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The *Transmitter* is free to members and available to non-members by subscription for \$25 per year. KAB's mission is to provide professional lobbying and governmental representation, efficient communication and effective recruiting, education and training for Kansas broadcasters for the purpose of enhancing the success of Kansas broadcasters and helping them better serve the people of Kansas.

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Cliff's notes



*Cliff Shank, KAB Chairman
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I hope everyone had a great Thanksgiving! It was a wonderful time at the Shank household. We had the opportunity to spend time with our new grandson, Calvin Joseph Charles Shank, our three children, and six of the cutest dachshund puppies you have ever seen.

On November 23, the FCC's auction of 288 construction permits came to a close after 62 rounds of bidding. Permits for 258 stations were auctioned for \$148 million. Nine licenses were purchased in Kansas. The most expensive bid in Kansas was by Bigglesworth Broadcasting - a bid of \$ 3.3 million for a 6,000 watt station licensed to Augusta. Radioactive, LLC, owned by Randy Michaels of Jacor fame, purchased three permits in Cimarron, Lindsborg, and Hays. College Creek Broadcasting, the largest bidder nationwide, purchased permits in Burdette and Ness City. Bott Communications purchased a permit in Rozel, Troy Unruh, a Pittsburg, KS attorney, purchased a permit in Kiowa, and yours truly, Ad Astra per Aspera Broadcasting, Inc., purchased a 6,000 watt FM for Hutchinson. Eagle Communications of Hays purchased permits for Chadron and Hershey, NE. I would like to personally welcome all of the new permit holders to Kansas, and invite them to join the KAB. It was an amazing experience to participate in the FCC auction. I am not used to making decisions involving hundreds of thousands of dollars on an hourly basis. I was glad to see the auction come to an end!

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Transmitter

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Four Ways to Help Your Bottom Line

By Kirk Low, CPA, Crowe Chizek & Company LLC

Taking care of pennies adds to profits for radio and television stations. Radio and television broadcasters improve their bottom line by saving state and local taxes in the following four ways:

- 1) Reviewing their fixed asset list
- 2) Adding detail to their fixed asset listing
- 3) Checking assessor's valuation
- 4) Taking their accountant to see their tower

Reviewing the list of fixed assets

You can reduce property tax and insurance costs by reviewing your list of fixed assets and removing those that are no longer in use or don't even exist. Often a radio and television broadcaster only uses the fixed asset listing to prepare the company's income tax return; there is no pressure to track items that are fully depreciated. Many items of broadcast equipment are dismantled for parts, stored in an engineer's hiding places "just in case" or carried to the dumpster without the accountant's knowledge. As a result, the fixed asset listing becomes populated with out-of-date or destroyed equipment.

Because broadcasters have engineering staff that purchases, installs, repairs and replaces a large portion of the assets, stations can easily make annual reviews that produce accurate and usable fixed asset lists. For example, a television station had 900 plus assets on its fixed asset list. After a three-hour review with the chief engineer, the station found only about 500 assets.

Adding detail to the list of fixed assets

In addition to creating an accurate list of fixed assets, you can save station taxes by adding detail to your fixed asset listing. First, you can often split the asset into its components and save taxes. For example, an editing suite can be listed as one entry

(Continued on page 2)

Cliff's notes continued

The Kansas High School football champions in all classes have been crowned for 2004. Congratulations to all of the winners! We were fortunate to broadcast three championship games: Hutchinson in 6A, Rose Hill in 4A, and Conway Springs in 3A. As I travel around the state broadcasting football and basketball games, I have discovered a number of AM broadcasters that leave their transmitters on the daytime pattern or full power during the games. It is a major violation of FCC rules to not operate your transmitter at legal limits. The only time it is legal, is during a disaster situation, and you are not supposed to run any commercials during that time. The FCC has very sophisticated equipment for monitoring stations and their power output!

The KAB Executive Committee met recently to make plans for 2005. Jackie Wise will be KAB Chair beginning January 1. 2005 should be a very good year for Kansas broadcasters. We have a great board of professional broadcasters willing to volunteer their time and efforts to improve Kansas broadcasting.

P.S. Don't forget to renew your sales tax exemption certificate with the Kansas Department of Revenue. You also need to send a copy of the new certificate to your local electrical power company to continue receiving your sales tax exemption.

More \$\$\$ in 2004!



Chairman Cliff's first grandchild - Calvin Joseph Charles Shank.

Two male Dachshund puppies for sale!
Call Cliff at (620) 665-5758.



Roxy and family

Bottom line continued

at \$150,000 or as follows:

Video-editing suite hardware

\$75,000

Video-editing suite software

\$75,000

Why perform such a simple exercise? In Kansas, for example, application software is not taxable for personal property tax. By separately identifying the exempt cost, you reduce the property tax for the life of the equipment. In addition, when you replace software before hardware, you can realize a second benefit from listing the software separately. You can remove the software you replace from the asset list, as long as you support the actual cost with a vendor's invoice. You should also request your vendor's help in invoicing your station in the most advantageous way possible.

Second, you should add detail to your fixed asset list to prepare for orderly disposal of equipment. Broadcasting equipment is continually being replaced. If you enter the acquisition cost of station or digital equipment without identifying the individual components, you limit your ability to account for the orderly disposal of equipment. Typically these assets remain on asset listings until someone makes an educated guess to remove all or part of the asset. But, by keeping these assets on the fixed asset listing, you pay higher property taxes and insurance costs.

Third, you can track valuable assets by adding detail to fixed asset listings. For example, adding the make, model and serial number to the fixed asset list is very useful when a station buys three or four identical pieces of equipment. Too often, the fixed asset list only records equipment by the seller's name rather than the make and model. You should add additional detail describing equipment that is not self-evident, for example, "microphone." You should describe the equipment by make, model and serial number with a location. This way, when the equipment is no longer used, you can easily delete it from the list.

Checking your assessor's valuation

Another easy way to identify tax savings is to visit your local assessor to check your property tax "card." Assume, for example, that a station has a building, 10 feet by 20 feet, without plumbing or heating, at the tower site in a rural area, which presents the assessor with an unusual valuation problem. If the tower is moved, the next use for the building might be agricultural. The card (the assessor's

records were once kept on cards) should show an accurate description and valuation that reflects the lack of plumbing or heating and the unusual location. Also, check that the card does not include the tower as real property. You should informally discuss any errors with the assessor's staff to adjust the valuation.

Visiting the tower with your accountant

In visiting your tower site with your accountant, you should discuss the equipment and the size and condition of the building. For example, when one business manager of a Tennessee station visited a tower site, he realized he could classify part of the property differently. When his application for re-classification was accepted, the lower valuation of the property saved the station approximately \$10,000 per year. Accountants also will better understand the contracts on repairs and improvements when they have seen the tower site.

A little goes a long way

Small changes can help your bottom line. A fixed asset review should reduce taxes and insurance costs. Checking the assessor's valuations may identify opportunities. And simply taking your accountant to see your tower can generate real savings and help the accountant better understand your business.

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Kirk Low specializes in property and sales tax issues for broadcasters and can be reached at 615-360-5555 or klow@crowechizek.com.

#

Speaking of taxes . . .

One small business owner in Kansas, with 80 full-time employees, recently calculated his per employee cost of state and local taxes, other than income tax, disabusing us of the notion that income tax is the only important business tax.

The *Transmitter* provides the calculations here to encourage Kansas broadcasters to do the same calculations. Here is the per employee costs for the building materials distributor:

\$1,429 per employee – property taxes
\$1,435 per employee – sales/use taxes
\$411 per employee – utilities taxes (other than sales taxes)
\$393 per employee – fuel taxes
\$248 per employee – state unemployment
\$62 per employee – franchise tax
\$3,978 per employee - TOTAL

#

Free training opportunity for TV news directors

The Carole Kneeland Project for Responsible Television Journalism is accepting applications from news directors with more than three years experience, to participate in the Project's news director development program. The management training program will acquaint news directors with how to: set journalistic standards and make them stick; delegate responsibility; make ethical decisions under deadline pressure; and work productively with your general manager and corporate.

Participants will attend one three-day seminar March 3-6 in Austin, TX, and another in September, in St. Petersburg, FL, as well as participate in monthly conference calls and an active listserv. Trainers will be Valerie Hyman, president, News & Management Training and founding director of the Poynter Institute's broadcast program, and Joan Barrett, general manager and former news director at KWCH TV, Wichita, and protégée of Carole Kneeland.

Hotel and tuition expenses will be paid by the Carole Kneeland Project for Responsible Television Journalism. For details and online application, go to www.carolekneelandproject.org. Application deadline is December 31, 2004.

#

Garden City High student wins PSA contest

Nathan Ansley, a student at Garden City High School, won KAB's student PSA contest for a "Teenage safety" public service announcement he wrote and produced. The PSA will be distributed to Kansas radio stations for airing during the holidays.

Nathan won \$100 from KAB and a certificate of recognition.

#

Poll shows approval of election coverage

Nearly nine of ten Americans believe local broadcasters are providing "the right amount" or "too much" time covering the 2004 elections, a nationwide poll of 1,001 Americans has found.

The poll, conducted October 22-25 by Wirthlin Worldwide for NAB, surveyed Americans on their views related to election coverage provided by local radio and television stations. The poll's margin of error was plus or minus 3.1 %.

Key findings include:

*42% of adults believe local broadcasters are providing "too much time" covering the elections, while 47% say local stations are providing "about the right amount" of coverage. Only 10% think broadcasters are providing "too little time" covering elections;

*Local broadcast coverage of elections, whether in the form of news reports or candidate debates, was viewed by 48% of Americans as the "most helpful" factor in selecting a candidate, compared to 24% of adults who picked cable TV news coverage and 9% who picked newspaper coverage. Paid radio and TV advertising was listed by only one percent of poll respondents as the "most helpful" factor in selecting a candidate;

*By an overwhelming margin – 69% to 28% - poll respondents oppose government-mandated free airtime for political candidates;

*By more than a 2-1 margin, Americans believe that if political candidates were offered government mandated free airtime they would use the time for ads attacking their opponents (65%) as opposed to informing the public on issues through speeches, forums and debates (31%);

*By a nearly 3-1 margin, poll respondents reject the suggestion that political candidates would raise less money (25%) if they did not have to pay for political advertising. Instead, they believe candidates would "continue raising money, and spend it on something else." (71%).

Results of the 2004 poll are consistent with previous polls conducted by Wirthlin Worldwide related to perceptions of broadcast coverage of elections.

#

McComb resigns board seat

Phil McComb resigned his KAB Board of Directors position, effective October 31, due to his departure from KKOY AM/FM, Chanute and KSNP FM, Burlington. He was elected to a three-year term which expires in December of 2006. Nominated to replace Phil on the Board is Joan Barrett, general manager of KWCH TV, Wichita.

#

News briefs

***KAIR AM**, Atchison and **KAIR FM**, Horton, have sold for \$1.55 million pending FCC approval. Seller is KNZA, Inc., Hiawatha, which owns stations in Hiawatha, Seneca and Falls City, NE. Buyer is Mark V Media Group, Inc., which owns no other stations.

***Chris Kelly** has replaced Lance Sayler as general manager of **KKOW AM/FM** and **KBZI FM**, Pittsburg. **Lance Sayler** has taken over management of Southeast Kansas Broadcasting's stations: **KKOY AM/FM**, Chanute, and **KSNP FM**, Burlington, replacing Phil McComb. SE Kansas Broadcasting also has entered into a marketing agreement with Innovative Broadcasting for **KWXD FM**.

*Meredith Corp., license holder for **KCTV**, Kansas City, and Sinclair Broadcast Group/**KSMO TV**, Kansas City, have entered into a joint sales agreement, for which Meredith will pay \$26.8 million. Meredith will have the opportunity to purchase the station's license assets for an additional \$6.7 million if allowed under FCC rules. **KCTV** is Kansas City's CBS affiliate, and **KSMO TV** is the WB affiliate.

***KSEK AM**, Pittsburg and **KSEK FM**, Girard, have sold for \$700,000 to SE Kansas Independent Living Resource Center, Inc, headquartered in Parsons. Seller is Innovative Broadcasting Corp.

***John J. Walker** has been promoted to director of sales for Clear Channel's **KRBB FM**, Wichita. **Laura Hadley** and **Frank Flores** have been appointed local sales managers for Clear Channel's Wichita radio stations. **Katie McAtee** has been promoted to senior promotions director for **KZSN FM**; and **Lindsay Morgan** is promotions director for **KRBB FM** and **KZCH FM**. **Matt Mitchell** is new morning show host for **KZCH FM**.

#

Washington update

At the FCC

* The FCC closed its **first-ever auction for FM spectrum** on November 23, after 62 rounds of bidding. Construction permits for 258 new FM stations were sold to 110 bidders for a total of \$147.4 million. In Kansas, 9 construction permits were auctioned to 7 bidders for \$4.3 million. The new Kansas FMs will be licensed to Augusta, Burdett, Cimarron, Hays, Hutchinson, Kiowa, Lindsborg, Ness City, and Rozel. After final payments are made and construction permits issued, winning bidders will have three years to complete construction of the new stations. The 1997 Congress mandated the use of competitive bidding for commercial broadcast station licensing.

In Congress

*Congress passed legislation to reauthorize for a period of five years, the **Satellite Home Viewer Improvement Act**. The legislation does not include the Digital White Areas proposal advocated by some in the satellite industry, which would have allowed widespread importation of distant digital signals. The legislation also ends EchoStar's "two dish" practice which requires subscribers to purchase two dishes to receive ALL local stations in a market. It also implements "once local, no distant" provisions to gradually end distant signal importation in markets where the satellite provider offers local-into-local service. According to NAB, the legislation protects localism in television and spurs satellite companies to expand local-to-local carriage into additional markets, and to upgrade from analog to digital local-to-local in those markets they already serve.

*Congress has not taken action on other bills that would impact broadcasters: the **9/11 legislation which includes a provision that could force about 75 analog TV stations** to turn off their signals in 2008; and Senator Brownback's **proposal to hike radio and television station indecency fines** ten-fold.

#

EAS test

Tues., December 14, 10:50 pm / EAS

Time for pre-filing announcements

Radio **stations licensed to Kansas** (and Oklahoma and Nebraska) must air pre-filing announcements on **December 1, December 16, January 1 and January 16**. At least two of the announcements must be broadcast between 7am and 9am and/or 4pm and 6pm. **License renewal applications** for Kansas radio stations are **due February 1, 2005**.

Radio **stations licensed to Missouri** must continue their post-filing announcements on December 1 and December 16.

#

DTV to file report on supplemental services

All commercial and noncommercial digital television stations must file the Annual Ancillary/Supplemental Services Report (Form 317) by December 1. Each DTV licensee must file on whether it provided ancillary or supplemental services at any time during the 12-month period ending on the preceding September 30. DTV stations must remit to the commission 5% of its gross revenues derived from ancillary services. The report must be filed even if no ancillary services were provided in the prior year.

#

Still time to act on localism inquiry

The FCC will accept comments on or before January 3, 2005, in their Localism inquiry. KAB encourages broadcasters to tell the FCC about efforts to serve the needs and interests of your community with local news, local public affairs and other locally oriented programming.

NAB has launched a Web-based link to the FCC's electronic comment filing system that will automatically forward comments to the FCC. Go to <http://www.nab.org/legal/> for information on how to file.

#

Pass inspection

KCCV AM/FM, Overland Park, has recently passed a KAB Alternate Broadcast Inspection, gaining a three-year exemption from routine FCC inspections

#

Recent FCC fines

*The licensee of a noncommercial educational FM station in North Carolina has been fined \$4,000 for not properly conducting a contest. The rule violation came to the attention of the Enforcement Bureau as a result of several complaints filed with the Bureau by listeners of the station. The complaints charged that the station had broadcast an on-air raffle over a seven-day period that "failed to make clear that consideration was not required to participate in the contest and otherwise refrained from airing the contest's rules, in violation of the licensee-conducted contest rule."

*The licensee of a Puerto Rico FM station has been fined \$20,000 for failing to clean and repaint its antenna structure and failing to maintain its public inspection file at its main studio. The rule violations came to the attention of the Enforcement Bureau as the result of routine inspections by field office staff.

*The licensee of an Alabama AM station has been fined \$11,000 for failing to have operational EAS equipment and by failing to register its antenna structure with the Commission. The rule violations came to the attention of the Enforcement Bureaus as a result of routine inspections by FCC field staff.

*The licensee of an Indiana television stations has been fined \$8,000 for impeding public access to the station's public inspection file. The rule violation came to the attention of the Enforcement Bureau as a result of several complaints. The Chief of the Enforcement Bureau noted that the public inspection file "shall be available for public inspection at any time during regular business hours. A licensee 'may not require that a member of the public make an appointment in advance or return at another time to inspect the public file, or that the members of the public examine the public file at time most convenient to the licensee or its staff.' Moreover, a simple request to see the file should result in an offer to produce the complete file."

* The licensee of a North Carolina FM station has been fined \$19,250 for filing altered documents as part of an assignment application. The rule violation came to the Commission's attention when the licensee of two competing broadcast stations filed a petition to deny against the assignment application. (Source: *FCC Enforcement Monitor*, ShawPittman LLP).