

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Chairman Paul "Bud" Burke at  
Chairperson

11:00 a.m./~~p.m.~~ on FEBRUARY 25, 1983 in room 529-S of the Capitol.

All members were present ~~except~~.

Committee staff present: Wayne Morris, Dept. of Research  
Tom Severn, Dept. of Research  
Don Hayward, Revisor's Office

Conferees appearing before the committee:

The chairman announced that the staff working with the Geological Survey had developed some figures for cement, salt, limestone and gypsum, should these minerals be taxed. The approximate figures were: limestone, \$50 million base for application of the tax; gypsum \$10 million; salt \$65 million; and cement \$85 million. The figures for salt and cement include processing costs.

Exemptions were discussed and the ten barrel exemption was considered.

Senator Thiessen moved and Senator Angell seconded a conceptual motion to exempt daily oil production of 1 barrel from a well whose depth is more than 1,000 feet; 2 barrels from depths of more than 2,000 feet; and 3 barrels from depths of more than 3,000 feet, with double the exemption amount if from enhanced recovery. (Attachment #1) The Research Department said the 1-2-3 barrel exemptions would reduce revenue by a total of 13.5%; the Geological Survey made a rough estimate that the enhanced recovery would add another 10% of exempt production. The motion passed.

Senator Hayden moved conceptually that any oil well making more than 40 barrels of salt water to more than 1 barrel of oil be exempt. Senator Kerr commented that if this bill gets cluttered up with too many amendments he fears it won't be taken seriously and risk a vote on some kind of concurrence on the House. It is going too far to adopt this amendment as it's unknown what the effect would be and erodes the bill. Senator Angell seconded the motion and the motion failed, with Senators Allen, Hayden, Ehrlich, Angell and Thiessen voting in favor; and Senators Kerr, Mulich, Johnston, Chaney, Montgomery and Burke voting "No".

Senator Angell, referring to SB 267, page 4, line 136, made a motion that domestic and agricultural use on the production unit be exempt. Senator Ehrlich seconded the motion and the motion passed unanimously.

Senator Angell moved that there be a two year "new" well exemption from the severance tax, dating from the effective date of the act. Senator Ehrlich seconded the motion. The chairman noted that we are locking ourselves into zero growth with this motion because this is exempting during the highest production and the revenue is needed at the state level. The motion carried with Senators Angell, Ehrlich, Hayden, Montgomery, Thiessen and Kerr voting in favor of the motion.

Discussion turned to royalty interests and the staff directed attention to SB 267, Page 4, Line 127, clarifying language to the kinds of exemptions.

Senator Angell moved that all the exemptions under SB 267, page 4, line 125 (b) through line 138 be the exemptions adopted. (He said except for Part 2 and 3). Senator Ehrlich seconded the motion and the motion passed.

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION,  
room 529-S, Statehouse, at 11:00 a.m. ~~noon~~-on FEBRUARY 25, 19 83.

Senator Angell moved and Senator Hayden seconded a motion to exempt gas wells with an average of 60 mcf or less daily production from the severance tax. The motion passed.

Senator Angell moved and Senator Ehrlich seconded a motion that inadvertent leaks be exempt. The motion carried.

The "first purchaser" issue was discussed. Don Hayward, referring to Section 2 of SB 67, said the tax is imposed at the time of removal of oil or gas but this does not take care of removing for tracking. Also in SB 267, page 4, section 3, in all the bills.

The chairman adjourned the committee at noon. The meeting will continue at 1:00 p.m. in Room 529-S.

11am  
meeting

ASSESSMENT AND TAXATION

OBSERVERS  
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
Feb. 25	MARY ELLA SIMON	TOPEKA	KG. of WOMEN Voters
	Becky Roberts	Lawrence	Sen. Johnston
	Don Willoughby	Topeka	INI
	Tom Sloan	Lawrence	GRMC
	L. Cline	Topeka	PVO
	Kar Rieker	✓	KLPGASA
	E.R. Brewster	Topeka	Standard Oil (Ind.)
	Don Smith	Topeka	LPG
	Ann Thomas	"	KPC
	John A. Pinger	Topeka	Senate
	Ann Humberg	"	
	Sheila J. Adgers	"	CWA
	John Parker	"	REV.
	Bob Cella	"	"
	Jim Sherwood	"	KSN NEWS
	Paul E. Fleener	Manhattan	Ks. Farm Bureau
	Chip Wheeler	Topeka	Leg. Policy Group
	<del>Pat Smith</del>	Wichita	SEAWAY
	Be Nordling	Hugoton	SWKROA
	M Haven	Topeka	Gen. Inv
	T. Stewart	"	WREN
	L. Linenberger	Topeka	UPI
	Cindy Amundson	Lawrence	Sen. Angell
	Doc Schumaker	Topeka	KIOTA
	<del>Samuel</del>	Hugoton	Mobil
	Tom Hageman	Lakin	L.P.G.
	Edery	Topeka	EROGA
	WALTER DUINN	Topeka	EROGA
	Ruth Wilkni	"	S.S.



Proposed amendment

(A) From a well whose depth is <sup>less than</sup> 2,000 feet ~~or less~~ and whose average daily primary production is one barrel or less or whose average daily production resulting from enhanced recovery methods is two barrels or less, which well has not been significantly curtailed by reason of mechanical failure or other disruption of production;

(B) From a well whose depth is ~~over~~ 2,000 feet but less than 3,000 feet and whose average daily primary production is two barrels or less or whose average daily production resulting from enhanced recovery methods is four barrels or less, which well has not been significantly curtailed by reason of mechanical failure or other disruption of production;

(C) From a well whose depth is 3,000 feet or more and whose average daily primary production is three barrels or less or whose average daily production resulting from enhanced recovery methods is six barrels or less, which well has not been significantly curtailed by reason of mechanical failure or other disruption of production;

*Motion carried*

7-3

*Atch. 1*