 89,926,383	16,555	0.00510	\$ 275,325
Ness	\$ 53,189,491	3,080	0.00142	\$ 76,726
Norton	\$ 39,807,488	5,799	0.00189	\$ 102,254
Osage	\$ 118,232,763	17,091	0.00559	\$ 302,003
Osborne	\$ 35,609,420	4,100	0.00144	\$ 77,517
Ottawa	\$ 56,636,207	6,175	0.00220	\$ 118,850
Pawnee	\$ 54,110,624	6,795	0.00232	\$ 125,039
Phillips	\$ 47,865,995	5,583	0.00195	\$ 105,119
Pottawatomie	\$ 368,842,391	18,871	0.00926	\$ 500,144
Pratt	\$ 99,483,573	9,417	0.00353	\$ 190,421
Rawlins	\$ 31,123,637	2,765	0.00106	\$ 57,249
Reno	\$ 462,334,743	63,676	0.02112	\$ 1,140,447
Republic	\$ 48,059,471	5,224	0.00186	\$ 100,648
Rice	\$ 100,041,673	10,497	0.00379	\$ 204,669
Riley	\$ 368,396,042	63,069	0.01976	\$ 1,066,949
Rooks	\$ 60,887,283	5,386	0.00207	\$ 111,700
Rush	\$ 35,386,001	3,466	0.00128	\$ 69,226
Russell	\$ 69,707,062	6,978	0.00256	\$ 138,297
Saline	\$ 470,197,690	53,943	0.01891	\$ 1,021,060
Scott	\$ 71,727,927	4,691	0.00204	\$ 110,365
Sedgwick	\$ 3,608,117,774	463,802	0.15695	\$ 8,475,047
Seward	\$ 267,620,682	23,237	0.00899	\$ 485,361
Shawnee	\$ 1,427,520,824	171,716	0.05929	\$ 3,201,885
Sheridan	\$ 33,509,739	2,614	0.00106	\$ 56,981
Sherman	\$ 62,001,706	6,218	0.00228	\$ 123,155
Smith	\$ 35,998,758	4,179	0.00146	\$ 78,803
Stafford	\$ 64,285,561	4,512	0.00190	\$ 102,862
Stanton	\$ 102,902,175	2,374	0.00190	\$ 102,441
Stevens	\$ 354,980,725	5,520	0.00591	\$ 319,137
Sumner	\$ 161,163,972	25,272	0.00809	\$ 437,006
Thomas	\$ 78,959,399	7,801	0.00288	\$ 155,329
Trego	\$ 37,527,059	3,158	0.00124	\$ 66,771
Wabaunsee	\$ 62,587,452	6,938	0.00246	\$ 132,803
Wallace	\$ 28,650,993	1,579	0.00075	\$ 40,302
Washington	\$ 56,394,616	6,107	0.00218	\$ 117,809
Wichita	\$ 32,157,702	2,360	0.00098	\$ 52,776
Wilson	\$ 69,865,679	9,946	0.00327	\$ 176,491
Woodson	\$ 28,210,937	3,553	0.00121	\$ 65,323
Wyandotte	\$ 1,110,992,382	156,487	0.05158	\$ 2,785,066
Totals	\$ 27,019,361,810	2,735,502	1.00000	\$ 54,000,000

Formula states population makes up 65% and valuation 35% of the amount to the county.

1-9

DONOVAN

Change SB 365 (M&E) effective date to after 1/1/07 (2619 w/ de minimus and 2525)
-with GM amendment in 2619

Change mitigation formula 90% 70% 50% 0

Reduce homestead refund (SB 365) to \$3-5m

Reduce tax credits to 15% to partially fund mitigation – general & telecom

Delete SB 365 mitigation with replacement in gaming bill



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TO: Members of the Senate Committee on Assessment and Taxation

March 31, 2006

Senator Barbara Allen, Chair

Senator Les Donovan, Vice Chair

Senator Derek Schmidt, Vice Chair

Senator Janis Lee, Ranking Member

Senator Pat Apple

Senator Terry Bruce

Senator Great Goodwin

Senator Nick Jordan

Senator Roger Pine

FROM: Harriet Lange and the Kansas Broadcast Managers listed at the end of this memo

RE: HB 2618 – property tax on digital broadcast equipment – temporary relief

The House passed on final action this morning, HB 2618, by a vote of 108 to 17. With the hope that the bill will be considered by the Tax Conference Committee at some point, we want to acquaint Members of the Senate Committee with the provisions of the bill. We also are making this information available to all members of the Senate.

HB 2618 will provide temporary property tax relief to commercial broadcast stations in Kansas as we make the transition from analog to digital technology. Many of us have already invested heavily in the federally-mandated transition with the purchase of digital equipment. In fact, \$20 million of the total \$33 million in digital expenditures reported by the 23 commercial television stations in Kansas has already been invested, or will be by June 30 of this year.

When most businesses invest in new machinery and equipment, they make the decision to do so because they anticipate a return on investment. That is NOT the case for television broadcasters who were required to make the transition to digital with a build-out schedule mandated by the FCC. All full power commercial television stations were required by the FCC to be broadcasting at full power with their digital signal by July 1, 2005. Exceptions to this build out schedule were granted by the FCC only for reasons of financial hardship or in cases of delays by equipment manufacturers. As a result, television broadcasters in Kansas are operating two stations - an analog and a digital station - with all the dual expenses which that entails, but no return on investment.

Fiscal impact on the state and affected counties is minimal - about \$1,000,000 over a multiple-year period of time.

To provide additional details about HB 2618, I've attached testimony presented to the House Taxation Committee earlier this year. Thank you for your consideration.

These broadcast managers join in urging passage of HB 2618:

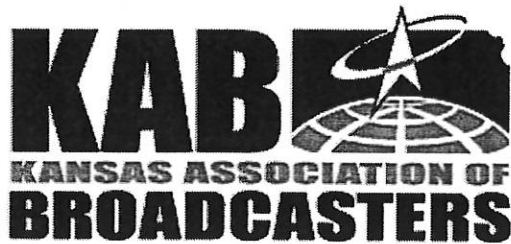
Brian Cunningham, Operations Manager, KSOK AM/FM, Arkansas City

Mark Oppold, General Manager, KAIR AM/FM, Atchison

(Over)

Assessment & Taxation
Date 5-1-06 #2
Attachment # 3

Mike Sutcliffe, Owner/General Manager, KINZ FM, Chanute
 Joe Jindra, President/General Manager, KNCK/KCKS, Concordia
 Mike Fell, General Manager, KXXX/KQLS, Colby; KGNO / KOLS / KZRD / KSSH, Dodge City
 Lee Schroeder, General Manager, KVOE AM/FM / KFFX FM, Emporia
 Marty Hill, General Manager, KANS FM, Emporia
 Nancy Baumrucker, General Manager, KFIX FM, Hays; KBGL FM, Great Bend
 Greg Buser, General Manager, KNZA / KMZA, Hiawatha/Seneca
 Robert Hilton, Operations Manager, KNZA / KMZA, Hiawatha/Seneca
 Cliff Shank, President and General Manager, KGGG / KSKU / KXKU / KJKC, Hutchinson
 Mark Wilson, KIND AM/FM, Independence
 Mike Russell, General Manager and Tom Norris, Station Manager, KALN / KIKS, Iola
 Mark Ediger, General Manager, KJCK AM/FM / KQLA, Junction City
 Cindy Schloss, Market Manager, KMBZ / KXTR / KSCP / KUDL / KRBZ/ KQRC / KYYS /
 WDAF, Kansas City
 Herndon Hasty, Market Manager, KFKF / KBEQ / KMXV / KSRC, Kansas City
 Kirk Black, General Manager, KCTV / KSMO TV, Kansas City
 Ron Covert, General Manager, KLWN/KLZR, Lawrence and KMXN FM, Topeka
 Hank Booth, Station Manager, KLWN / KLZR, Lawrence
 Stu Melchert, President and General Manager, KSCB AM/FM / KLDG FM, Liberal
 Richard Wartell, President/General Manager, KMAN / KMKF / KXBZ / KACZ, Manhattan
 Bruce Dierking, President, KNDY AM/FM, Marysville; KQNK AM/FM, Norton
 Bryan Loker, KFNF FM, Oberlin
 Brad Howard, President/General Manager, KOFO AM, Ottawa
 Chris Kelly, General Manager, KKOW AM/FM / KBZI FM, Pittsburg
 Lance Saylor, President/General Manager, KSNP FM, Burlington; KKOY AM/FM, Chanute;
 KWXD / KHST, Pittsburg
 Danny Thomas, President/General Manager, KOAM TV / KFJX TV, Pittsburg
 Jerry Hinrikus, General Manager, KINA / KSKG / KILS / KQNS, Salina
 Larry Riggins, General Manager, KABI / KSAJ, Abilene; KBLS FM, Manhattan; KSAL
 AM/FM / KYEZ, Salina; WIBW AM/FM, Topeka
 Ken Selvaggi, General Manager, KSNT TV, Topeka
 Jim Allan, General Manager, KTPK FM, Topeka
 Jim Evers, General Manager, KTKA TV, Topeka
 Dave Waters, General Manager, KTMJ TV, Topeka
 Steve Cornwell, General Manager, WIBW TV, Topeka
 Kent Cornish, Vice President/General Manager, KSAS TV /KSCC TV, Wichita; KAAS TV,
 Salina; KBDK TV, Great Bend
 Dick Harlow, General Manager, KZCH / KTHR / KRBB / KZSN, Wichita
 Jackie Wise, Market Manager, KFH AM/FM; KNSS / KFBZ / KDGS / KEYN, Wichita
 Terry Atherton, General Manager, KSGI AM, Wichita
 Terry Cole, President/General Manager, KAKE TV, Wichita; KLBY TV, Colby; KUPK TV,
 Garden City
 Al Buch, General Manager, KSNW TV, Wichita; KSNC TV, Great Bend; KSNG TV, Garden
 City; KSNK TV, Oberlin
 Mary Knecht, General Manager, KTQW TV, Wichita
 Rob Burton, Market Manager, KFTI / KFDI / KMXW / KYQQ / KICT / KFXJ, Wichita
 Joan Barrett, Vice President/General Manager, KWCH TV, Wichita; KBSD TV, Dodge City;
 KBSL TV, Goodland; and KBSH TV, Hays
 Eric Lassberg, General Manager, KWCV TV, Wichita
 Mark Vail, Vice President/Chief Operating Officer, Eagle Communications, Inc., Hays –
 KAYS / KHAZ / KJLS/ KKQY, Hays; KVGB AM/FM / KHOK, Great Bend;
 KWBW / KHUT / KHMV, Hutchinson; KINA / KSKG, Salina.



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Testimony
HB 2618
House Committee on Taxation
January 26, 2006
By
Harriet Lange, President
Kansas Association of Broadcasters

Mr. Chairman, Members of the Committee, I am Harriet Lange, president of the Kansas Association of Broadcasters (KAB). KAB serves a membership of free-over-the-air local broadcast stations in Kansas. We appreciate the opportunity to appear before you in support of HB 2618.

HB 2618 will provide temporary property tax relief to commercial television and radio stations in Kansas as they make the transition from analog to digital technology.

The Telecommunications Act of 1996 authorized the Federal Communications Commission to issue a mandate to all free, over-the-air television broadcasters to start transitioning from the analog technology to digital technology. The FCC granted each existing broadcaster an additional channel to be used for digital transmissions, while retaining and continuing programming on their analog channel until the transition is complete and consumers have the capability to receive digital transmissions.

What this mandate means, is that television broadcasters were required to build a second station for digital broadcasting along side their analog station. The mandate requires them to make huge capital outlays for digital equipment and requires them to operate both their analog and digital stations with double operating costs, in order to avoid depriving viewers from their local television broadcast service. Even though broadcasters are making these investments and paying the operating costs, they are NOT receiving any additional viewers or advertising revenue from these investments or operations and they will not until the transition to digital is complete.

From the broadcasters' standpoint, the roll-out of digital television has been incremental, with the largest markets required to be on the air with their digital stations by May 1, 1999. The next in line by market size, were required to be on the air by November 1, 1999. All commercial

television stations were required to be on the air with their digital signal by May 1, 2002. And all commercial stations had to be at full power with their digital signal by July 1, 2005. In some cases, these construction deadlines were waived by the FCC if there were delays by equipment manufacturers or in cases of financial hardship.

Television broadcasters have made the commitment to transition to digital technology, however, consumers have not yet caught up. To receive the digital signal, viewers must purchase a digital television set or a converter box for their analog sets if they do not receive their television programs through cable or satellite. Additionally, set manufacturers continue to produce and sell analog sets at bargain basement prices, although they will be rendered obsolete in 2009 when the analog signal is turned off. The Consumer Electronics Association (CEA) reported that in 2003 only three (3) percent of the total sets in the U.S. were digital capable sets (6.8 million out of 222 million). By 2005, CEA estimates that percentage increased to ten (10) percent, and by 2009, CEA projects that 67 percent of all sets in the U.S. will be digital sets.

DTV technology allows television broadcasters to offer free television programming with movie-quality picture and CD-quality sound (high definition). It also makes possible the rapid delivery of large amounts of information services over a television set (data-casting), or multiple channels offering a variety of programs (multi-casting). In order for consumers to take advantage of all of these enhanced services that will be offered, they must have a high definition/digital capable set.

The transition for radio, to HD Radio, is somewhat different than the DTV transition. The FCC approved HD Radio as the AM and FM digital broadcasting system in October of 2002. HD Radio was developed and is licensed by iBiquity Digital Corporation. This digital audio broadcasting technology provides for enhanced sound fidelity, improved reception and new wireless data services which might include scrolling of traffic, weather, news and sports scores, song and artist identification, and digital music and data download capabilities. Digital radio technology is different than DTV, in that it allows broadcasters to use the current radio spectrum to transmit AM and FM analog simultaneously with the new higher quality digital signals. The technology allows for a transition to digital for broadcasters and consumers by using the existing infrastructure and spectrum and at the same time preserving the existing analog service for as long as necessary. There is no hard-date for the end of analog radio broadcasting. Consumers may continue listening to the same local AM/FM stations but with the added services and benefits that HD Radio offers. As with television, however, a digital radio set will be required for consumers to take advantage of all the services and benefits of HD Radio.

Radio stations are slowly beginning to transmit a digital signal in addition to their analog signal. As of December 2005, 18 KAB member radio stations have an iBiquity license to broadcast in digital. Nine (9) of these are currently broadcasting in digital HD Radio. Nationwide, 250 stations are broadcasting in digital with an additional 200 having acquired their iBiquity license.

Other states have provided temporary tax relief for broadcasters as they make the transition to digital and while paying dual tax bills. Wisconsin passed legislation a few years ago. Missouri passed legislation last year. In other states like Alabama, Tennessee, Massachusetts, Kentucky and Washington the state broadcast associations have or are working with their respective revenue departments in establishing guidelines for a "special depreciation schedule" for digital broadcasting equipment.

Because an "administrative" fix by the Department of Revenue isn't an option in Kansas due to the inflexibility rendered by the state Constitution, we're asking the legislature to provide some temporary relief until analog broadcasting goes away.

HB 2618 would exempt from personal property tax, digital broadcast equipment acquired on or after January 1, 2006. For digital equipment purchased prior to January 1, 2006, a credit on the station's property tax bill would be granted, based on the percentage of NON-digital (analog) sets in the U.S. For television, the exemption and credit would remain in place until the end of 2009 as broadcasters will discontinue analog broadcasting in February of that year. Since no hard date has been set for radio, the exemption and credit would remain in place until at least 50% of all radio sets in the U.S. are digital sets.

The intent of the bill is to exempt or provide a credit for any equipment which produces, originates, modifies, controls, conveys, enhances, or measures the digital signal that is broadcast as a show, program or commercial. It is our intent that the equipment which would qualify for this special treatment would be limited to the equipment that is in the digital "pipeline" and exclude equipment which can handle an analog signal without conversion – that being the older equipment in the station.

To determine the potential impact on counties of the television portion of HB 2618 we surveyed the 23 full power commercial television stations with property in Kansas. We asked them to provide information on past and future digital equipment purchases. All 23 stations responded, reporting past and projected expenditures (through 2009) for digital equipment in 19 Kansas counties totaling \$33,158,883. Based on the expenditures reported, tax savings for television stations over the three years (2007, 2008 and 2009) totals a little over \$1,000,000. Attached is a spread sheet which provides the television tax savings by county.

We estimate that a radio station will spend under \$100,000 to make the transition to digital. The total expenditure by radio stations in the state over the multi-year period of the transition will be an estimated \$17.5 million. There are 175 commercial radio stations located in 52 Kansas counties.

Attached to my testimony also is an amendment, which allows county appraisers to remove digital equipment from the tax rolls without having an exemption application filed with the Board of Tax Appeals. We propose that this language be added to HB 2618, as Section 3 and that the current Section 3 be renumbered to Section 4.

I'd be happy to respond to questions now if appropriate, or after Joan Barrett's testimony, she and I can answer questions.

Thank you for your consideration.

The Conversion to Digital Television

- Digital Television (DTV) is a new broadcast technology that is transforming television.
- DTV technology allows television broadcasters to offer free television programming with movie-quality picture and CD-quality sound.
- DTV also makes possible the rapid delivery of large amounts of information services over a television set (data-casting), or multiple channels offering a variety of programs (multi-casting).
- The Telecommunications Act of 1996 authorized the FCC to issue a mandate to all free, over-the-air television broadcasters to start transitioning from the analog technology to digital technology. To that end the FCC granted each existing broadcaster an additional channel (6 MHz of spectrum) to be used for digital transmissions, while retaining and continuing programming on their analog channel until the transition is complete, i.e. consumers have the capability to receive digital transmissions.
- All commercial television stations were required to be on the air with their digital signal by May 1, 2002; all non-commercial stations by May 1, 2003. These construction deadlines were waived if there were delays by equipment manufacturers or in cases of financial hardship.

What broadcasters had to do to comply with the mandate:

- Local broadcast television stations have spent billions of dollars and thousands of manpower hours bringing digital television (DTV) to the American consumer. It is estimated that when the DTV transition is completed, broadcasters will have spent \$10-16 billion on their digital build outs. Moreover, during this transition period, stations continue incurring the additional costs of putting two signals on the air: one in analog and one in digital. Kansas full power television stations report total projected spending on digital equipment through 2009 to be \$33,160,000.
- If broadcasters did not comply with the mandate and convert to digital, they risk loss of their broadcast licenses when the transition is complete.
- The building of DTV stations required a large outlay of capital and effort by broadcasters. In some cases a new broadcast tower or significant modifications to an existing tower were required for the digital antennas.
- Broadcasters were required to purchase digital transmission equipment, obtain digital programming, and acquire equipment for converting analog programming to digital.
- Additionally, broadcasters must incur the cost of running two stations simultaneously during the transition period, even though viewership and advertising revenues remain the same.

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- According to a national survey in 2002, the average total cost per station to comply with the initial requirements for digital transmission was \$3.1 million.
- According to the 2002 survey, the increased energy costs of running the digital station was \$6,342 per month (at a time when only 54% of the DTV stations responding to the survey were broadcasting at full-power).
- Added to the cost of capital, purchasing and maintenance expenses will continue to increase as stations build and maintain digital equipment while keeping analog equipment in operation.
- Bottom-line - Broadcasters have been required to make substantial investments in economically and functionally obsolescent digital equipment that will not generate revenue until the transition to digital technology is complete. Analog equipment has a very nominal value, at least until the end of the transition. And because broadcasters are required to continue to broadcast their analog signal, they must continue to replace, maintain and repair their analog equipment until the analog spectrum is returned to the government.

When will the transition be complete?

- To receive a digital signal, consumers must purchase a digital set or a converter box for their analog sets if they do not receive their broadcast programs through cable or satellite. Projections indicate that no more than 1/3 of the television households in the U.S. will have a digital set by the end of 2006.
- Federal legislation initially called for the return of the analog spectrum by television broadcasters on December 31, 2006 or when 85% of the television households in a licensee's market are capable of receiving the signals of digital broadcast stations, whichever is later. However, the 2005 U.S. Senate in its budget reconciliation bill called for a hard-date of April 7, 2009, for turning off analog stations. The House bill called for a hard-date of December 31, 2008. The Conference Committee charged with reconciling the House and Senate versions decided on a hard date of February 17, 2009, when analog television stations will be turned off.

While there are numerous examples of technological change making equipment obsolete, including cellular telephones and the move from wire to fiber optics, there is no other case of a Federal agency forcing businesses to buy and run two sets of equipment (simultaneously) and then turn off one group of assets (rendering them useless and of no value).

The Conversion to Digital Radio

- The FCC approved HD Radio as the AM and FM digital broadcasting system for the U.S. in October 2002. HD Radio was developed by iBiquity Digital Corporation. For more information on HD Radio and the technology, go to www.ibiquity.com/hdradio.
- Radio stations are beginning to transmit a digital signal in addition to their analog signal. However, this transition has not been mandated by the FCC, but is market-driven. As of December 2005 – 18 KAB member radio stations have an iBiquity license to broadcast in digital. Nine of these are currently broadcasting in digital HD Radio. Nationwide, 250 stations are broadcasting in digital with an additional 200 having acquired their iBiquity license.
- Digital audio broadcasting technology provides for enhanced sound fidelity, improved reception and new wireless data services such as station, song and artist identification, scrolling of traffic, weather, news and sports scores, digital music and data download capabilities, and much more. This technology allows broadcasters to use the current radio spectrum to transmit AM and FM analog simultaneously with new higher quality digital signals. The digital technology will enhance both the AM and FM band's audio fidelity. AM will sound like FM does today and FM will have compact-disc-like audio quality.
- HD Radio technology allows for a transition to digital for broadcasters and consumers by using the existing infrastructure and spectrum and at the same time preserving the existing analog service for as long as is necessary. There is no hard-date for the end of analog radio broadcasting. Consumers may continue listening to the same local AM/FM stations but with the added services and benefits that HD Radio offers. However, a digital radio set will be required for consumers to take advantage of the services and benefits of HD Radio.
- Unlike television, the radio transition will only impact the value of the transmitters and antennas. Stations with relatively new transmitters may be able to modify the transmitter to send out the digital signal in addition to the analog signal. Antennas will have to be replaced or modified. It is estimated that the average cost of equipment for the transition to HD Radio will be about \$100,000 per station. There are 175 commercial radio stations in 52 Kansas counties.

Kansas Association of Broadcasters, Inc.
Tax Savings Assessment

3-10

County	01/01/2009		01/01/2008		01/01/2007		Total per Category		Total Tax Savings
	Post 1/1/06	Pre 12/31/05 Est. Credit	Post 1/1/06	Pre 12/31/05 Est. Credit	Post 1/1/06	Pre 12/31/05 Est. Credit	Post 1/1/06	Pre 12/31/05 Est. Credit	
Barton	\$ 40,112	\$ 577	\$ 48,146	\$ 1,425	\$ -	\$ 2,699	\$ 88,259	\$ 4,701	\$ 92,960
Cherokee	25,823	1,510	22,494	3,560	1,509	5,704	49,827	10,774	60,600
Decatur	19,239	1,639	-	4,246	-	7,139	19,239	13,025	32,264
Ellis	38,845	123	-	303	-	575	38,845	1,001	39,845
Finney	20,427	365	22,809	901	-	1,707	43,236	2,973	46,209
Ford	1,699	-	-	-	-	-	1,699	-	1,699
Gray	59,673	-	-	-	-	-	59,673	-	59,673
Harvey	-	2,403	-	4,172	-	7,150	-	13,725	13,725
Haskell	-	1,008	-	2,493	-	4,708	-	8,209	8,209
Johnson	15,549	4,945	17,028	11,421	-	18,281	32,576	34,647	67,223
Ottawa	-	1,067	-	1,891	-	3,202	-	6,160	6,160
Reno	-	7,276	-	16,956	-	26,922	-	51,154	51,154
Russell	-	185	-	456	-	865	-	1,506	1,506
Saline	-	139	-	344	-	652	-	1,135	1,135
Sedgwick	18,361	21,122	19,672	47,360	17,145	75,677	55,178	144,158	199,336
Shawnee	71,872	6,850	69,834	15,451	61,629	25,183	203,335	47,484	250,819
Sherman	46,674	-	-	-	-	-	46,674	-	46,674
Thomas	-	1,155	-	2,885	-	5,313	-	9,353	9,353
Wabaunsee	26,180	2,219	31,979	5,310	16,621	9,464	74,780	16,994	91,774
Total Tax Savings	\$ 384,455	\$ 52,583	\$ 231,961	\$ 119,175	\$ 96,903	\$ 195,241	\$ 713,320	\$ 366,998	\$ 1,080,318

Notes to Digital Television Survey, Tax Savings Assessment

*The urban average rate was taken from the Kansas Department of Revenue website at <http://www.ksrevenue.org/pdf/02-04TableIVavglevies.pdf>

Each county's 2004 urban average rate according to the chart was used in the calculation of tax savings and tax credit.

*The rates used for calculating the tax savings and tax credits per county were taken from the 2005 Personal Property Valuation Guide prepared by the Kansas Department of Revenue, Division of Property Valuation. The rates were presented in Section V, page 61, and were revised as of 12/2004.

*The assessment percentage of 25% used in the calculation of tax savings and tax credits was also taken from the 2005 Personal Property Valuation Guide prepared by the Kansas Department of Revenue, Division of Property Valuation. The assessment of 25% was used due to the assets being characterized in Class/Subclass 2.05, (Commercial and Industrial Machinery and Equipment)

*The estimated DTV factory shipment used to calculate the current percentage of digital television expected to be sold was found in the publication *Washington Insider Series: The HDTV Transition*, published by the Consumer Electronics Association.

DTV rates used to determine amount of the projected tax credit: 2007 - 28%; 2008 - 43%; and 2009 - 67%

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