

Taxes all paid up, says hopeful
Keet faults wife, others for lapses

SARAH D. WIRE AND SETH BLOMELEY ARKANSAS DEMOCRAT-GAZETTE

Republican gubernatorial candidate Jim Keet said Thursday that he's paid the Pulaski County treasurer \$1,000 to make up for three years of mistakenly receiving the Arkansas homestead property tax credit while living in Florida.

Keet said he's not "throwing her under the bus" but that his wife, Margaret "Doody" Keet, pays the household bills. She said that the county tax bills for 2006, 2007, and 2008 had lower-than-appropriate totals because the county erred.

Keet discussed this and other tax matters Thursday with the Arkansas Democrat-Gazette, including questions about why an airplane owned by a company he heads is not assessed in the state, why businesses in which he has interests have paid taxes late, and other things. He said he followed an accountant's advice or left matters to be handled by employees who were to blame.

As to the plane, a 1982 Beechcraft A36, Keet said he thought he didn't have to pay property taxes because despite it being kept in a hangar in Little Rock, the plane is registered in Nevada. He said he followed the advice of his accountant. Later Thursday, Keet reversed his position and said he would report his airplane to the Pulaski County assessor's office for property taxes.

Pulaski County records also show that taxes for an apartment complex owned by one of his companies were paid late. He blamed a business manager for this.

There are also tax issues with his restaurant, Taziki's. The Little Rock Convention and Visitors Bureau records show he was late four times paying the 2 percent hotel and restaurant tax. But Keet said he knew of no tardiness problem at his restaurant.

Keet, 61, of Little Rock has touted his business background as qualifying him for being governor.

"I always pay my taxes, I always pay my bills, I always pay my mortgages," Keet said. "Do I think it's important that people pay taxes? Absolutely, that's why I've always paid them, and I've always paid them on time."

Keet is challenging Gov. Mike Beebe, a Democrat. The Green Party nominee in the race is former state Rep. Jim Lendall of Mabelvale. There also are three write-in candidates.

Keet said he delved into the homestead tax credit after Pulaski County Assessor Janet Ward, a Democrat, called him to tell him someone from Texas was looking into his tax records. She said she does that as a courtesy to all public figures when someone asks about their taxes.

Ward alerted Keet about the credit, he said. Ward gave him the man's name and phone number. When Keet called and confronted him, the man would not say who he worked for, Keet said.

Thursday, Keet and Ward said they no longer remember the man's name.

Keet said he assumed the man was working for Beebe's campaign.

"We know where this is coming from, and it's unfortunate that the governor instead of wanting to talk about the issues wants to try to bring this kind of stuff up," Keet said. "I just want to talk about the issues and the challenges that we're facing, and he wants to talk about this to divert attention away the

issues.”

Beebe campaign consultant Zac Wright said Beebe has been focused on the economy and cutting taxes during his time as governor. He said no one from Texas was working for the Beebe campaign.

“[Property] taxes are public record,” he said. “I don’t know why [Keet] would be upset. Gov. Beebe has always tried to err on the side of paying the taxes. You can save a lot of explaining in the future.”

Records at the White County Collector’s office were examined by the Democrat-Gazette. They show that Beebe and his wife, Ginger, have paid their property taxes when due since at least 1997, the earliest available at the office. Most recently, he paid \$2,597 on their home in Searcy.

“They always pay on time,” said Collector Sue Liles.

The Beebes have claimed the homestead credit since 2000.

Also, Beebe had an interest in Dax & Co. of Searcy, which owned the office building that housed his former law firm, Lightle, Beebe, Raney, Bell and Simpson.

Dax paid its property taxes on time from 1997 to 2002, when Beebe left the firm after being elected attorney general. The payment by Dax in 2002 was \$2,259.

THE TAX CREDIT

The homestead tax credit was created by Amendment 79, which was added to the state constitution by voters in 2000. Beebe helped craft the amendment as a state senator in 1999. It provided a \$300 annual property-tax credit for homesteads, which has since increased to \$350.

Keet is a former legislator from Little Rock but moved to Gulf Breeze, Fla., in 2003 for business. He said he moved back to Little Rock in late July or early August 2008.

Keet’s home in a Chenal Valley neighborhood in west Little Rock received the homestead tax credit for 2006, 2007 and 2008, although it was not eligible because he lived in Florida, the Pulaski County assessor said.

“Even though it was [the assessor’s] error we voluntarily paid it immediately,” Keet said.

Ward acknowledged that an assessor’s office mix-up led to the credit being misapplied.

But she said she told Doody Keet that the Keets had to repay the tax because the Keets acknowledged they weren’t entitled to it.

The Keets paid the \$1,000 they owed June 7, which represented the \$300 credit from 2006 and the \$350 credit in 2007 and 2008.

Keet and his wife were receiving a Florida homestead credit in Florida at the same time, Keet said.

The Keets bought their four-bedroom, 3 1/2-bath home in west Little Rock in September 2005.

“The most salient point here is that the assessor admitted that it was their mistake,” Keet said. “It irritates me a little bit because of a reflection on my sweet wife, but I stand by her 1,000-percent and really she didn’t do anything wrong.”

Doody Keet said she knew there was a line on the tax statement saying they were getting a credit, but she wrongly assumed it meant something else.

“I just thought someone had sued the county and we were getting a credit,” she said. “I mean that’s really what I thought.”

She said she didn’t apply for an Arkansas homestead credit until 2009.

The 5,176-square-foot home has been on the market since the middle of July with an asking price of \$875,000. Doody Keet said the couple wants to move closer to the Hillcrest neighborhood in Little Rock to be closer to other family members.

The property's 2009 taxes were paid in full in April.

Ward said she's called other high-profile people when there are inquiries into their taxes. Property assessments are public records. The recipients of the courtesy notices include members of the Stephens family of investment bankers, Ward said.

"I'm very transparent up here. We'll get you anything you need and not charge you for it, but I always try to use good judgment, especially if it's a public figure of any kind, or a judge," she said.

Beebe received a similar courtesy from White County officials after the Democrat-Gazette obtained records of his taxes.

"It's a common courtesy, especially for the governor being from our hometown, and I've known him for quite a number of years," said Assessor Debra Lang.

THE AIRPLANE

Ward said the 1982 Beechcraft A36 airplane was previously assessed in Pulaski County. She said her office closed the account in 2007 after Keet told them he lived in Pensacola and had a Little Rock mailing address "for business correspondence."

The plane is registered to KMC Aviation Inc. on the Federal Aviation Administration registry. Keet and his wife are the only two officers listed for the company, which is registered in Nevada.

"It's a lot easier to register the plane in Nevada," Keet said.

KMC Aviation, Inc. is the only business held by Keet or his wife in that state.

The Beechcraft was not being assessed in the Nevada county where the company's registered agent is located, the Clark County, Nev., assessors office said.

Keet said some counties in Nevada don't require airplanes to be assessed.

The plane was also not being assessed in Gulf Breeze, Fla., according to the Santa Rosa County appraiser's office.

According to the Pulaski County assessor's office, a vehicle — including an airplane — located in the county for most of the six months before May 31 must be assessed.

Flight records for Keet's plane show it has spent at least half of its time in the state from November to May.

Keet said the estimated retail market value of the plane is \$135,000.

"We didn't think there would be a tax," because the plane was registered in Nevada, Keet said. "I assumed there would be no property tax."

KMC Aviation Inc. is not listed on Keet's Statement of Financial Interest, a document state law requires public officials and candidates to file. He said he does not think he needs to list the company.

Keet reimbursed himself \$3,065.69 on his August Campaign Expenditure Report for using the plane.

THE BUSINESSES

Keet's business ventures include several rental properties that are overseen by Keet Management Company.

In April 1991 he purchased the 64-unit Bentley Apartments at 2001 Green Mountain Drive in

Little Rock.

On at least five occasions real-estate taxes have been paid late since Keet purchased the property, according to the Pulaski County treasurer's office.

In 2006, \$2,478.86 in penalties were levied when the bill was paid two days late.

Keet said the apartment manager forgot to pay the property tax, which he called "a fireable offense."

But he said he did not dismiss her.

In 2001 and 2002 the company was levied \$11.88 and \$25.01 in fines respectively for not completing its assessment on time, Keet said.

In 1999, \$1,767 in penalties were levied for paying 1998 property taxes two months late.

"I think it's a good lesson learned to pay them one day ahead at a minimum," Keet said. "It has never been my intention to not pay a tax bill. It's absurd."

According to the Little Rock Convention and Visitors Bureau, Taziki's Greek Fare on Cantrell Road in Little Rock has had taxable receipts of \$1.65 million since opening in 2008 and has paid \$32,620 in hotel/restaurant sales taxes, sometimes called hamburger taxes.

The restaurant has a zero balance but was late paying the monthly taxes four times: February, March, and April 2009 and May 2010.

Keet operates the restaurant with two of his sons.

Restaurant customers pay the extra 2 percent sales taxes, which is added to their checks. Restaurants must turn the money over to the bureau.