

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Representative Jim Braden at  
Chairperson

9:00 a.m./~~p.m.~~ on March 16, 19   in room 519S of the Capitol.

All members were present ~~except~~

Committee staff present:

Wayne Morris, Research Department  
Tom Severn, Research Department  
Don Hayward, Revisor of Statutes' Office  
Nancy Wolff, Secretary to the Committee

Conferees appearing before the committee:

Don Boyer, Operator/Producer

The meeting was called to order by the Chairman.

The committee discussed Senate Bill 15 which would amend the Kansas Inheritance Tax Act to provide that the gross estate of a decedent dying after December 31, 1982, shall include or "recapture" for inheritance tax purposes, gifts given within one year of death only when the donor retains control over the asset given, or when the gifts made to any transferee have a value of more than \$10,000.

Representative Robin Leach made a conceptual motion that language be added to clarify that the first \$10,000 would not be "recaptured" for inheritance tax purposes. Only amounts over \$10,000 would be included for inheritance taxes. Representative Vancrum seconded the motion. The motion carried.

Representative Ken King made a motion that Senate Bill 15 be reported favorably for passage as amended and Representative Aylward seconded the motion. The motion carried.

The committee then held discussions on Senate Bill 16 which would bring Kansas into conformity with the new changes in the federal tax law concerning farms and closely held businesses.

Representative Robert Frey made a motion that Senate Bill 16 be reported favorably for passage and Representative Leroy Fry seconded the motion. The motion carried.

The committee held discussions on Substitute for Senate Bill 267 which would impose a severance tax on the minerals which are severed from the earth in Kansas.

Representative Robert Frey stated that in the testimony from the opponents that a severance tax would cost people jobs, but he hasn't been able to determine how many jobs are going to be lost. He requested that the Research Department check into the matter to determine the impact in terms of jobs lost.

Representative Erne requested some information as to fiscal impact if a two barrel exemption were allowed on wells from 0 - 2,000 feet and a three barrel exemption being allowed for wells of 3,000 feet on down.

Representative Vancrum requested that staff put together some kind of sheet showing computation of what the revenue loss is expected from new well exemptions. He stated that he had a real problem believing that only 9.7% of production would be new well production and, in addition, what additional revenue is derived from taxing royalty interests.

Representative Barkis stated that unemployment, cost of money, interest rates are all playing an important part in our current economy. He stated that he felt the State should encourage people to develop new leases. He requested staff to research to see if any other state has a system to exempt new reservoirs now previously tapped so that some provision can be made for

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ASSESSMENT AND TAXATION

room 519S, Statehouse, at 9:00 a.m. ~~p.m.~~ on March 16, 1983

new production on new leases. He also stated that he would like some information relative to the possibility of a ten-acre lease that had definite formations which would indicate oil. In other words, information with regards to possible ways to encourage exploration. Representative Barkis also requested information as to the constitutionality of not including royalty owners under the provisions of Substitute for Senate Bill 267.

Representative Leach stated that he could see all kinds of problems with incentives and requested information on how to determine which is an old well and which is a new well. Also, how to tell which oil is going to be subject to a severance tax. Don Boyer, a producer/operator from southeast Kansas was in attendance at the meeting and he stated that a barrel test is the only way to make this determination. By utilizing a barrel test, a formula can be applied to determine what a well will produce over a 24 hour period.

Representative Jayne Aylward requested the Reserach Department locate figures on what a severance tax on salt would be if it were assessed to the unrefined product rather than the refined product. Tom Severn replied that if the state were to tax all salt at the price of rock salt, the state would have a measure of value as the salt comes out of the mine. By utilizing those prices, the state would raise \$1.4 million as opposed to \$5.0 million. There are some problems with utilizing those figures as much of the salt is pumped from the earth as brine. The committee could also consider levying a tax of so much per barrel on all brine.

The meeting was adjourned.

DATE: March 16, 1983

GUEST REGISTER

HOUSE

ASSESSMENT & TAXATION  
COMMITTEE

NAME	ORGANIZATION	ADDRESS
Barry Swanson	Gov intern	Lanonia
Loren Busby	Luzerne indim	Lanonia
Paul R. Busby	KU	Lanonia
Merlin Sandness	Utica High School	Utica
Same Sandness	Utica High School	Utica
Due Ann Collins	—	Junction City
Marlon Thronberg	Utica High School	Utica
Richard Dypinger	Utica High School	Utica
Greg Ebeling	Chanute, ks.	Chanute, ks.
Rick Wilkin	Fog St. &	Topeka
Bill Murks	U.S.A. 259	Wichita
Phil Smith	RAWSON	"
Herbert	None	McPherson
Chip Wheeler	Legis. Policy Group	Topeka
Belinda Kelley	Citizen	Baxter Spgs.
W. Hale	KWA	Topeka
D. W. Hurn	GRCC	Great Bend
DAVID FUENAS	CHAMBER	Wichita
John Parks	D. opt. of Revenue	Topeka
RON CALBERT	U.S.U.	NEWTON
Lawrence J. Wilbert	representative	Pittsburg
Jess Harder	Representative	Buhler
GERALD BIEKER	NATIONAL GAS SALES CO.	HAYS
Bob Wooten	Inv. Off	Topeka

DATE: \_\_\_\_\_

## GUEST REGISTER

HOUSE

ASSESSMENT & TAXATION  
COMMITTEE

NAME	ORGANIZATION	ADDRESS
BLAKE MCGUIRE	SUNFLOWER ELECTRIC COOPERATIVE	HAYS
Dorte Larsen	UTICA HIGH SCHOOL	UTICA KS. (OR. DENMARK)
Dorene Anderson	she is parent of a page	Lindsborg
James E. Hopkins	Utica High School	Utica, KS
Brenda Newton	Utica High School	Utica, KS.
Maureen Papp	Utica High School	Utica KS
Allen Thornburg	Utica High School	Utica KS.
Ray	" "	" "
Don Willoughby	INI	Topeka
Kim Gaches	KACI	TOPEKA
Barbara Johnson	KTWU	"
Ben Bauman	KTWU	"
Ron Smith	Legislative Policy Group	Topeka
Gleny Fisher	WSD.	Wichita, KS.
Debbie Heikes	Utica High School	Utica, KS.
Sandra Hartman	Utica High School	Utica, KS.
Elizabeth Wilson	_____	Topeka, KS.
Doris Myers	Capital Journal	
Don Schnuck	KIOU	Topeka
Don Boyer	EKOGA	ToLA
Don Grant	KACI	TOPEKA