



MARION COUNTY, KANSAS
OFFICE OF THE COUNTY COMMISSION

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COUNTY COMMISSIONERS
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Representative Richard D. Carlson
Committee on Taxation Chairman
State Capitol, Room 274-W
300 S.W. Tenth Avenue
Topeka KS 66612

Marion County respectfully submits the following in support of the six Counties receiving Payment in Lieu of Taxes from Keystone Pipeline Company.

Representative Holmes, Chairman of the Utilities Committee stated the rationale for providing Keystone with a ten year tax exemption is as follows:

-Kansas would be by-passed if a tax exemption was not provided.

Keystone documents are available which identify the route to be used that indicated the pipeline would come through Kansas and in fact is the route where the Keystone Pipeline now lays. The documents identifying this route pre-dated the Tax Exemption Legislation by almost a year. Although the counties were told of existing documentation of the Keystone threat to by-pass Kansas, none was ever produced. Jim Prescott a Keystone spokesman repeatedly denied publically that Keystone ever made a threat to by-pass Kansas. He also stated "the Kansas Legislature handed Keystone the exemption". Finally the alternate route identified by Kansas Legislators was through Missouri. This would more than double construction costs and Keystone already has a similar pipeline (Keystone I) passing through Missouri to Illinois that Keystone pays taxes on. There is no indication Missouri would have provided an exemption to Keystone if the pipeline passed through that state. Out of six states the pipeline passes through, only Kansas granted an exemption.

-The pipeline would deliver oil to Kansas Refineries.

There are no spurs from the Keystone pipeline to any Kansas Refineries. Although we were assured by Legislators they had maps showing these spurs, no maps have ever been produced.

-There would be hundreds of jobs resulting from pipeline construction.

There were in fact many jobs during pipeline construction, but they all went to out of state union labor. Not a single job for Marion County residents materialized.

-There would be jobs directly resulting from pipeline operations.

Jobs relating to pipeline operations also never materialized in Marion County nor in any of the other five counties. A document from the Corporation Commission states "since the pipeline passes through Kansas and there is no upload or download of product in the state they have no regulatory authority over the pipeline". Hence there can not possibly be any jobs associated with this pipeline.

Chairman Holmes' statement, "This exemption is good business for Kansas," has about as much validity as putting a screen door on a submarine. Marion County received \$42,000 dollars in sales tax from pipe delivered to Marion County, and Keystone also gave us an extra \$26,000 "gift" to use as we saw fit. There was also over \$400,000 received from Keystone to pay for road damage resulting from construction. All Marion County (all taxing entities) had to do to qualify for this was to give up approximately \$3,000,000 annually in property tax for ten years. The other five counties and the State are also giving up millions of dollars in revenue. This is not good business for Kansas, it borders on being criminal.

Ladies and gentlemen, Marion County is not only asking your support for payment in lieu of taxes but also justice.

Thank you for your time and consideration on this matter.

Respectfully,

Daniel Holub
Marion County Commission Chairman