

## MINUTES OF THE SENATE ASSESSMENT &amp; TAXATION COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 10:30 a.m. on February 9, 2011, in Room 152-S of the Capitol.

All members were present except:

Chairman Les Donovan – excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes

Scott Wells, Office of the Revisor of Statutes

Chris Courtwright, Kansas Legislative Research Department

Michael Wales, Kansas Legislative Research Department

Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Whitney Damron on behalf of the City of Topeka

Topeka Mayor, Bill Bunton,

Mike Taylor, Public Relations Director, Unified Government, Wyandotte County, Kansas City KS

Larry Baer, Assistant General Council for League of Kansas Municipalities

Ed Bryan, Manager of the High Performance Incentive Program (HPIP), for the Department of Commerce

Richard Cram, Department of Revenue

Others attending:

See attached list.

Vice Chairman Pat Apple opened the meeting with the hearing on **SB 59 Interest rate charged; delinquent or unpaid tax and overpayment of taxes.** He recognized Scott Wells, Office of the Revisor of Statutes for an explanation of the bill. Vice-Chairman Apple recognized Whitney Damron, representing the City of Topeka requested this bill. The interest rates were intended to create an incentive for taxpayers to pay their taxes. However, with the tightening of regular credit markets, commercial property owners and developers are choosing to overlook payment of local taxes in order to pay on loans with higher percentage rates. In 2008 more than ten percent of specials owed to Shawnee County were not paid, and nearly 19 percent of specials owed to the City of Topeka were not paid. The City of Topeka believes a rate of not less than 10 percent would provide a relatively constant rate and provide an incentive for taxpayers to find other financing than non-payment of property taxes. (Attachment 1) Mayor Bunton was not able to appear to speak to the committee. He did provide copies of information he wanted to share with the committee. (Attachment 2) Mike Taylor, Public Relations Director, Unified Government, Wyandotte County, Kansas City KS sent written testimony explaining most of their delinquent taxes are owed by businesses, who use those funds as a “cash-flow tool” because not paying a utility bill or a supplier's bill can end use of their services. (Attachment 3) Larry Baer, Assistant General Council for League of Kansas Municipalities, also spoke of the League's support of this bill, using the same reasons as previous proponents of this bill. (Attachment 4) Vice Chairman Apple closed the hearing on this bill.

Vice Chairman Apple introduced Ed Bryan, Manager of the High Performance Incentive Program (HPIP), for the Department of Commerce. This program is geared toward and effectively attracts those projects heavy in capital investment such as those intending to build or lease large new plants and facilities. HPIP can offer three main tax incentives: investment tax credit, employee training tax credit. To qualify for HPIP the company must be “for profit”, subject to state taxes, pay above average wages, and make a significant investment in employee training. Mr. Bryan went on to explain how a company can qualify for this incentive. The HPIP program was created in 1992 and has evolved over the years into one of Kansas' most potent and effective economic development tool. (Attachment 5)

Richard Cram gave the committee a briefing on Unitary Business Concept, Expensing and Depredciation. Mr. Cram had given them a written description of what constitutes an unitary business; how their combined incomes are reported; how to claim the HPIP credit; and expensing and depreciation; as well as the Kansas HPIP application. (Attachments 6 and 7)

## CONTINUATION SHEET

The minutes of the Federal and State Committee at 10:30 a.m. on February 9, 2011, in Room 152-S of the Capitol.

Members were given copies of the report concerning the M&E slider reimbursement to the Senate Committee on Assessment & Taxation as required by K.S.A. 2010 Supp. 79-2978 and 79-2979. (Attachment 8)

The next meeting is scheduled for February 10, 2011.

The meeting was adjourned at 11:37 a.m.

# SENATE

## Assessment & Taxation Committee

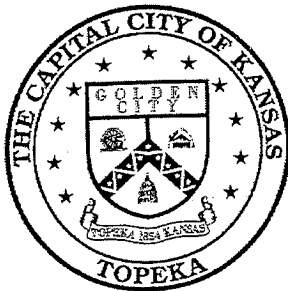
### GUEST LIST

DATE: 2/9/11

NAME	REPRESENTING
MIKE Taylor	UNITED GOV / WYANDOTTE CO / KCK
Herb Beth	city of Altamont
MORIAN DAV	
LARRY R Bass	LKMC
Jerome Teeter	
Jessica Teeter	
ED BRYAN	KS. Dept. of Commerce
Dr. Don Murray IV	NFIB
Kent Eckles	KS Chamber.
Kary Klenala	KSCPA
T.J. Calill	
Travis Lowe	Little Govt Relations
John Frederick	The Boeing Company
Makela Butler	Cap. Strategics
Christy Caldwell	Topeka Chamber of Comm.
Sandy Braden	NBA
Jen Bruning	OP Chamber
Bernie Koch	KEPC
Ron Secker	KGFA
Matt Hickam	KCP+L / Hickam Public Affairs

DATE: 2/9/11

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# CITY OF TOPEKA

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## TESTIMONY

TO: The Honorable Les Donovan, Chair  
The Honorable Pat Apple, Vice Chair  
And Members of the Senate Committee on Assessment and Taxation

FROM: Whitney Damron  
On behalf of the City of Topeka

RE: SB 59 -An Act concerning taxation; relating to delinquent or unpaid taxes  
and overpayment of taxes; pertaining to the rate of interest.

DATE: February 9, 2011

Good morning Mr. Chairman and Members of the Committee: I am Whitney Damron and I appear before you today on behalf of the City of Topeka in support of SB 59 that would set a floor for the rate of interest charged on delinquent property taxes beginning in TY 2012 at not less than ten percent.

SB 59 was introduced at the request of the City of Topeka and we appreciate the opportunity to provide testimony on this bill to you today.

By way of information, interest rates on delinquent property as outlined in Section 1 of the bill (current law) tie the rate to IRS Code Section 6621 (a)(2), which is the "Federal short term interest rate plus 3 percent" and the state adds 1 percent on top of that.

Included with my testimony is a Kansas Department of Revenue memorandum sent to all county treasurers, county clerks and county appraisers setting out the property tax interest rate for calendar year 2011. You will see from that document the current rate is 7 percent. That document also includes a history of the rates charged for the preceding ten years, which as you can see range from a high of 12 percent in 2001 to a low of 7 percent.

Interest rates are intended to create an incentive for taxpayers to pay their taxes. Unfortunately, the relatively low rates allowed under current law combined with the tightening of the credit markets, particularly for commercial property owners and developers has led many taxpayers to use cities, counties and other political subdivisions as their proverbial friendly banker. Except in this instance, the banker does not have the choice of deciding whether to extend credit, upon what terms or negotiate a repayment schedule.

Sn. Assmnt & Tax

2-9-11

Attachment # 1

According to information we obtained from Shawnee County, there is nearly \$21 million in delinquent property taxes owed to various political subdivisions within our county.

Included with my testimony is a listing from 2008 of the delinquent taxes owed in Shawnee County and to which taxing unit they are owed. In particular, I would call your attention to the delinquency on special assessments, which are typically incurred for development projects. In 2008, more than 10 percent of specials owed to Shawnee County were not paid and nearly 19 percent of specials owed to the City of Topeka were not paid.

These statistics are replicated in virtually every city and county in our state.

The City of Topeka is not unsympathetic to a taxpayer's inability to pay their property taxes. However, those who cannot or will not are subsidized by those who do. These delinquencies require cities and counties to increase taxes upon those who do pay and/or in the alternative, reduce services.

In order for a penalty to act as a deterrent, the cost/benefit must be readily determinable. The City of Topeka would respectfully suggest that most taxpayers have no idea what the rate of interest is on delinquent property taxes. One certainly cannot determine if from reading K.S.A. 79-2968, as that statute references a Federal IRS Code, which often changes and from that number they have to add another percent added under the statute.

The City believes a rate of not less than ten percent would provide a relatively constant delinquency interest rate, but more importantly would provide an incentive to a taxpayer to find alternative financing than their local units of government.

On behalf of the City of Topeka, I thank you for your consideration of position on SB 59 and would ask for your favorable consideration of this legislation. I would be pleased to stand for questions at the appropriate time.

WBD  
Attachments

August 10, 2010

TO: All County Treasurers, County Clerks and County Appraisers

FROM: Roger Hamm  
Division of Property Valuation

SUBJECT: Property Tax Interest Rates for Calendar Year 2011

In 1997, the legislature adopted a new law that had two major components. First, it required counties to pay interest to taxpayers. Second, it tied the interest rate the counties pay and collect to an annually updated interest rate prescribed in the Internal Revenue Code (IRC). Various statutes provide for percentage point adjustments to the federal rate for Kansas property tax purposes. For calendar year 2011, the interest rates are unchanged from 2010.

Calendar Year 2011

**Interest Rate Applied when a County Collects Interest**

Taxpayer's late payment of real or personal property taxes: 7%

**Interest Rates Applied when a County Pays Interest on Refunds:**

Payment under protests and "equalization" appeals 3%  
Tax grievance/clerical error refunds ordered by COTA 3%  
Clerical error refunds ordered by the county 5%

You should also be aware of three Board of Tax Appeals, now named the Court of Tax Appeals, decisions that were issued pertaining to the interest laws:

The Board ruled that when refunds are issued on or after July 1, 1997, as the result of a clerical error, interest should be paid to the taxpayer back from the date the applicant paid the taxes. (See, e.g., *In the Matter of the Application of Reynolds, Ernest and Darlene, for Relief from a Tax Grievance in Atchison County, Kansas*, Docket No. 97-3542-TG, Kansas Board of Tax Appeals Docket No. 97-3542-TG, November 6, 1997).

The Board of Tax Appeals held that interest is not paid on refunds ordered as the result of a taxpayer's request to reduce or abate personal property penalties on the basis of excusable neglect. (See, e.g., *In the Matter of the Application of Cross, Jerry/Cross Service for Relief from a Tax Grievance in Barton County, Kansas*, Board of Tax Appeals Docket No. 97-4953-TG, October 15, 1997).

The Board of Tax Appeals found that if there are delinquent taxes for the tax year at issue, no interest is to be paid on any refund for that year, even though a portion of the tax may have been paid in a timely fashion. (See, e.g., *In the Matter of the Protests Of Inspec. USA, Inc. DBA Jayhawk Fine Chemicals Corp. for Taxes Paid for 1999, 2000 and 2001 in Cherokee County, Kansas and In the Matter of the Protests of Allco Chemical Corp. for Taxes Paid for 1998, 1999, 2000, and 2001 in Cherokee County, Kansas*, Board of Tax Appeals Docket Nos. 2002-9125-PR thru 2002-9131-PR, June 18, 2003).

Below is a recapitulation of some commonly asked questions with answers.

1. Question: Must the Court of Tax Appeals or an appellate court specifically order interest before a county is required to pay it on a refund?  
Answer: No. Thus, a county must be well versed on when interest should be paid.
2. Question: Is interest paid when a refund of delinquent taxes is made?  
Answer: No. The law states that no interest shall be allowed where the tax paid under protest was inclusive of delinquent taxes. (K.S.A. 79-2005(1)(2))
3. Question: Is interest paid on a refund of personal property penalties made because the Court of Tax Appeals abated the penalty on the basis of excusable neglect?  
Answer: No. See Board of Tax Appeals Docket No. 97-4953-TG, and the summary of the case in this memorandum.
4. Question: Is interest paid on (1) a payment under protest appeal or (2) an "equalization" appeal if the appeal is commenced *before* July 1, 1997?  
Answer: No. Specific language in K.S.A. 79-2005(1) provides that interest is only paid on refunds associated with valuation appeals that are *commenced after* the effective date of the new law: July 1, 1997.
5. Question: Is interest paid on a payment under protest when a refund is issued as the result of an informal meeting with the county appraiser?  
Answer: Yes, see the language in K.S.A. 79-2005(a).
6. Question: Can interest be reduced or eliminated?  
Answer: Yes, if the Kansas Court of Tax Appeals or a court of competent jurisdiction orders the interest reduced upon a finding that an unreasonable delay was caused by the taxpayer. (K.S.A. 79-2005(1)).
7. Question: Is interest paid when the Kansas Court of Tax Appeals orders a refund on an application for exemption case?  
Answer: No. K.S.A. 79-213, the law pertaining to exemption applications, was not amended to provide for the payment of interest. It should be noted that when an application for exemption is filed, the taxes normally due on December 20 and May 10 are not due until (and if) the Court of Tax Appeals issues a final order denying exemption. Then, the taxpayer has 30 days thereafter in which to pay the taxes, and no interest accrues on the year(s) in question. (K.S.A. 79-213 (i)).
8. Question: Is interest paid on a Court of Tax Appeals ordered refund of tax paid by a public utility when a proper appeal has been filed pursuant to K.S.A. 74-2438?  
Answer: No. An appeal filed pursuant to K.S.A. 74-2438 does not provide for any interest to be paid on any refunded tax. See Board of Tax Appeals Docket No. 2005-4083-PV in the matter of the appeal of Wheatland Electric Cooperative, Inc. from an order of the Director of Property Valuation.



#### Delinquent Tax Interest

K.S.A. 79-2004 (real property), K.S.A. 79-2004a (personal property): County collects interest when taxpayer fails to pay their property taxes by the December 20<sup>th</sup> and May 10<sup>th</sup> deadlines. K.S.A. 79-2968 prescribes the interest rate thereto, plus two percentage points.

2001	12%
2002	10%
2003 (corrected 8/2003)	<del>8%</del> 9%
2004	8%
2005	7%
2006	9%
2007	11%
2008	11%
2009	8%
2010	7%
2011	7%

#### Payment Under Protest and Equalization Appeals

K.S.A. 79-2005: Interest on refunds for protested and equalization appeals. Applies only for those appeals filed on July 1, 1997 and thereafter. Note: No interest is paid by county on refund on delinquent protested tax. K.S.A. 79-2968 prescribes the interest rate thereto, minus two percentage points.

2001	8%
2002	6%
2003 (corrected 8/1/2003)	<del>4%</del> 5%
2004	4%
2005	3%
2006	5%
2007	7%
2008	7%
2009	4%
2010	3%
2011	3%

#### Tax Grievance / Clerical Error Refunds ordered by BOTB

K.S.A. 79-1702: The Court of Tax Appeals does not specifically order interest to be paid on an ordered refund, therefore, the county must know when interest should be paid. K.S.A. 79-2968 prescribes the interest rate thereto, minus two percentage points.

2001	8%
2002	6%
2003 (corrected 8/1/2003)	<del>4%</del> 5%
2004	4%
2005	3%
2006	5%
2007	7%
2008	7%
2009	4%
2010	3%
2011	3%

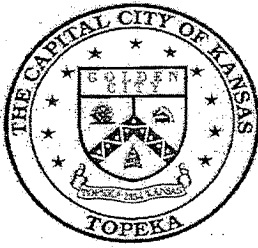
#### Clerical Error Refunds ordered by the County Commissioners

K.S.A. 79-1701a: When the County Commissioners direct a clerical error refund, the amount of the overpayment will include interest at the rate prescribed by K.S.A. 79-2968, from the date of payment and from tax moneys collected during the current year.

2001	10%
2002	8%
2003 (corrected 8/1/2003)	<del>6%</del> 7%
2004	6%
2005	5%
2006	7%
2007	9%
2008	9%
2009	6%
2010	5%
2011	5%

**Computation of Rates of Delinquency  
2008 Taxes**

Taxing District	Fund	Adjusted Roll	Amount Unpaid	% Unpaid
Shawnee County	General	\$ 59,600,930.41	\$ 1,986,066.80	3.332%
	Specials	\$ 4,289,576.00	\$ 462,610.91	10.785%
Metro Airport	General	\$ 1,923,668.94	\$ 64,101.96	3.332%
City of Topeka	General	\$ 12,029,549.29	\$ 486,134.36	4.041%
	Bond & Interest	\$ 12,783,625.22	\$ 516,607.82	4.041%
	Specials	\$ 1,729,087.84	\$ 326,648.92	18.891%
Metro Transit	General	\$ 3,057,064.63	\$ 123,541.16	4.041%
Washburn U.	Capital Outlay	\$ 3,057,064.64	\$ 123,541.13	4.041%
Topeka Sn Co Library	General	\$ 9,675,122.73	\$ 324,444.66	3.353%
	Bond & Interest	\$ 1,420,402.80	\$ 47,631.62	3.353%
City of Auburn	General	\$ 110,932.44	\$ 3,522.89	3.176%
	Specials	\$ 29,695.05	\$ -	0.000%
City of Rossville	General	\$ 147,385.22	\$ 4,975.44	3.376%
	Specials	\$ -	\$ -	0.000%
City of Silver Lake	General	\$ 160,925.23	\$ 2,021.97	1.256%
City of Willard	General	\$ 2,175.63	\$ 42.00	1.930%
Kaw River Drain	General	\$ 19,336.53	\$ 287.64	1.488%
North Topeka Drain	General	\$ 217,212.12	\$ 8,112.51	3.735%
Rossville Drain	General	\$ 20,532.11	\$ 632.90	3.082%
Shunga Drain	General	\$ -	\$ -	0.000%
Silver Lake Drain	General	\$ 10,666.18	\$ 325.10	3.048%
Fire District #1	General	\$ 328,251.33	\$ 7,879.51	2.400%
Fire District #2	General	\$ 229,094.71	\$ 4,387.27	1.915%
Fire District #3	General	\$ 144,530.01	\$ 3,857.73	2.669%
Fire District #4	General	\$ 77,108.26	\$ 2,363.24	3.065%
Fire District #4-Indebt	Indebt	\$ 31,376.92	\$ 873.07	2.783%
Shawnee Heights Fire	General	\$ 1,181,318.11	\$ 19,269.56	1.631%



## MEMORANDUM

Mayor's Office

To: Members of the Senate Committee on Assessment and Taxation

From: Mayor of Topeka, William W. Buntin *WWB*

Date: February 8, 2011

Subject: Testimony regarding SB 59

Good morning Mr. Chairman and Members of the Committee:

Thank you for the opportunity to speak in support of SB 59. It was I who proposed to our city council that we seek legislation that would increase the minimum rate of interest chargeable for delinquent property taxes to 10% from the present minimum of 7%.

I propose this increase because many of the properties that are delinquent are owned by LLC's and landlords who own multiple properties.

Most homeowners have a mortgage on their property as security for their loan. Those owners escrow funds for taxes and that obligation is paid to the county by the lender.

But in certain areas of our city, there are many rental properties, and for the most part those landlords pay their taxes on time, and keep their properties in good condition. But many do not, and it is those corporations and landlords, that by not paying their taxes, use non-payment as a way to borrow money, thereby making the city; county; school districts; airport and transit authorities; library; Washburn University; Willard; Rossville; Auburn and Silver Lake bankers for their operations.

My understanding is that interest for non-payment of property taxes, and late fees are paid to the county and not to the other taxing units, so delinquent payments of interest are not distributed to other taxing entities in the county. The city, for example, does not receive the interest due on delinquent properties within the city. The county accrues significant expenses when forced to begin the repossession process.

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2-9-11

Attachment # 2

My interest is not in increasing the financial problems some citizens have, but by allowing those who can pay, but play the delaying game so that they can then use that money to fund their operations at a rate of interest they might not otherwise be able to obtain is unfair to those who do meet their obligations and pay their taxes on time and in full.



# Testimony

Unified Government Public Relations  
701 N. 7<sup>th</sup> Street, Room 620  
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director  
913.573.5565 mtaylor@wycokck.org

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**Senate Bill 59**  
**Interest Rate on Delinquent Tax Payments**  
**Delivered February 9, 2010**  
**Senate Assessment and Taxation Committee**

The Unified Government of Wyandotte County/Kansas City supports Senate Bill 59. It is a reasonable step to help prevent the increasing practice of using local governments as banks where inexpensive "loans" can be obtained at the expense of other taxpayers.

The Unified Government has an obligation to do everything possible to collect money it is already legally owed before it raises taxes or cuts services for every other taxpayer. Increasing the interest rate on delinquent taxes to a level which no longer makes it "profitable" to not pay taxes makes sense.

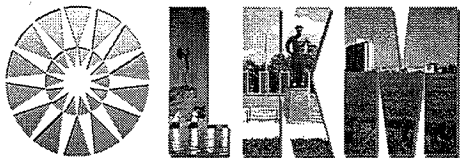
More than two thirds of the delinquent taxes in Wyandotte County are owed by commercial properties, not individual homeowners. Many businesses use the relatively cheap interest rate on delinquent taxes as a business strategy... a cash-flow tool. Not paying the electric bill, gas bill, or phone bill, or suppliers carries a penalty. The services are cut-off. But there are no real penalties for not paying taxes. The Police and Fire Departments will still come when a delinquent taxpayer calls, the snowplows will still clear the street in front of the business and the delinquent taxpayer can still take a lunch break in a city park and use other public amenities... with the bill paid for by others... all those law-abiding citizens who met their responsibility to the community. Raising the interest rate will at least make the deliberate strategy of not paying taxes less lucrative.

Senate Bill 59 is about fairness to all taxpayers. People who don't pay their taxes impose an unfair burden on those who do. The revenue shortfalls caused by delinquent taxpayers mean more taxes or less services for everyone else.

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2-9-11

Attachment # 3



Date: February 9, 2011

To: Senate Assessment and Taxation Committee

From: Larry R. Baer  
Assistant General Counsel

Re: SB 59  
Written Testimony in Support

Thank you for allowing me to present testimony in support of SB 59 on behalf of the League of Kansas Municipalities and its member cities.

It is our understanding that SB 59, as written, would amend current law to require that interest to be charged on delinquent taxes and assessments be set at either the rate determined under the Internal Revenue Code (IRC §6621), plus 1% or 10% per annum, whichever is greater. Current law sets the interest rate at the IRC rate, plus 1% per annum. For 2011 the rate is 5%; it was also 5% in 2010; 6% in 2009 and 9% for 2007 and 2008.

In many cases the state rate is lower than the rates charged by banks on loans. This can, and does, result in taxpayers choosing to not pay taxes because the interest rate on the delinquent tax is less than the rate they would have to pay if they chose to borrow from a financial institution to pay the tax. Thus, the taxing entity becomes "the bank".

Increasing the interest rate on delinquent taxes and assessments to above market loan interest rates should discourage taxpayers from using the taxing entities as the bank because the interest rate on the delinquent taxes would be greater than a bank loan to pay the taxes. This should serve as an incentive to be more timely with payments. The net effect should be to accelerate tax payments or to encourage prompt payment from those who might otherwise allow taxes to become delinquent.

For these reasons the League of Kansas Municipalities supports SB 59 and asks for your support and requests that you pass it out favorably.

Thank you.

Sn. Assmnt & Tax

2-9-11

Attachment # 4

## High Performance Incentive Program (HPIP) Kansas Department of Commerce

The intent of the HPIP incentive program is to encourage companies to invest in Kansas and to raise Kansas employee wage and skills levels through income tax credits and sales tax project exemption. This program is geared toward and effectively attracts those projects heavy in capital investment such as those intending to build or lease large new plants and facilities. These are the employers which plan to operate in a location for the long term and are the type of employers states vigorously pursue and compete for.

HPIP can offer three main tax incentives.

- 1) **Investment Tax Credit:** This is equal to 10% of all eligible capital investment which exceeds \$50,000. There is no cap and a ten year carry-forward.
- 2) **Employee Training Tax Credit:** This is a dollar for dollar tax credit, up to a maximum of \$50,000 per tax year, for training and education expenditures which exceed 2% of total payroll at the worksite. There is no tax credit carry-forward here.
- 3) **State Sales Tax Exemption:** This exempts the company from having to pay sales tax on the purchases of all materials and services related to capital investment at the worksite.

To qualify for HPIP the company must be "for profit", subject to state taxes, pay above average wages (as compared to firms with the same NAICS codes in their geographical area) and make a significant investment in employee training.

Also, the company must be a manufacturer or, if in another eligible category, must derive most of its sales revenue from any combination of Kansas manufacturers, out-of-state businesses and/or government agencies. Ineligible NAICS categories include retailers, mining, agriculture and construction companies. A business in any category may qualify if they are a headquarters or back-office operation of a national or multi-national firm as those companies are capable of being located anywhere geographically.

The first step to becoming HPIP certified is the submission of the **Project Description** form which demonstrates foreknowledge of the program. It

Sn. Assmnt & Tax  
2-9-11

Attachment # 5

identifies future intended capital investment and must be received by Commerce prior to the company making any formal commitment to invest. HPIP is an incentive program not an entitlement and, as such, is designed to cause a company to expand the scope of their investment beyond that which would have otherwise occurred. This inherently requires that the company decision-makers be aware of the program incentives while they are still making these decisions and this form is the proof. Therefore, currently, only investment spending that has been pre-identified to Commerce on a Project Description form is potentially eligible for HPIP tax credits.

In fiscal year 2010 well over 300 Project Description forms were received by Commerce identifying intended projects totaling over \$2 billion. In addition, while job creation is not the thrust of HPIP, jobs certainly follow investment. Along with over \$2 billion in intended capital investment during this period these companies also estimated the creation of over 12,000 new jobs.

After submission of the Project Description form, the company must then apply for and obtain HPIP-certification at the investment worksite for the timeframe in which the investment spending occurs and the related assets are placed into service. This is the "**Certification Period.**" After certification the company can then claim potential credits on its income tax filing. Revenue is the agency with the authority to determine what does and does not constitute eligible investment for the purpose of earning Kansas tax credits.

First time certification periods are generally for one year, however, program requirements must be satisfied during the 4 prior quarters called the "**measurement period.**" To claim unused tax credits which are carried forward, the company must file for re-certification each year until the credits are used up or the maximum ten year carry-forward period ends.

Like filing a tax return, the process of filing an HPIP application for either certification or re-certification is always the same, but just looks at different time periods. It has been suggested, in the past, that the entire HPIP application process is complicated and overly burdensome with so much paperwork that it is just simply not within reach of some companies. My personal favorite comment was that "the juice is just not worth the squeeze". Today, however, this is no longer the case. When I took this program over more than two years ago, my



charge was to streamline and make it more user friendly. I convened a focus group which included our current HPIP companies, companies which had considered HPIP and elected not to pursue it, outside consultants, attorneys and representatives from the Department of Revenue. As a result of their comments and suggestions, I revamped the HPIP website ([kansascommerce.com/HPIP](http://kansascommerce.com/HPIP)) and streamlined the process. The application has since been simplified with step by step instructions and very minimal back-up documentation. In the old days a completed application packet could be as thick as several inches because it required all of the DOL run-on pages for all employees as well as the employee training sign-in sheets etc. Today the application is 4 pages long and only requires about 2 pages of actual information.

The HPIP program was created by the 1992 Kansas Legislative Session and has evolved, over the years, into what I believe is our most potent and effective economic development tool. In the past two years alone, 322 companies in 54 Kansas counties have availed themselves of the benefits offered through HPIP. Since the inception of HPIP, Kansas has competed for and attracted billions of dollars in new capital investment with the accompanying new jobs which could easily have gone to other states. This program continues to generate not just investment but big investment. Typical is the statement made by the Hill's Pet Product representative to the House Tax Sub-Committee last week when she said; "without HPIP, Hill's would not have decided to expand their Kansas operations and build their new plant in Emporia." I hear similar comments from other companies all the time.

Ed R Bryan, Manager  
High Performance Incentive Program  
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Nick Jordan, Secretary  
Richard Cram, Director



Department of Revenue

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FAX: 785-296-7928  
www.ksrevenue.org

Sam Brownback, Governor

February 9, 2011

Senate Committee on Assessment and Taxation

Briefing on Unitary Business Concept, Expensing and Depreciation

Presented by Richard Cram

Senator Pat Apple and Members of the Committee:

The unitary business concept provides an equitable way to apportion to Kansas for income tax purposes the business income of a multi-state business enterprise consisting of several entities, using the combined reporting method.

#### **UNITARY BUSINESS DEFINED**

The Kansas Supreme Court in *Pioneer Container Corp. v. Beshears*, 235 Kan. 745, 684 P.2d 396 (1984), has described a unitary business as follows:

- The concept of a unitary business arises when a corporation has one or more subsidiaries or divisions which are dependent upon, or contribute to the parent corporation or other subsidiaries or divisions so, in essence, constitute a homogenous enterprise. When such an entity exists it may be described as a unitary business and in determining the tax liability of the given subsidiary or division the taxing authority may consider the entire income of the unitary business and apportion taxes on the basis of the income attributable within the jurisdiction.
- A multi-state business is a unitary business for income tax purposes when the operations conducted in one state benefit and are benefited by the operations conducted in another state or states.
- The essential test to be applied is whether or not the operation of the portion of the business within the state is dependent upon or contributory to the operation of the business outside the state. If there is such a relationship, the business is unitary.

Any of the following circumstances would satisfy the "contribution/dependency" test and establish a unitary business:

1. Horizontal integration—all business activities are in the same general line (such as a chain of retail stores), along with centralized management, achieving economies of scale;

2. Vertical integration—entities engage in different interdependent steps of a process (such as a petroleum business involved in oil exploration, refining, and motor fuel marketing/retailing);
3. Centralized management and functional integration—interlocking directors and upper management, parental approval of subsidiary decisions, centralized purchasing, advertising, accounting, financing, etc.

### **COMBINED INCOME METHOD OF REPORTING**

When two or more corporations are engaged in a multi-state unitary business, K.S.A. 79-32,141 authorizes utilization of the combined report method for determining the Kansas income tax due. In describing this reporting method, our corporate income tax instructions provide:

When a group of corporations conduct a unitary business both within and outside of Kansas, the source of income shall be determined by the combined income approach. The combined income approach is the computation by formula apportionment of the business income of a unitary trade or business properly reportable to Kansas by members of a unitary group. The property, payroll, or sales factor for each member of a unitary business shall be determined by dividing the property, payroll, or sales figure for Kansas by the total property, payroll, or sales figure of the entire group. The average is multiplied by the income of the unitary group to determine the income of the company derived from sources in Kansas.

### **CLAIMING THE HPIP CREDIT EARNED BY MEMBER OF UNITARY GROUP**

Under current law, the High Performance Incentive Program ("HPIP") credit is computed and claimed on a separate entity basis. The credit is available to "any taxpayer" that satisfies the statutory criteria and allowed against the tax imposed on "the taxpayer's" Kansas taxable income. K.S.A. 2010 Supp. 79-32,160a(e). It is not transferable to another entity, even within a unitary group. The spreadsheet provided shows a hypothetical example.

### **EXPENSING AND DEPRECIATION**

The determination of Kansas taxable income, for both individual and corporate income tax purposes, starts with the taxpayer's federal income, subject to certain Kansas modifications. For the individual, federal adjusted gross income is the starting point, and for a corporation, it is federal taxable income. Thus, Kansas income tax law is heavily dependent on the federal Internal Revenue Code ("IRC") in the determination of Kansas taxable income.

Our federal income tax laws generally impose income tax on a person's net income—providing certain deductions from gross income to determine the amount of taxable income. The concepts of "expensing" and "depreciation" are used in our federal income tax laws in determining a business's net (taxable) income. A business may earn gross income, but the IRC permits certain deductions to arrive at net income. The business's operating expenses, such as salaries, cost of inventory sold, cost of supplies consumed would be considered "expense" deductions allowed against gross income to compute net income. An expense deduction allows the full cost of the expensed item to be deducted against gross income for the tax year when the expense was incurred.

A capital expenditure, such as when a capital asset is purchased, receives different treatment under the IRC than an expense deduction. The cost of purchasing a capital asset can be "depreciated" under federal income tax law, when that capital asset is owned by the taxpayer, used in the taxpayer's business, has a determinable useful life, and is expected to last more than one year.

Depreciation is an annual income tax deduction that allows the taxpayer to recover the cost of the capital asset over the time that the asset is used in the taxpayer's business. It is an allowance for the wear and tear, deterioration, or obsolescence of the asset over time. A depreciation deduction in a given tax year represents only a portion of the total cost of the item.

Depreciation starts when the capital asset is "placed into service", i.e., when it is ready and available for use in the business. Depreciation stops when the cost of the item has been fully recovered through the depreciation deductions taken over the time the item is used in the business, or the item is taken out of service (such as selling or abandoning the property).

Computing the depreciation deduction for a capital asset in a business begins with the basis for the property. Generally, this is the cost of the item. For the tax year when the item is placed in service, an initial depreciation deduction will be computed and subtracted from the basis for the property. The next tax year, another depreciation deduction will be computed for the same asset and subtracted from the adjusted basis, and so forth, until the full cost is recovered, or the item is taken out of service.

The number of tax years over which the depreciation deductions must be taken for the capital asset, and the amount of deduction per year, will be determined by the classification of the property, and the method of depreciation that is applicable to that property under the federal income tax laws.

IRC Section 168 generally sets out the Modified Accelerated Cost Recovery System (MACRS) depreciation rules. It assigns property classifications to the various types of depreciable property, and prescribes the depreciation system and method that must be used for that property classification. The General Depreciation System (GDS) is the one most often applicable under Section 168. For example, a computer would be classified as "5-year property" and under GDS would have a 5-year "recovery period," the number of years over which the cost, or basis, of the property would be "recovered" through depreciation deductions. A farm building is considered "20-year property" and would have a 20-year recovery period.

Under the GDS, there are 3 possible depreciation methods that could apply, depending on the property classification: 200% declining balance, 150% declining balance, and straight-line. For example, a computer would be classified as "5-year property" and the 200% declining balance depreciation method would be used. This method would determine the formula to be used in computing the depreciation deductions over the applicable recovery period. For example, under the straight-line method, the depreciation deductions would essentially be equal amounts over the recovery period. The 200% declining balance method provides the most "front-loading" of the depreciation deductions (larger deductions in the early years of the recovery period, tapering off in later years).

### **IRC Section 179 Expensing and Section 168(k) Bonus Depreciation**

In recent years, in an effort to encourage capital investment and provide tax relief to small businesses, Congress has significantly expanded the circumstances when the cost of certain capital assets can either be fully “expensed” or “bonus depreciation” of at least 50% of the cost can be taken.

Last December, Congress enacted H.R. 4853, the Tax Relief/Job Creation Act of 2010. IRC section 179 was amended to provide that for tax years 2010 and 2011, a taxpayer can take an expense deduction of up to \$500,000 for the cost of certain qualified depreciable property acquired by purchase and placed in service during the tax year, with an investment limit of \$2 million. The deduction cannot exceed the income derived from the business. A taxpayer could purchase and place into service \$500,000 of computer equipment for the business (assuming the business generates income in excess of \$500,000) and under IRC section 179, take an expense deduction of \$500,000, instead of having to depreciate that cost over 5 years, under the GDS depreciation rules in IRC section 168. Starting in tax year 2012, unless Congress extends it, the section 179 expense deduction reduces to \$25,000, with an investment limitation of \$250,000.

IRC section 168(k) was amended to provide that for qualified investments in new property made on or after September 9, 2010 and on or before December 31, 2011, the business may take a 100% “bonus expensing” deduction. Unlike section 179 expensing, this deduction is not subject to income or investment limitations. For tax year 2012, 50% “bonus depreciation” applies. After tax year 2012, unless Congress acts, the normal MACRS depreciation rules under section 168 will apply.

The taxpayer takes the deductions discussed above in computing federal taxable income (for a corporation) or federal adjusted gross income (for an individual)—before the computation of Kansas taxable income begins, so those federal deductions “flow through” to Kansas.

I wish to acknowledge James Bartle, Legal Services Attorney and former General Counsel, a recognized expert in the corporate income tax area, Michael Boekhaus, Director of the Audit Bureau, and Charla Wagner, Auditor, for their able assistance in providing the above information concerning the unitary business concept. Charla prepared the spreadsheet showing the example that illustrates how a unitary business would use an HPIP credit. The information above concerning expensing and depreciation comes from IRS Publication 946, available on the IRS website, [www.irs.gov](http://www.irs.gov).

Three companies are members of a unitary group that file in Kansas. Co A is the parent company with some research activities located at its manufacturing facilities. Co B manufacturers widgets and has one of its plants in Chapman, KS. Co B has earned a \$1,000,000 HPIP credit. Co C sells the widgets around the world and has a sales office in Wichita, KS.

	Income & KS Modifications	Kansas Property	Total Property	Kansas Payroll	Total Payroll	Kansas Sales	Total Sales
Co A	2,500,000	750,000	4,000,000	500,000	15,000,000	0	6,000,000
Co B	(100,000)	25,000,000	75,000,000	8,750,000	40,000,000	600,000	3,000,000
Co C	45,000,000	250,000	600,000	200,000	1,500,000	5,000,000	80,000,000
Total Combined	<u>47,400,000</u>	<u>26,000,000</u>	<u>79,600,000</u>	<u>9,450,000</u>	<u>56,500,000</u>	<u>5,600,000</u>	<u>89,000,000</u>

Apportionment Percentages:	Property App't %	Payroll App't %	Sales App't %	Total	Average
Co A	0.9422%	0.8850%	0.0000%	1.8272%	0.6091%
Co B	31.4070%	15.4867%	0.6742%	47.5679%	15.8560%
Co C	0.3141%	0.3540%	5.6180%	6.2860%	2.0953%

(Kansas amount for each company divided by total combined)

### HPIP Credit Usage

Credit is used only against the company that earned it (current law):

	Co A	Co B	Co C	Total	
Combined Income	47,400,000	47,400,000	47,400,000	47,400,000	
Average App't %	0.6091%	15.8560%	2.0953%	18.5604%	
Kansas Taxable Income	<u>288,692</u>	<u>7,515,731</u>	<u>993,193</u>	<u>8,797,616</u>	
Tax @ 4%	11,548	300,629	39,728	351,905	
Surtax @ 3.05% (>\$50,000)	7,280	227,705	28,767	263,752	
Total	18,828	528,334	68,495	615,657	CoB HPIP 1,000,000
HPIP Credit		(528,334)		(528,334)	(528,334)
Tax After Credit	<u>18,828</u>	<u>0</u>	<u>68,495</u>	<u>87,323</u>	<u>471,666</u> Available for carry forward.

Department of Revenue Data on History of Usage of High Performance Incentive Program  
Credit Since Inception

Tax Year	Number of Filers	Amount of Credit Allowed	Amount of Capital Investment
1993	confidential	confidential	
1994	11	\$187,060	
1995	30	\$513,329	
1996	27	\$1,212,817	
1997	27	\$4,855,357	
1998	49	\$6,961,946	
1999	83	\$14,568,936	
2000	116	\$16,981,123	
2001	153	\$25,215,388	
2002	83	\$14,214,003	
2003	107	\$13,562,214	\$190,087,171
2004	134	\$18,768,338	\$136,319,274
2005	187	\$35,422,742	\$116,114,832
2006	187	\$45,500,174	\$34,441,487
2007	163	\$43,263,959	\$637,266,455
2008	215	\$32,149,952	\$942,451,962
TOTAL	1,572	\$273,377,338	

# Kansas High Performance Incentive Program (HPIP)

## Application

For the worksite seeking HPIP certification, the person completing this application will need access to payroll records, training expenditures and customer records which identify the sources of sales revenues.

Commerce Representative: \_\_\_\_\_

Project Description Number: \_\_\_\_\_

Outside Consultant: \_\_\_\_\_ ☐ First Certification ☐ Recertification

Date: \_\_\_\_\_ Waiting on HPIP Sales Tax Exemption: ☐ Yes ☐ No

Company Name: \_\_\_\_\_

Company FEIN: \_\_\_\_\_ Company Fiscal Year End: \_\_\_\_\_ / \_\_\_\_\_  
Month Day

Company Address – Mailing: \_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_

(Proposed) Worksite Address: \_\_\_\_\_

City: \_\_\_\_\_ County: \_\_\_\_\_

Contact: \_\_\_\_\_ Title: \_\_\_\_\_

Contact Phone: ( ) - \_\_\_\_\_ Fax: ( ) - \_\_\_\_\_

E-mail: \_\_\_\_\_

If your company is a subsidiary, please provide the parent company's

(a) Name: \_\_\_\_\_

(b) Address: \_\_\_\_\_

(c) Contact Phone: ( ) - \_\_\_\_\_

(d) FEIN: \_\_\_\_\_



**PLEASE REFER TO THE "GUIDELINES & INSTRUCTIONS"  
AS YOU COMPLETE EACH OF THE FOLLOWING SECTIONS**

**For-Profit Entity**

- 1) Is your firm a for-profit business enterprise subject to Kansas income, sales or property taxes or combination of these taxes? ☐ If YES, go to item 2 ☐ If NO, stop here. It appears your company does not qualify for HPIP benefits at this time.

**"Measurement" and "Certification" Periods**

- 2) (a) What four-calendar-quarter **measurement period** have you decided will best suit your company's needs? \_\_\_\_\_ through \_\_\_\_\_  
mm/dd/yy mm/dd/yy
- (b) What date during the first calendar quarter following your measurement period do you wish to start and end your **certification period**. \_\_\_\_\_ through \_\_\_\_\_  
mm/dd/yy mm/dd/yy

**Assigned North American Industry Classification System (NAICS) Code**

- 3) (a) To what six-digit NAICS category has the Kansas Department of Labor assigned the worksite which is seeking HPIP certification in this application? \_\_\_\_\_  
NAICS Code
- (b) Please provide a brief description of the product or service produced at this worksite:

**Business Activities at the Worksite**

- 4) Based on your NAICS category, is your worksite classed as a manufacturer (i.e., first 3 digits of your NAICS category are 311 through 339)?  
☐ If YES, skip to item 8 ☐ If NO, go to item 5
- 5) Regardless of its NAICS designation, has Commerce determined your worksite to be a "headquarters or back-office operation" of a national or multi-national corporation?  
☐ If YES, go to item 8 ☐ If NO, skip to item 6
- 6) Is your worksite classed in other eligible major NAICS?  
☐ If YES, go to item 7 ☐ If NO, stop here. It appears your company does not qualify for HPIP benefits at this time.

**Sources of Revenue**

- 7) Does your worksite meet the statutory sources of revenue requirement for 51 percent of the revenue? ☐ If YES, complete this section and go to item 8 ☐ If NO, stop here. It appears your company does not qualify for HPIP benefits at this time.
- (a) Actual percent of total annual sales which meet this requirement: \_\_\_\_\_ %

- (b) Describe how you capture this data in your sales or accounting system: (Please attach separate sheet if necessary.)

### Worksite Average Wage Level

- 8) What is the HPIP wage standard in your region based on your NAICS assignment?  
\$ \_\_\_\_\_
- 9) What was the "average annual wage" amount you calculated in item (3) on the "Average Wage Calculations" form? \$ \_\_\_\_\_
- 10) Is your average annual wage higher than the HPIP wage standard based on your NAICS assignment for your chosen measurement period? ☐ If YES, skip to item 12 ☐ If NO, go to item 11
- 11) Is your worksite's average wage higher than one and one half times the statewide average wage? ☐ If YES, go to item 12 ☐ If NO, stop here. It appears your company does not qualify for HPIP benefits at this time.

**IMPORTANT NOTE:** By utilizing this alternative wage threshold and executing this document you are hereby attesting that in recalculating the worksite's total wage, all wages paid to employees with 5 percent equity or more have been removed.

### Worksite Training/Training Tax Credit

- 12) Has your company satisfied the HPIP training requirement through its use of the KIT, KIR or SKILL workforce training programs? ☐ If YES, complete this section ☐ If NO, skip to item 13
- (a) Training Program: \_\_\_\_\_
- (b) Contract Number: \_\_\_\_\_
- (c) Required KIR match Amount: \$ \_\_\_\_\_
- (d) Training Project Timeframe: \_\_\_\_\_ through \_\_\_\_\_  
mm/dd/yy mm/dd/yy
- 13) The training requirement can also be met through the company's independent training efforts and may earn a tax credit, as follows:
- (a) Calculate 2 percent of the aggregate "total wages paid" shown in item 3 on the "Average Wage Calculations" form:
- |                 |                         |               |   |
|-----------------|-------------------------|---------------|---|
| <u>2% times</u> | <u>Total wages paid</u> | <u>equals</u> | <u>Minimum required cash outlay for training if not involved in KIT/KIR/SKILL</u> |
| .02 x \$        | _____                   | = \$          | _____   |
- (b) Show the cash outlay you calculated for employee training and education during your measurement period \$ \_\_\_\_\_

- (c) If the amount in item 13(b) is equal to the amount calculated in item 13(a), you have met the minimum HPIP training requirement. If 13(b) exceeds 13(a), you have earned a training credit equal to this "excess" amount up to a maximum of \$50,000.

<i>Non-match training cash outlay (from item 13(b) above)</i>	<i>minus</i>	<i>Minimum required cash outlay (from item 13(a) above)</i>	<i>equals</i>	<i>Excess over minimum requirement</i>
\$ _____	-	\$ _____	=	\$ _____

- 14) **Congratulations!** By meeting the requirement outlined in this application, your company is designated as a "high performance" business due to its willingness to invest above-average amounts in employee wages and training.

**PLEASE READ CAREFULLY BEFORE SIGNING**

- 15) Your signature below verifies the accuracy and completeness of all representations made in this application and confirms that the company will respond in a timely fashion to inquiries about its use of HPIP benefits and other related questions. Your signature verifies that the company agrees to make available within a reasonable timeframe and allow access to such company records as are deemed appropriate within the sole judgment of Commerce and/or Kansas Department of Revenue (KDOR), in order to facilitate verification of the company's program eligibility and entitlement to any HPIP benefits claimed. The company specifically agrees that this authorization by itself is sufficient notice for its employees to allow the requested access and provide any requested information.

The company also authorizes KDOR and the Kansas Department of Labor (KDOL) to share with Commerce such information as is deemed appropriate in the sole judgment of Commerce and KDOR and KDOL to facilitate verification of the company's program eligibility and entitlement to any HPIP benefits claimed. With this authorization the company specifically waives any right to confidentiality that may otherwise be extended to the company by law, insofar as it concerns the transfer of information about the company among Commerce, KDOR and KDOL with respect to verifying HPIP eligibility and claims.

_____ Signature	_____ Date
_____ Printed name	_____ Title (must be the owner, CEO or the company officer responsible for preparing and filing the company's tax return)

**Please sign, date and return this application with the required supporting documentation to:**

Ed R. Bryan, HPIP Manager • Kansas Department of Commerce • 1000 S.W. Jackson Street,  
Suite 100 • Topeka, Kansas 66612-1354 • Phone: (785) 296-7174  
E-mail: [ebryan@kansascommerce.com](mailto:ebryan@kansascommerce.com)

## Mary Jane Brueck

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**From:** Roger.Hamm@kdor.ks.gov  
**Sent:** Wednesday, February 09, 2011 3:06 PM  
**To:** Les Donovan; Mary Jane Brueck  
**Cc:** Nick.Jordan@kdor.ks.gov; Chad.Bettes@kdor.ks.gov; Mark.Beck@kdor.ks.gov; Bill.Waters@kdor.ks.gov  
**Subject:** M&E Slider Reimbursement Report  
**Attachments:** M&E Senate Memo January 2011.pdf

Honorable Les Donovan, Chairperson, Senate Assessment and Taxation Committee,

Attached is the secretary of revenue's report concerning the M&E slider reimbursement to the senate committee on assessment and taxation as required by K.S.A. 2010 Supp. 79-2978 and 79-2979.

(See attached file: M&E Senate Memo January 2011.pdf)

Roger Hamm  
Personal Property & Abstract Supervisor  
Division of Property Valuation  
Kansas Department of Revenue  
785.296.4245  
[roger\\_hamm@kdor.state.ks.us](mailto:roger_hamm@kdor.state.ks.us)

Sn. Assmnt & Tax

2-9-11

Attachment # 8

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**MEMORANDUM**

**TO:** Honorable Les Donovan, Chairman  
Senate Assessment and Taxation Committee

**FROM:** Mark S. Beck, Director  
Division of Property Valuation

**DATE:** February 9, 2011

**RE:** M&E Slider Reimbursement

As required by K.S.A. 2010 Supp. 79-2978 and 79-2979 the following is the Secretary of Revenue's report concerning the M&E slider reimbursements.

**Brief History**

In 2006 all commercial and industrial machinery and equipment and telecommunications and railroad machinery and equipment purchased, leased or transported into the state after June 30, 2006, was exempted from property taxes. See K.S.A. 2010 Supp. 79-223 and 79-224.

Also created were the business machinery and equipment tax reduction assistance fund and the telecommunications and railroad machinery and equipment tax reduction assistance fund to be administered by the state treasurer. All expenditures from these funds are for partial reimbursement to counties for any reduction in taxes levied on commercial and industrial M&E and telecommunications and railroad M&E. See K.S.A. 2010 Supp. 79-2978 and 79-2979. The original legislation required the payments to the county treasurers to be made on or before February 15<sup>th</sup> of each year. See HB 2583 – 2006 Kan. Sess. Laws, ch. 205 §§ 1-4.

**IRB/EDX Amendment to the Slider**

In 2007 K.S.A 79-2978 and 79-2979 were amended to provide for the subtraction of taxes levied on commercial and industrial M&E and telecommunications and railroad M&E that was exempt as an industrial revenue bond exemption or an economic development exemption. See HB 2044 – 2007 Kan. Sess. Laws, ch. 152 §§ 2-3. Only exemptions which have expired after July 1<sup>st</sup>, 2006 qualify and are subtracted from the M&E taxes reported by the county for each year of the slider. The total adjustment for

2007 was \$1,943,835, \$5,682,977 for 2008, \$7,160,316 for 2009 and \$7,938,945 for 2010.

### Calculation of Slider Reimbursements

The secretary of revenue on or before January 31<sup>st</sup> is to determine the amount each county is to receive as a reimbursement from the state. The calculation is based upon the difference between the amount of taxes levied on commercial and industrial M&E and telecommunications and railroad M&E for 2005 (base year) and the tax amount levied for 2007, 2008, 2009, 2010 and 2011, taking into consideration the adjustments for IRB and EDX exemptions. Pursuant to law, 90%, 70%, 50%, 30% and 10% of the respective year are used to calculate the final amount to be distributed to the counties.

### Actual Reimbursements and Estimates for Future Reimbursements (\$ In Millions)

CALENDAR YEAR	FY PAYOUT	INITIAL ESTIMATE **	ACTUAL	APPROPRIATED
2007	2008	\$28.300	\$25.860	\$25.860
2008	2009	\$44.846	\$53.496	\$25.009
2009	2010	\$45.263	\$53.037	\$0
2010	2011	\$31.983	\$38.474	\$0
2011	2012	\$11.498		\$0

\*\* Initial estimates were made prior to HB 2044.

### Explanation of Appropriated Amounts

2009 House Substitute for Substitute for Senate Bill No. 23 moved the date for reimbursement in 2009 from February 15, 2009 to one-half on March 2, 2009 and one-half on June 1, 2009, subject to available funding. The bill also reduced the total amount to be reimbursed by 6.5% (93.5% of the total reimbursement). The bill was approved by Governor on February 17, 2009 and published in the Kansas Register on March 19, 2009. Pursuant to these amendments, one payment was made to the counties in March 2009 in the amount of \$25,009,406. There was no second half payment made in June 2009.

2009 Senate Substitute for House Bill No. 2354 and 2009 Senate Substitute for House Bill No. 2373 provided that no reimbursement shall be made during the fiscal year ending June 30, 2010. See L. 2009, ch. 124, §§ 142, 143, and L. 2009, ch. 144, §§ 84, 85.

2010 House Substitute for Senate Bill No. 572 provided that no reimbursement shall be made during the fiscal year ending June 30, 2011, and further that no reimbursement shall be made during the fiscal year ending June 30, 2012. See L. 2010, ch. 165, §§ 152, 153.

2011 M/E Tax Reimbursement

8-4

County	C&I M&E					RR M&E					Telecom M&E					Total 30% Reimbursement
	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	
Allen	1,419,151	1,134,235	(284,916)	-20.1%	85,475	31,911	43,587	11,676	36.6%	-	303,592	346,129	42,537	14.0%	-	85,475
Anderson	189,248	102,491	(86,757)	-45.8%	26,027	62,041	86,901	24,860	40.1%	-	150,667	140,135	(10,532)	-7.0%	3,160	29,187
Atchison	1,476,124	1,009,866	(466,259)	-31.6%	139,878	68,471	97,568	29,097	42.5%	-	364,424	260,245	(104,179)	-28.6%	31,254	171,132
Barber	419,281	278,056	(141,225)	-33.7%	42,368	15,543	30,913	15,370	98.9%	-	711,828	429,961	(281,867)	-39.6%	84,560	126,928
Barton	2,159,648	1,103,084	(1,056,564)	-48.9%	316,969	1,877	1,510	(367)	-19.6%	110	571,622	328,392	(243,230)	-42.6%	72,969	390,048
Bourbon	1,100,816	662,944	(437,872)	-39.8%	131,362	39,233	57,673	18,440	47.0%	-	476,078	314,402	(161,676)	-34.0%	48,503	179,865
Brown	567,663	352,695	(214,967)	-37.9%	64,490	88,768	99,432	10,664	12.0%	-	425,483	252,439	(173,044)	-40.7%	51,913	116,403
Butler	2,970,240	1,426,389	(1,543,850)	-52.0%	463,155	206,836	261,286	54,450	26.3%	-	1,463,310	967,849	(495,461)	-33.9%	148,638	611,793
Chase	110,769	59,613	(51,156)	-46.2%	15,347	137,578	170,298	32,720	23.8%	-	200,877	129,004	(71,873)	-35.8%	21,562	36,909
Chautauqua	132,872	73,709	(59,163)	-44.5%	17,749	-	-	-	-	-	226,505	206,620	(19,885)	-8.8%	5,966	23,715
Cherokee	1,184,202	1,059,508	(124,695)	-10.5%	37,408	33,501	45,427	11,926	35.6%	-	597,754	425,590	(172,164)	-28.8%	51,649	89,057
Cheyenne	80,523	106,554	26,032	32.3%	-	524	1,991	1,467	280.0%	-	138,276	134,107	(4,169)	-3.0%	1,251	1,251
Clark	123,555	57,137	(66,418)	-53.8%	19,925	36,013	41,305	5,292	14.7%	-	229,577	126,968	(102,609)	-44.7%	30,783	50,708
Clay	291,663	170,091	(121,572)	-41.7%	36,472	8,425	11,018	2,593	30.8%	-	227,216	206,462	(20,754)	-9.1%	6,226	42,698
Cloud	480,107	276,859	(203,248)	-42.3%	60,974	38,068	42,757	4,689	12.3%	-	574,770	355,556	(219,214)	-38.1%	65,764	126,738
Coffey	257,012	164,080	(92,932)	-36.2%	27,880	32,055	45,687	13,632	42.5%	-	162,424	115,510	(46,914)	-28.9%	14,074	41,954
Comanche	72,142	60,440	(11,702)	-16.2%	3,511	-	-	-	-	-	141,505	136,651	(4,854)	-3.4%	1,456	4,967
Cowley	3,406,085	1,472,674	(1,933,411)	-56.8%	580,023	151,263	194,074	42,811	28.3%	-	799,007	665,487	(133,520)	-16.7%	40,056	620,079
Crawford	2,989,964	1,187,048	(1,802,916)	-60.3%	540,875	41,911	44,394	2,483	5.9%	-	865,018	598,734	(266,284)	-30.8%	79,885	620,760
Decatur	110,973	78,849	(32,124)	-28.9%	9,637	3,316	4,816	1,500	45.2%	-	173,051	146,945	(26,106)	-15.1%	7,832	17,469
Dickinson	682,090	679,132	(2,958)	-0.4%	887	150,748	194,550	43,802	29.1%	-	459,401	440,718	(18,683)	-4.1%	5,605	6,492
Doniphan	615,392	435,482	(179,911)	-29.2%	53,973	39,045	48,743	9,698	24.8%	-	88,806	73,962	(14,844)	-16.7%	4,453	58,426
Douglas	6,690,150	3,686,182	(3,003,968)	-44.9%	901,190	81,172	103,558	22,386	27.6%	-	1,216,937	734,350	(482,587)	-39.7%	144,776	1,045,966
Edwards	286,020	132,895	(153,125)	-53.5%	45,937	25,312	35,263	9,951	39.3%	-	165,652	100,472	(65,180)	-39.3%	19,554	65,491
Elk	162,804	201,581	38,777	23.8%	-	1,645	1,322	(323)	-19.6%	97	229,379	168,407	(60,972)	-26.6%	18,292	18,389
Ellis	1,448,812	937,361	(511,450)	-35.3%	153,435	41,040	52,427	11,387	27.7%	-	697,976	456,059	(241,917)	-34.7%	72,575	226,010
Ellsworth	330,298	204,602	(125,695)	-38.1%	37,709	64,240	67,800	3,560	5.5%	-	338,948	242,389	(96,559)	-28.5%	28,968	66,677
Finney	2,268,592	1,456,408	(812,184)	-35.8%	243,655	22,302	28,941	6,639	29.8%	-	497,369	342,158	(155,211)	-31.2%	46,563	290,218
Ford	3,543,189	2,133,660	(1,409,529)	-39.8%	422,859	121,329	162,840	41,511	34.2%	-	1,173,704	669,865	(503,839)	-42.9%	151,152	574,011
Franklin	1,102,294	983,667	(118,628)	-10.8%	35,588	94,453	116,051	21,598	22.9%	-	524,909	289,628	(235,281)	-44.8%	70,584	106,172
Geary	1,487,908	625,157	(862,751)	-58.0%	258,825	24,547	28,504	3,957	16.1%	-	340,562	244,787	(95,775)	-28.1%	28,733	287,558
Gove	142,004	96,071	(45,932)	-32.3%	13,780	50,530	66,022	15,492	30.7%	-	176,013	189,433	13,420	7.6%	-	13,780
Graham	86,147	60,471	(25,676)	-29.8%	7,703	-	-	-	-	-	192,695	262,030	69,335	36.0%	-	7,703
Grant	307,362	215,538	(91,824)	-29.9%	27,547	-	-	-	-	-	345,515	293,714	(51,801)	-15.0%	15,540	43,087
Gray	216,780	148,051	(68,729)	-31.7%	20,619	16,419	25,441	9,022	54.9%	-	326,748	199,116	(127,632)	-39.1%	38,290	58,909

2011 M/E Tax Reimbursement

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County	C&I M&E					RR M&E					Telecom M&E					Total 30% Reimbursement
	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	
Greeley	62,243	50,897	(11,346)	-18.2%	3,404	409	368	(41)	-10.0%	12	93,124	91,485	(1,639)	-1.8%	492	3,908
Greenwood	260,455	147,672	(112,783)	-43.3%	33,835	-	-	-	-	-	419,509	292,813	(126,696)	-30.2%	38,009	71,844
Hamilton	86,419	58,433	(27,987)	-32.4%	8,396	21,179	37,873	16,694	78.8%	-	99,796	106,597	6,801	6.8%	-	8,396
Harper	374,442	258,862	(115,581)	-30.9%	34,674	31,537	80,496	48,959	155.2%	-	318,677	244,993	(73,684)	-23.1%	22,105	56,779
Harvey	1,848,530	982,428	(866,102)	-46.9%	259,831	150,329	180,601	30,272	20.1%	-	575,309	331,830	(243,479)	-42.3%	73,044	332,875
Haskell	129,065	165,054	35,989	27.9%	-	2,126	1,448	(678)	-31.9%	203	110,617	80,526	(30,091)	-27.2%	9,027	9,230
Hodgeman	65,852	50,474	(15,378)	-23.4%	4,614	92	85	(7)	-7.6%	2	93,955	76,873	(17,082)	-18.2%	5,125	9,741
Jackson	526,547	286,144	(240,403)	-45.7%	72,121	11,629	14,848	3,219	27.7%	-	310,250	186,675	(123,575)	-39.8%	37,073	109,194
Jefferson	647,888	476,305	(171,582)	-26.5%	51,475	59,288	68,151	8,863	14.9%	-	336,916	155,489	(181,427)	-53.8%	54,428	105,903
Jewell	73,952	37,151	(36,801)	-49.8%	11,040	16,604	21,392	4,788	28.8%	-	254,749	205,545	(49,204)	-19.3%	14,761	25,801
Johnson	54,198,729	24,205,143	(29,993,586)	-55.3%	8,998,076	375,223	460,659	85,436	22.8%	-	10,226,435	6,683,646	(3,542,789)	-34.6%	1,062,837	10,060,913
Kearny	128,360	111,219	(17,142)	-13.4%	5,143	12,435	21,036	8,601	69.2%	-	80,490	81,515	1,025	1.3%	-	5,143
Kingman	455,586	349,879	(105,707)	-23.2%	31,712	993	864	(129)	-13.0%	39	340,177	295,919	(44,258)	-13.0%	13,277	45,028
Kiowa	100,319	58,018	(42,301)	-42.2%	12,690	59,244	76,948	17,704	29.9%	-	217,743	273,815	56,072	25.8%	-	12,690
Labette	1,539,721	908,977	(630,744)	-41.0%	189,223	87,755	108,170	20,415	23.3%	-	879,128	559,794	(319,334)	-36.3%	95,800	285,023
Lane	107,849	67,327	(40,522)	-37.6%	12,157	644	500	(144)	-22.4%	43	105,938	75,487	(30,451)	-28.7%	9,135	21,335
Leavenworth	2,758,104	1,441,155	(1,316,949)	-47.7%	395,085	70,998	88,134	17,136	24.1%	-	1,010,546	631,270	(379,276)	-37.5%	113,783	508,868
Lincoln	193,108	121,784	(71,325)	-36.9%	21,397	501	442	(59)	-11.8%	18	233,799	206,599	(27,200)	-11.6%	8,160	29,575
Linn	322,719	212,053	(110,666)	-34.3%	33,200	37,408	55,557	18,149	48.5%	-	390,493	234,752	(155,741)	-39.9%	46,722	79,922
Logan	115,398	66,288	(49,109)	-42.6%	14,733	60,125	80,554	20,429	34.0%	-	186,193	137,999	(48,194)	-25.9%	14,458	29,191
Lyon	2,542,487	1,421,904	(1,120,583)	-44.1%	336,175	89,889	120,912	31,023	34.5%	-	807,245	497,676	(309,569)	-38.3%	92,871	429,046
Marion	497,152	260,479	(236,673)	-47.6%	71,002	204,187	264,235	60,048	29.4%	-	448,559	325,918	(122,641)	-27.3%	36,792	107,794
Marshall	921,890	626,364	(295,526)	-32.1%	88,658	166,723	174,064	7,341	4.4%	-	669,683	330,456	(339,227)	-50.7%	101,768	190,426
McPherson	4,082,335	2,689,011	(1,393,325)	-34.1%	417,997	97,731	112,356	14,625	15.0%	-	916,752	416,198	(500,554)	-54.6%	150,166	568,163
Meade	97,803	68,056	(29,747)	-30.4%	8,924	73,595	99,292	25,697	34.9%	-	204,949	146,113	(58,836)	-28.7%	17,651	26,575
Miami	1,104,786	530,862	(573,925)	-51.9%	172,177	137,378	184,718	47,340	34.5%	-	601,122	375,234	(225,888)	-37.6%	67,766	239,943
Mitchell	470,942	280,485	(190,456)	-40.4%	57,137	7,403	4,581	(2,822)	-38.1%	847	247,399	211,700	(35,699)	-14.4%	10,710	68,694
Montgomery	4,196,971	1,763,336	(2,433,635)	-58.0%	730,090	66,448	100,283	33,835	50.9%	-	903,285	625,672	(277,613)	-30.7%	83,284	813,374
Morris	244,699	140,892	(103,806)	-42.4%	31,142	62,683	77,178	14,495	23.1%	-	242,301	567,223	324,922	134.1%	-	31,142
Morton	171,587	125,178	(46,410)	-27.0%	13,923	-	-	-	-	-	119,268	128,436	9,168	7.7%	-	13,923
Nemaha	688,862	413,027	(275,836)	-40.0%	82,751	39,453	44,151	4,698	11.9%	-	296,930	175,288	(121,642)	-41.0%	36,493	119,244
Neosho	1,663,667	957,674	(705,994)	-42.4%	211,798	46,268	68,210	21,942	47.4%	-	487,946	360,980	(126,966)	-26.0%	38,090	249,888
Ness	91,979	49,436	(42,543)	-46.3%	12,763	898	757	(141)	-15.7%	42	182,421	98,422	(83,999)	-46.0%	25,200	38,005
Norton	282,170	159,509	(122,661)	-43.5%	36,798	4,527	5,030	503	11.1%	-	469,235	412,530	(56,705)	-12.1%	17,012	53,810
Osage	465,395	224,903	(240,492)	-51.7%	72,148	81,329	107,750	26,421	32.5%	-	337,152	204,888	(132,264)	-39.2%	39,679	111,827



2011 M/E Tax Reimbursement

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County	C&I M&E					RR M&E					Telecom M&E					Total 30% Reimbursement
	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	2005 Tax	2010 Tax	Difference	% Change	30%	
Osborne	231,065	126,729	(104,336)	-45.2%	31,301	6,490	3,693	(2,797)	-43.1%	839	157,106	225,421	68,315	43.5%	-	32,140
Ottawa	169,708	96,233	(73,475)	-43.3%	22,043	6,727	7,476	749	11.1%	-	294,852	276,589	(18,263)	-6.2%	5,479	27,522
Pawnee	207,664	102,996	(104,668)	-50.4%	31,400	681	617	(64)	-9.4%	19	245,250	167,155	(78,095)	-31.8%	23,429	54,848
Phillips	368,210	427,171	58,960	16.0%	-	5,984	8,078	2,094	35.0%	-	275,922	304,157	28,235	10.2%	-	-
Pottawatomie	1,150,296	816,993	(333,303)	-29.0%	99,991	62,508	78,423	15,915	25.5%	-	418,798	261,059	(157,739)	-37.7%	47,322	147,313
Pratt	720,319	450,167	(270,152)	-37.5%	81,045	96,938	118,674	21,736	22.4%	-	473,830	349,293	(124,537)	-26.3%	37,361	118,406
Rawlins	79,793	55,580	(24,213)	-30.3%	7,264	1,299	3,448	2,149	165.4%	-	252,073	178,425	(73,648)	-29.2%	22,094	29,358
Reno	5,757,564	3,519,831	(2,237,733)	-38.9%	671,320	196,666	255,310	58,644	29.8%	-	1,320,043	772,607	(547,436)	-41.5%	164,231	835,551
Republic	223,570	142,956	(80,613)	-36.1%	24,184	27,396	20,775	(6,621)	-24.2%	1,986	292,929	204,938	(87,991)	-30.0%	26,397	52,567
Rice	608,783	344,828	(263,956)	-43.4%	79,187	1,287	999	(288)	-22.4%	86	355,232	185,747	(169,485)	-47.7%	50,846	130,119
Riley	1,984,898	1,117,834	(867,063)	-43.7%	260,119	18,875	22,621	3,746	19.8%	-	635,160	444,166	(190,994)	-30.1%	57,298	317,417
Rooks	193,175	125,973	(67,202)	-34.8%	20,161	2,306	1,127	(1,179)	-51.1%	354	257,364	241,734	(15,630)	-6.1%	4,689	25,204
Rush	304,708	340,474	35,766	11.7%	-	892	765	(127)	-14.2%	38	393,400	231,033	(162,367)	-41.3%	48,710	48,748
Russell	464,310	194,713	(269,596)	-58.1%	80,879	73,773	79,502	5,729	7.8%	-	229,076	306,371	77,295	33.7%	-	80,879
Saline	5,363,289	3,235,590	(2,127,699)	-39.7%	638,310	69,027	92,688	23,661	34.3%	-	821,262	543,200	(278,062)	-33.9%	83,419	721,729
Scott	170,665	142,699	(27,966)	-16.4%	8,390	1,731	1,857	126	7.3%	-	203,988	165,633	(38,355)	-18.8%	11,507	19,897
Sedgwick	41,596,428	27,778,353	(13,818,074)	-33.2%	4,145,422	206,213	246,626	40,413	19.6%	-	8,032,375	4,464,088	(3,568,287)	-44.4%	1,070,486	5,215,908
Seward	1,451,093	842,989	(608,105)	-41.9%	182,431	56,323	76,845	20,522	36.4%	-	320,530	215,252	(105,278)	-32.8%	31,583	214,014
Shawnee	17,488,053	8,218,991	(9,269,062)	-53.0%	2,780,719	1,391,538	1,244,602	(146,936)	-10.6%	44,081	4,395,257	2,172,675	(2,222,582)	-50.6%	666,775	3,491,575
Sheridan	80,316	58,994	(21,321)	-26.5%	6,396	1,300	845	(455)	-35.0%	137	121,582	117,192	(4,390)	-3.6%	1,317	7,850
Sherman	388,843	385,053	(3,790)	-1.0%	1,137	3,233	2,084	(1,149)	-35.5%	345	442,654	331,885	(110,769)	-25.0%	33,231	34,713
Smith	164,454	106,242	(58,212)	-35.4%	17,464	4,375	2,889	(1,486)	-34.0%	446	270,590	281,598	11,008	4.1%	-	17,910
Stafford	140,154	69,911	(70,243)	-50.1%	21,073	28,001	34,287	6,286	22.4%	-	268,741	109,360	(159,381)	-59.3%	47,814	68,887
Stanton	73,094	62,334	(10,760)	-14.7%	3,228	-	-	-	-	-	67,589	81,450	13,861	20.5%	-	3,228
Stevens	214,327	112,531	(101,796)	-47.5%	30,539	-	-	-	-	-	107,459	100,491	(6,968)	-6.5%	2,090	32,629
Sumner	1,721,475	991,399	(730,075)	-42.4%	219,023	198,065	270,206	72,141	36.4%	-	1,119,838	948,078	(171,760)	-15.3%	51,528	270,551
Thomas	622,783	361,311	(261,472)	-42.0%	78,442	42,228	47,355	5,127	12.1%	-	820,727	628,710	(192,017)	-23.4%	57,605	136,047
Trego	128,958	61,569	(67,389)	-52.3%	20,217	57,314	71,724	14,410	25.1%	-	190,051	268,613	78,562	41.3%	-	20,217
Wabaunsee	373,308	180,769	(192,538)	-51.6%	57,761	88,773	121,768	32,995	37.2%	-	233,125	162,277	(70,848)	-30.4%	21,254	79,015
Wallace	46,793	43,304	(3,489)	-7.5%	1,047	47,583	80,431	32,848	69.0%	-	46,866	58,459	11,593	24.7%	-	1,047
Washington	166,209	132,606	(33,603)	-20.2%	10,081	55,889	73,086	17,197	30.8%	-	389,294	270,216	(119,078)	-30.6%	35,723	45,804
Wichita	198,335	147,105	(51,230)	-25.8%	15,369	371	324	(47)	-12.7%	14	71,925	67,354	(4,571)	-6.4%	1,371	16,754
Wilson	842,626	400,878	(441,748)	-52.4%	132,524	56,293	62,860	6,567	11.7%	-	258,392	138,494	(119,898)	-46.4%	35,969	168,493
Woodson	126,734	84,254	(42,479)	-33.5%	12,744	46,572	59,445	12,873	27.6%	-	215,419	122,549	(92,870)	-43.1%	27,861	40,605
Wyandotte	29,902,930	14,905,730	(14,997,200)	-50.2%	4,499,160	510,468	658,920	148,452	29.1%	-	2,990,196	1,860,031	(1,130,165)	-37.8%	339,050	4,838,210
Totals					31,669,888					49,758					6,754,743	38,474,389
Count					100					21					90	104

M/E Tax Reimbursement Comparison

County	C&I M&E				RR M&E				Telecom M&E				Total Reimbursement			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Allen	-	-	115,404	85,475	-	-	-	-	-	-	-	-	-	-	115,404	85,475
Anderson	-	-	39,729	26,027	-	-	-	-	-	-	4,806	3,160	-	-	44,535	29,187
Atchison	48,370	114,132	161,905	139,878	-	-	-	-	22,534	44,558	40,879	31,254	70,904	158,690	202,784	171,132
Barber	28,300	62,034	53,524	42,368	-	-	-	-	39,909	116,273	127,212	84,560	68,209	178,307	180,736	126,928
Barton	156,901	297,005	332,708	316,969	82	151	150	110	48,582	102,832	99,515	72,969	205,565	399,988	432,373	390,048
Bourbon	36,187	184,593	184,845	131,362	-	-	-	-	48,562	77,425	68,480	48,503	84,749	262,018	253,325	179,865
Brown	-	60,542	69,547	64,490	-	-	-	-	16,577	55,626	62,769	51,913	16,577	116,168	132,316	116,403
Butler	223,308	598,260	612,263	463,155	-	-	-	-	210,706	265,875	231,962	148,638	434,014	864,135	844,225	611,793
Chase	12,388	15,779	20,837	15,347	-	-	-	-	29,319	40,272	35,768	21,562	41,707	56,051	56,605	36,909
Chautauqua	17,474	31,270	20,583	17,749	-	-	-	-	19,946	23,043	9,178	5,966	37,420	54,313	29,761	23,715
Cherokee	-	48,250	93,477	37,408	-	-	-	-	-	-	21,151	51,649	-	48,250	114,628	89,057
Cheyenne	8,020	7,472	-	-	90	-	-	-	6,722	19,244	18,770	1,251	14,832	26,716	18,770	1,251
Clark	28,582	27,654	30,497	19,925	-	-	-	-	10,506	36,441	41,360	30,783	39,088	64,095	71,857	50,708
Clay	36,438	35,424	37,854	36,472	-	-	-	-	-	-	15,596	6,226	36,438	35,424	53,450	42,698
Cloud	78,234	75,260	88,549	60,974	-	-	-	-	-	62,894	94,603	65,764	78,234	138,154	183,152	126,738
Coffey	20,899	18,325	32,314	27,880	-	-	-	-	7,297	14,300	20,733	14,074	28,196	32,625	53,047	41,954
Comanche	-	-	5,513	3,511	-	-	-	-	-	8,699	9,298	1,456	-	8,699	14,811	4,967
Cowley	-	595,749	603,084	580,023	-	-	-	-	47,615	86,384	78,209	40,056	47,615	682,133	681,293	620,079
Crawford	313,630	779,957	795,003	540,875	-	-	-	-	38,921	102,696	82,283	79,885	352,551	882,653	877,286	620,760
Decatur	3,522	12,859	8,886	9,637	323	859	-	-	-	10,937	11,877	7,832	3,845	24,655	20,763	17,469
Dickinson	-	-	-	887	-	-	-	-	68,145	63,335	24,061	5,605	68,145	63,335	24,061	6,492
Doniphan	56,593	65,470	65,174	53,973	-	-	-	-	-	595	3,800	4,453	56,593	66,065	68,974	58,426
Douglas	554,241	1,374,693	1,285,560	901,190	-	-	-	-	15,211	151,262	163,463	144,776	569,452	1,525,955	1,449,023	1,045,966
Edwards	14,088	75,972	71,197	45,937	-	-	-	-	19,057	27,915	28,228	19,554	33,145	103,887	99,425	65,491
Elk	-	-	-	-	-	-	56	97	35,064	31,090	34,549	18,292	35,064	31,090	34,605	18,389
Ellis	9,351	86,106	211,988	153,435	-	-	-	-	-	14,076	79,896	72,575	9,351	100,182	291,884	226,010
Ellsworth	-	19,800	48,412	37,709	-	-	-	-	15,478	37,654	35,800	28,968	15,478	57,454	84,212	66,677
Finney	388,406	442,070	370,589	243,655	-	-	-	-	39,343	84,466	67,835	46,563	427,749	526,536	438,424	290,218
Ford	215,740	491,088	588,746	422,859	-	-	-	-	61,542	175,809	190,865	151,152	277,282	666,897	779,611	574,011
Franklin	-	-	-	35,588	-	-	-	-	71,256	106,339	104,683	70,584	71,256	106,339	104,683	106,172
Geary	299,863	347,726	395,470	258,825	-	-	-	-	1,345	40,053	37,883	28,733	301,208	387,779	433,353	287,558
Gove	-	10,390	17,829	13,780	-	-	-	-	-	-	-	-	-	10,390	17,829	13,780
Graham	-	-	4,189	7,703	-	-	-	-	-	-	-	-	-	-	4,189	7,703
Grant	-	9,324	32,083	27,547	-	-	-	-	-	-	20,505	15,540	-	9,324	52,588	43,087
Gray	13,491	18,974	29,272	20,619	-	-	-	-	-	-	31,553	38,290	13,491	18,974	60,825	58,909

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**M/E Tax Reimbursement Comparison**

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County	C&I M&E				RR M&E				Telecom M&E				Total Reimbursement			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Greeley	1,412	6,191	-	3,404	28	26	28	12	-	-	-	492	1,440	6,217	28	3,908
Greenwood	33,595	50,606	50,420	33,835	-	-	-	-	-	57,814	57,664	38,009	33,595	108,420	108,084	71,844
Hamilton	7,983	-	4,480	8,396	-	-	-	-	-	-	-	-	7,983	-	4,480	8,396
Harper	-	47,394	43,277	34,674	-	-	-	-	38,712	66,077	45,789	22,105	38,712	113,471	89,066	56,779
Harvey	295,749	388,375	404,921	259,831	-	-	-	-	71,317	115,305	108,641	73,044	367,066	503,680	513,562	332,875
Haskell	3,986	11,258	-	-	486	458	275	203	5,528	9,665	11,797	9,027	10,000	21,381	12,072	9,230
Hodgeman	-	3,195	11,578	4,614	1	1	1	2	-	-	-	5,125	1	3,196	11,579	9,741
Jackson	9,476	85,629	115,495	72,121	-	-	-	-	26,194	43,114	56,841	37,073	35,670	128,743	172,336	109,194
Jefferson	-	-	67,233	51,475	-	-	-	-	38,494	71,446	81,635	54,428	38,494	71,446	148,868	105,903
Jewell	8,092	8,719	12,713	11,040	-	-	-	-	43,116	26,105	16,751	14,761	51,208	34,824	29,464	25,801
Johnson	3,260,154	10,909,090	11,434,420	8,998,076	-	-	-	-	862,593	1,814,089	1,520,373	1,062,837	4,122,747	12,723,179	12,954,793	10,060,913
Kearny	13,532	11,371	12,070	5,143	-	-	-	-	-	-	-	-	13,532	11,371	12,070	5,143
Kingman	45,512	72,785	31,764	31,712	84	90	80	39	-	29,778	27,506	13,277	45,596	102,653	59,350	45,028
Kiowa	15,291	33,422	27,962	12,690	-	-	-	-	-	-	-	-	15,291	33,422	27,962	12,690
Labette	176,911	227,497	235,720	189,223	-	-	-	-	46,259	135,694	113,491	95,800	223,170	363,191	349,211	285,023
Lane	9,778	24,603	20,909	12,157	-	-	55	43	-	11,715	6,077	9,135	9,778	36,318	27,041	21,335
Leavenworth	514,324	643,172	545,192	395,085	-	-	-	-	133,887	189,921	162,992	113,783	648,211	833,093	708,184	508,868
Lincoln	15,674	24,172	29,806	21,397	35	30	25	18	3,062	20,063	19,079	8,160	18,771	44,265	48,910	29,575
Linn	7,972	-	23,185	33,200	-	-	-	-	-	15,063	46,897	46,722	7,972	15,063	70,082	79,922
Logan	-	8,203	15,901	14,733	-	-	-	-	-	15,777	12,407	14,458	-	23,980	28,308	29,191
Lyon	236,633	480,257	908,584	336,175	-	-	-	-	116,445	180,712	140,543	92,871	353,078	660,969	1,049,127	429,046
Marion	103,604	118,828	110,283	71,002	-	-	-	-	40,305	65,939	57,668	36,792	143,909	184,767	167,951	107,794
Marshall	54,216	86,391	110,497	88,658	-	-	-	-	107,581	198,230	152,778	101,768	161,797	284,621	263,275	190,426
McPherson	-	257,996	512,085	417,997	-	-	-	-	198,000	255,991	217,333	150,166	198,000	513,987	729,418	568,163
Meade	-	14,679	12,061	8,924	-	-	-	-	6,122	35,624	31,325	17,651	6,122	50,303	43,386	26,575
Miami	66,676	220,059	230,018	172,177	-	-	-	-	86,844	102,387	93,527	67,766	153,520	322,446	323,545	239,943
Mitchell	10,132	62,578	70,626	57,137	1,110	886	56	847	-	17,567	21,612	10,710	11,242	81,031	92,294	68,694
Montgomery	961,975	1,252,462	1,053,998	730,090	-	-	-	-	36,304	151,983	102,207	83,284	998,279	1,404,445	1,156,205	813,374
Morris	43,011	30,833	24,345	31,142	-	-	-	-	-	-	-	-	43,011	30,833	24,345	31,142
Morton	859	14,619	25,572	13,923	-	-	-	-	-	-	-	-	859	14,619	25,572	13,923
Nemaha	80,536	112,292	108,026	82,751	-	-	-	-	35,195	62,058	49,045	36,493	115,731	174,350	157,071	119,244
Neosho	151,306	337,845	340,326	211,798	-	-	-	-	4,177	85,132	74,887	38,090	155,483	422,977	415,213	249,888
Ness	-	-	2,192	12,763	48	102	50	42	-	16,769	21,275	25,200	48	16,871	23,517	38,005
Norton	11,226	44,731	44,108	36,798	765	1,125	-	-	-	-	12,815	17,012	11,991	45,856	56,923	53,810
Osage	56,833	119,927	59,226	72,148	-	-	-	-	45,401	63,078	61,947	39,679	102,234	183,005	121,173	111,827

M/E Tax Reimbursement Comparison

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County	C&I M&E				RR M&E				Telecom M&E				Total Reimbursement			
	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011	2008	2009	2010	2011
Osborne	52,854	53,660	44,175	31,301	1,289	992	206	839	-	-	-	-	54,143	54,652	44,381	32,140
Ottawa	9,820	28,910	31,285	22,043	-	-	-	-	-	4,373	24,159	5,479	9,820	33,283	55,444	27,522
Pawnee	42,944	48,847	47,704	31,400	29	29	30	19	6,840	28,075	30,055	23,429	49,813	76,951	77,789	54,848
Phillips	-	-	9,201	-	723	-	-	-	-	-	-	-	723	-	9,201	-
Pottawatomie	-	65,253	122,572	99,991	-	-	-	-	-	50,246	68,005	47,322	-	115,499	190,577	147,313
Pratt	-	26,591	95,951	81,045	-	-	-	-	-	41,182	55,500	37,361	-	67,773	151,451	118,406
Rawlins	-	4,936	8,348	7,264	301	-	-	-	26,977	50,420	40,701	22,094	27,278	55,356	49,049	29,358
Reno	576,662	933,813	1,099,884	671,320	-	-	-	-	145,393	238,746	226,287	164,231	722,055	1,172,559	1,326,171	835,551
Republic	17,617	31,041	34,569	24,184	6,598	4,465	3,121	1,986	67,154	58,598	40,869	26,397	91,369	94,104	78,559	52,567
Rice	126,153	143,521	115,117	79,187	176	179	133	86	50,908	73,457	73,301	50,846	177,237	217,157	188,551	130,119
Riley	208,026	380,369	363,722	260,119	-	-	-	-	-	91,867	88,475	57,298	208,026	472,236	452,197	317,417
Rooks	-	-	17,652	20,161	727	615	188	354	-	-	-	4,689	727	615	17,840	25,204
Rush	-	-	-	-	53	48	55	38	21,246	32,600	51,127	48,710	21,299	32,648	51,182	48,748
Russell	-	129,411	110,463	80,879	736	929	-	-	-	-	-	-	736	130,340	110,463	80,879
Saline	503,192	895,877	838,451	638,310	-	-	-	-	47,282	113,439	111,852	83,419	550,474	1,009,316	950,303	721,729
Scott	16,452	25,507	-	8,390	365	214	97	-	6,781	24,692	21,675	11,507	23,598	50,413	21,772	19,897
Sedgwick	2,003,015	5,935,575	5,563,014	4,145,422	-	-	-	-	1,060,403	1,707,817	1,562,576	1,070,486	3,063,418	7,643,392	7,125,590	5,215,908
Seward	186,120	291,709	331,931	182,431	-	-	-	-	33,064	62,979	54,338	31,583	219,184	354,688	386,269	214,014
Shawnee	1,886,895	3,904,290	3,888,267	2,780,719	-	127,800	96,621	44,081	735,308	1,077,474	933,720	666,775	2,622,203	5,109,564	4,918,608	3,491,575
Sheridan	-	3,204	5,700	6,396	209	186	-	137	-	-	-	1,317	209	3,390	5,700	7,850
Sherman	-	-	-	1,137	120	220	96	345	23,180	69,077	56,848	33,231	23,300	69,297	56,944	34,713
Smith	11,151	16,716	22,587	17,464	723	466	-	446	-	-	-	-	11,874	17,182	22,587	17,910
Stafford	-	8,014	26,756	21,073	-	-	-	-	56,843	79,923	69,215	47,814	56,843	87,937	95,971	68,887
Stanton	-	1,200	2,311	3,228	-	-	-	-	-	-	-	-	-	1,200	2,311	3,228
Stevens	64,656	66,997	47,723	30,539	-	-	-	-	-	-	2,842	2,090	64,656	66,997	50,565	32,629
Sumner	445,624	387,418	338,845	219,023	-	-	-	-	45,294	97,470	82,126	51,528	490,918	484,888	420,971	270,551
Thomas	-	53,763	91,207	78,442	-	-	-	-	43,788	95,983	72,410	57,605	43,788	149,746	163,617	136,047
Trego	2,929	22,755	28,908	20,217	-	-	-	-	-	-	-	-	2,929	22,755	28,908	20,217
Wabaunsee	-	39,530	80,821	57,761	-	-	-	-	14,730	28,331	36,149	21,254	14,730	67,861	116,970	79,015
Wallace	-	-	-	1,047	-	-	-	-	-	-	-	-	-	-	-	1,047
Washington	26,588	31,861	28,917	10,081	-	-	-	-	20,534	65,736	62,639	35,723	47,122	97,597	91,556	45,804
Wichita	-	15,124	11,395	15,369	-	11	8	14	-	-	-	1,371	-	15,135	11,403	16,754
Wilson	161,111	198,561	202,367	132,524	-	-	-	-	36,932	55,937	59,654	35,969	198,043	254,498	262,021	168,493
Woodson	20,033	29,089	19,422	12,744	-	-	-	-	26,920	51,492	47,126	27,861	46,953	80,581	66,548	40,605
Wyandotte	5,202,176	7,480,895	6,578,228	4,499,160	-	-	-	-	232,016	629,277	508,035	339,050	5,434,192	8,110,172	7,086,263	4,838,210
Totals	20,324,493	42,869,794	43,333,515	31,669,888	15,101	139,882	101,331	49,758	5,520,766	10,486,380	9,602,156	6,754,743	25,860,360	53,496,056	53,037,002	38,474,389
Count	70	89	95	100	24	23	20	21	62	78	85	90	92	99	104	104

**IRB/EDX Report**  
(Expiring After July 1, 2006)

County	2007	2008	2009	2010	County	2007	2008	2009	2010
Allen		86,433	380,343	354,477	Lyon	94,403	236,691	1,219,257	478,727
Anderson					Marion			13,061	17,940
Atchison			5,001	4,229	Marshall				
Barber					McPherson		51,837	132,884	184,396
Barton		2,538	2,548	105,539	Meade				
Bourbon					Miami				
Brown		2,434	2,538	2,538	Mitchell				
Butler			1,367	2,369	Montgomery	95,937	178,673	197,968	359,436
Chase					Morris				5,754
Chautauqua					Morton				
Cherokee					Nemaha				4,099
Cheyenne					Neosho				21,079
Clark					Ness				
Clay					Norton				
Cloud	26,879	26,726	26,452	26,245	Osage				
Coffey					Osborne				
Comanche					Ottawa		4,043	390	359
Cowley		230,157	292,491	286,337	Pawnee				
Crawford	115,353	443,641	112,254	91,215	Phillips				
Decatur					Pottawatomie				
Dickinson					Pratt				
Doniphan					Rawlins				
Douglas	9,159	9,358	9,393	8,927	Reno	37,155	59,531	118,043	144,371
Edwards					Republic				
Elk		6,261	2,915	3,329	Rice	21,561	22,207		
Ellis			142,264	53,695	Riley				
Ellsworth					Rooks				
Finney		1,888	1,982	2,049	Rush				
Ford			61,944	135,726	Russell		86		
Franklin					Saline	2,025	6,446	49,734	53,990
Geary			47,392	44,341	Scott				
Gove					Sedgwick	1,039,548	3,304,575	2,280,437	3,218,366
Graham					Seward				
Grant					Shawnee	142,919	212,679	320,140	335,735
Gray					Sheridan				
Greeley					Sherman				
Greenwood					Smith				883
Hamilton					Stafford				
Harper			8,553		Stanton				
Harvey	7,046	7,046	89,301	29,562	Stevens				
Haskell					Sumner			27,289	18,313
Hodgeman					Thomas			7,341	15,169
Jackson					Trego				
Jefferson			3,222	3,237	Wabaunsee				11,063
Jewell					Wallace				
Johnson	187,206	230,147	273,779	579,953	Washington				
Kearny					Wichita				
Kingman					Wilson			11,827	13,215
Kiowa				216	Woodson				
Labette		104	19,777	18,574	Wyandotte	164,642	559,478	1,298,428	1,303,493
Lane					<b>Total</b>	<b>1,943,835</b>	<b>5,682,977</b>	<b>7,160,316</b>	<b>7,938,945</b>
Leavenworth					<b>Count</b>	<b>13</b>	<b>23</b>	<b>32</b>	<b>37</b>
Lincoln									
Linn									
Logan									