Approved On:________________

Minutes of the House Committee on Assessment and Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on April 9, 1986 in room 519 South at the Capitol of the State of Kansas.

All members of the Committee were present.

Committee staff present:

Tom Severn, Legislative Research
Melinda Hanson, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

David Litwin, representing Kansas Chamber of Commerce, spoke as a proponent of SCR-1643. a Concurrent Resolution memorializing Congress to take action on HR-4365. HR-3549, and SR-1510 relating to the collection of sales and use taxes on out-of-state mail order sales. Harley Duncan, Secretary Kansas Department of Revenue, spoke as a proponent for SCR-1643. (Attachment 1) Senator Ben Vidricksen spoke as a proponent and asked the committee to take favorable action on it. (Attachment 2) Representative Crowell moved, second by Representative Spaniol, that SCR-1643 be reported favorably for passage, The motion carried.

Chairman Rolfs explained the sub-committee's report on severance tax exemptions and said they had found severe financial distress in the oil industry. Committee members discussed SB-743, an act relating to severance tax on minerals; concerning exemptions therefrom for the severance and production of oil. There was considerable committee discussion, including the amount of the fiscal note and the problems of other industries, including aviation. Don Schnacke, representing Kansas Independent Oil & Gas Association, spoke as a proponent for SB-743. (Attachment 3) Representative Crowell moved, second by Representative Ott, that SB-743 be reported favorably for passage. The motion carried.

There being no further business, the chairman adjourned the meeting.

Ed C. Rolfs, Chairman

MEMORANDUM

TO: The Honorable Ed C. Rolfs, Chairman
House Committee on Assessment and Taxation

FROM: Harley T. Duncan, Secretary
Kansas Department of Revenue

RE: Senate Concurrent Resolution 1643

DATE: April 8, 1986

Thank you for the opportunity to appear before you today on Senate Concurrent Resolution 1643. We heartily support adoption of this resolution.

SCR 1643 memorializes the U.S. Congress to adopt legislation allowing states to require that out-of-state retailers collect and remit state and local sales taxes on purchases made to and delivered to in-state residents. Under a 1967 U.S. Supreme Court decision in **National Bellas Hess v. Illinois,** states can require the collection of sales tax only if the retailer has some physical presence or "nexus" (e.g., sales personnel, a store, etc.) in the state. The Court specifically held that a mail order business of merely soliciting sales through a catalog and delivering the merchandise by a common carrier did not constitute sufficient nexus to trigger the sales tax collection requirement.

The effect is that the vast majority of mail order sales go untaxed. The sales tax is still owed on mail order purchases, but it is up to the individual purchaser to figure the tax and remit it to the Department of Revenue. You and I both know that this seldom happens and that the Department has no capacity to collect from individual purchasers.

As a result, state and local governments in Kansas are losing sales tax revenues and in-state, main street retailers are at a competitive disadvantage with respect to the mail order houses. The mail order

4/9/86 Hs. A&T
Attachment 1

business is a large and growing sector. Estimates are that direct mail order business totals over $50 billion annually at the present time and is growing at a rate in excess of 10 percent per year. The Advisory Commission on Intergovernment Relations projects that states lose over $1.0 - $1.5 billion annually in sales taxes and that in Kansas alone,the loss is $11-12 million. As you can see, the effect on the State and the main street retailer is substantial.

Adoption of this resolution by the 1986 Legislature could prove to be extremely important and well-timed. A variety of state organizations, including the National Conference of State Legislatures, the National Governors' Association, the Multistate Tax Commission and the National Association of Tax Administrators are all working to encourage Congress to adopt legislation overturning the **Bellas Hess** decision. It is very likely that consideration will be given to the matter as a part of the tax reform discussions. A strong expression of legislative support for Kansas retailers would be extremely beneficial to the members of the Kansas delegation.

In short, the taxation of mail order sales is an area of growing concern to state governments and the retail sales industry. Only federal legislation is capable of solving the current problem. I encourage your strong support of SCR 1643. If approved this year, it could prove extremely helpful.

Thank you for the opportunity to appear. I would be glad to answer any questions.

TO: LABOR, INDUSTRY AND SMALL BUSINESS COMMITTEE

FROM: SENATOR BEN VIDRICKSEN

RE: SCR 1643

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE:

WE ARE ALL VERY MUCH AWARE THAT MOST OF THE STATES IN THIS NATION ARE FACING SERIOUS FINANCIAL PROBLEMS. I WON'T WASTE YOUR TIME ELEABORATING ON THIS POINT, IT'S COMMON KNOWLEDGE.

THE SUBJECT I WISH TO TALK ABOUT TODAY DEALS WITH A FUNDAMENTAL PROBLEM, AT LEAST ON THE SURFACE IT SEEMS THAT WAY, BUT AS YOU DELVE INTO THIS SUBJECT IT BECOMES VERY COMPLICATED AND VERY INVOLVED.

THE 50 STATES ARE FACED WITH APPROXIMATE REVENUE LOSSES TOTALING OVER 1½ BILLION DOLLARS. THESE LOSSES ARE NOT LOSSES FROM CURRENT FUNDS, THESE ARE LOSSES THAT RIGHTFULLY SHOULD BE COLLECTED FROM THE RETAIL INDUSTRY IN SALES, USE TAXES.

<u>THE PROBLEM: ENFORCEMENT OF THE SALES/USE TAX LAW</u>

STATE TAX AUTHORITIES ARE BECOMING INCREASINGLY CONCERNED ABOUT THEIR INABILITY TO COLLECT THE SALES/USE TAX IN A GROWING NUMBER OF CASES IN WHICH THEIR RESIDENTS PURCHASE GOODS FROM OUT OF STATE MAIL ORDER FIRMS. THEIR ENFORCEMENT CONCERN IS ILLUSTRATED BY THE FOLLOWING HYPOTHETICAL EXAMPLE IN WHICH THREE KANSAS CONSUMERS PURCHASE CAMPING EQUIPMENT FOR $1,000.

CONSUMER A BUYS AT A LOCAL RETAIL STORE WHERE THE FIRM COLLECTS $30 IN KANSAS SALES TAX AND REMITS IT TO TOPEKA.

CONSUMER B ORDERS FROM THE SEARS, ROEBUCK CATALOG HEADQUARTERS IN CHICAGO. BECAUSE SEARS ALSO HAS OUTLETS IN KANSAS (AND HENCE A BUSINESS PRESENCE), THAT FIRM COLLECTS AND REMITS $30 IN USE TAX.

CONSUMER C BUYS FROM A CATALOG SELLER IN MAINE THAT HAS NO BUSINESS LOCATION OR FACILITIES IN KANSAS. HE PAYS NEITHER SALES NOR USE TAX.

THE POINT MUST BE EMPHASIZED THAT CONSUMER C IS LEGALLY LIABLE FOR THE PAYMENT OF THE KANSAS USE TAX ON THE EQUIPMENT HE PURCHASED AND HAD SENT INTO THE STATE. THE ONLY ISSUE IS HOW TO BEST ENFORCE THE SALES/USE TAX LAW.

SALES AND USE TAXES' ARE LEVIED ON THE FINAL PURCHASER BUT COLLECTED PRIMARILY THROUGH THE VENDOR. FOR IN-STATE SALES, THE FACT THAT THE SALES TAX NORMALLY RESTS ON THE PURCHASER, BUT IS COLLECTED BY THE VENDOR PRESENTS NO SERIOUS PROBLEMS.

IF WE IN KANSAS RAISE OUR SALES TAX 1% THIS FIGURE COULD AMOUNT TO 16 TO 18 MILLION DOLLARS. THIS ALSO INCREASES THE LEVEL OF UNFAIRNESS TO KANSAS BUSINESS AND THE KANSAS TAXPAYER IN GENERAL.

Attachment 2 4/9/86 Hs. A&T

2

I REALIZE THAT RESOLUTIONS SUCH AS THIS MAY NOT CARRY THE PUNCH WE NEED. IF WE, AS STATE SENATORS AND ALSO THE MEMBERS OF THE HOUSE WOULD INDIVIDUALLY URGE OUR FEDERAL ELECTED OFFICIALS TO ACT, THIS TYPE OF ACTION WOULD PROBABLY HAVE MORE POWER, BUT THIS IS DIFFICULT TO OBTAIN, SO WE TAKE THIS ROAD. WE WILL HOPE THAT THE INDIVIDUALS AFOREMENTIONED WILL URGE SOME ACTION ON THESE MEASURES.

IT IS MY PLAN TO WRITE ALL THE PRESIDENTS OF EACH STATE SENATE TO CONSIDER ACTION OF THIS TYPE ALSO.

THE CURRENT PROHIBITIONS ON STATE EFFORTS TO COLLECT SALES TAXES ON SUCH TRANSACTIONS WAS IMPOSED BY THE UNITED STATES SUPREME COURT IN THE 1967 CASE, NATIONAL BELLAS HESS, INCORPORATED V. DEPARTMENT OF REVENUE OF THE STATE OF ILLINOIS, 386 US 753. IN RECENT YEARS, AS STATE AND LOCAL GOVERNMENTS HAVE INCREASED THEIR RELIANCE ON THE SALES TAX, THERE HAS BEEN GROWING INTEREST IN REMOVING OR REDUCING THE BELLAS HESS RESTRICTIONS.

THE U.S. SUPREME COURT DECISION IN THE BELLAS HESS CASE WAS BASED ON THE COMMERCE CLAUSE TO THE UNITED STATES CONSTITUTION. HOWEVER, IN ITS OPINION, THE COURT INDICATED THAT CONGRESS COULD ENACT LEGISLATION REQUIRING INTERESTATE SELLERS TO COLLECT AND PAY STATE SALES AND USE TAXES. SUCH LEGISLATION HAS RECENTLY BEEN INTRODUCED IN BOTH THE U.S. HOUSE AND SENATE. SENATE BILL S. 1510 HAS BEEN INTRODUCED BY SENATOR MARK ANDREWS (R-N.D). IN THE HOUSE, CONGRESSMAN BYRON L. DORGAN (D-N.D.) HAS INTRODUCED H.R. 3549. BOTH BILLS REMAIN IN COMMITTEE. THE ONLY ACTION TO DATE WAS A NOVEMBER 15, 1985, HEARING ON S. 1510 BY THE SENATE SUBCOMMITTEE ON TAXATION AND DEBT MANAGEMENT. A MEMBER OF THE COUNCIL OF STATE GOVERNMENTS' STAFF HAS INDICATED THAT ACTION ON EITHER OF THESE BILLS IS DOUBTFUL DURING THE CURRENT SESSION.

S.C.R. 1643 MERELY POINTS OUT OUR CONCERN REGARDING THIS PROBLEM. IT WOULD URGE CONGRESS TO ACT ON THE MEASURES PENDING BEFORE THEM. WE WOULD HOPE IN HASTE.

THE 3 BILLS BEFORE CONGRESS ARE:

HR 4365 SPONSORED BY CONGRESS MAN DORGAN (D-N.D.) REQUIRE I.R.S. TO FURNISH INFORMATION FROM FILES ON INTERSTATE SALES TO STATES TO HELP TRACK THOSE SALES. WOULD REQUIRE MAIL ORDER RETAILERS TO COLLECT SALES TAX AND REMIT TO STATES.

HR 3549 - MAIL ORDER COMPANIES REQUIRED TO COLLECT SALES AND USE TAXES ON INTERSTATE SALES.

ANOTHER NOT MENTIONED IN THE RESOLUTION: S.B. 1510 - MARK ANDREWS (R-N.D.) ELEMINATE RESTRICTIONS OF THE TAXING POWER OF THE STATES TO IMPROVE, COLLECT AND ADMINISTER STATE AND LOCAL SALES AND USE TAX ON SALES IN INTERSTATE COMMERCE.

I WOULD APPRECIATE IT IF THE COMMITTEE WOULD AMEND THE RESOLUTION TO INCLUDE SB 1510.

3

MR. CHAIRMAN: I WILL NOT PREEMPT THE SECRETARY OF REVENUE WHO HAS SUPPLIED US WITH INFORMATION REGARDING THIS MATTER. I'M SURE HE PLANS TO SHARE THE FEELINGS OF THE TAX COLLECTING DEPARTMENT OF OUR STATE AND THE FEELINGS OF HIS COUNTER PARTS FROM THE OTHER STATES.

I WOULD HOPE THE COMMITTEE WOULD TAKE FAVORABLE ACTION ON THIS RESOLUTION PROMPTLY.

THANK YOU AND I STAND FOR QUESTIONS.

Sen. Ben Vidricksen

Table 1
Estimated State Revenue Loss From Mail Order and Direct Marketing Sales, 1985

State	Allocated by Sears', Ward's and Penney's Sales	Allocated by Personal Income
	(in thousands of dollars)	
Alabama	$ 4360	$ 18840
Arizona	16540	19990
Arkansas	41610	10830
California	104580	209500
Colorado	8900	15010
Connecticut	10340	34470
DC	1440	7630
Florida	39930	63250
Georgia	35930	22900
Hawaii	420	6320
Idaho	11650	4770
Illinois	61020	89260
Indiana	30320	36730
Iowa	20790	16240
Kansas	23050	11590
Kentucky	52680	21350
Louisiana	38700	23270
Maine	13030	5540
Maryland	23840	35410
Massachusetts	8960	34350
Michigan	39780	42790
Minnesota	33240	30170
Mississippi	44720	16240
Missouri	44060	28600
Nebraska	12130	6210
Nevada	10520	6530
New Jersey	16940	58090
New Mexico	22530	8180
New York	47440	122940
North Carolina	62740	30380
North Dakota	10310	3850
Ohio	38180	61960
Oklahoma	27530	14240
Pennsylvania	50160	76610
Rhode Island	890	6050
South Carolina	29710	18810
South Dakota	7870	3510
Tennessee	72580	36860
Texas	101020	97410
Utah	10050	10240
Vermont	7980	2620
Virginia	36840	27660
Washington	61030	49130
West Virginia	38160	11000
Wisconsin	29860	27330
Wyoming	4860	1960

U.S. Total: $1,409,000 to $1,487,000 (thousands)

Source: ACIR staff computations

$11,590,000.00
now
? 1% - TAX INCREASE

Attach. 16-18

KIOGA
KANSAS INDEPENDENT OIL & GAS ASSOCIATION
500 BROADWAY PLAZA • WICHITA, KANSAS 67202 • (316) 263-7297

April 9, 1986

TO: House Committee on Assessment & Taxation

RE: Subs. SB 743

Substitute SB 743 is a bill that would increase the severance tax exemptions on crude oil from 3 BOD to 5 BOD on straight production and from 4 BOD to 6 BOD on waterflood production, for wells that are below 2,000 feet. The exemption is for two years.

The bill is designed to contribute to the protection of stripper wells that are producing in the deeper horizons and have greater operating costs, but are considered marginal. No increase in exemptions is proposed for wells operating above 2,000 feet.

I don't need to remind the committee that our industry is in trouble. You have had hearings on this subject earlier this year. The price of oil has dropped from $26.75 January 1st to its present price of $13.00 on 40 gravity oil. The futures market last week reached $9.75 and except for a Norwegian strike now underway, the trends are pointing downward to further reductions in price. Typically, today an operator that is trading $13 oil nets $9.15 after he pays his transportation charges and royalty interests. A producer in Kansas could make out at $27 on a 3 BOD well. At today's prices it takes at least a 6 BOD well to keep from shutting in. (Exhibits A, B & C)

The counties report a tax income from operating properties at $131 million for 1985. We are concerned about how we are going to pay the 1986 ad valorem taxes due this next November. (See Exhibit D.)

The loss of oil revenues is projected into the loss of the Kansas severance tax. We estimate about half of the projected severance tax has been lost due to the drop in the price.

We have had three years experience with the severance tax. The 3 and 4 BOD exemptions below 2,000' have not been effective in protecting marginal deep production. From the very beginning, there have been complaints about the provision in the law for straight production and waterflood production below 2,000'.

Most of you will recall that Congress exempted stripper wells (10 BOD or less) from the federal windfall profits tax. It's in that spirit we support Subs. SB 743 that would increase the exemptions on deeper wells in Kansas for two years.

This bill has the general support of the Kansas industry. We cannot guarantee this plan will keep these deeper wells from being shut in or plugged. It will help. If the price continues to drop, there is very little the Legislature can do to help. In the meantime Subs. SB 743 would have the effect of postponing abandonment and plugging of marginal production in Kansas, so they will be around to produce in the future.

Attachment 3

Donald P. Schnacke

4/9/86 Hs. A&T

EXHIBIT A

The Wichita Eagle-Beacon

March 23, 1986

Attachment 3

Stripper Oil Wells In Peril

By Forrest S. Gossett
Staff Writer

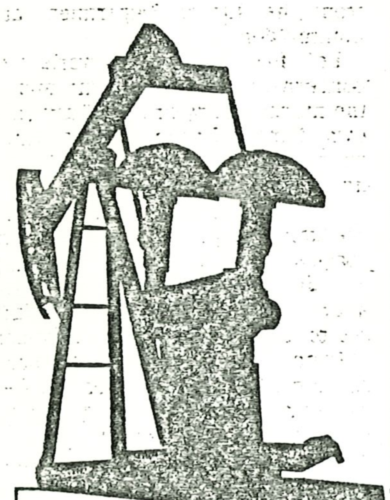
Across Kansas' wheat fields, pastures and prairie, 56,000 oil wells — with their giant horse-head shaped pumps moving up and down — are producing 200,000 barrels of crude oil daily despite a three-month slide in oil prices.

But up to a third of those wells — low-production stripper wells — could disappear from the Kansas landscape this year as the industry adjusts to a tailspin that has seen crude oil prices fall from $28 to $14 a barrel over the past three months.

A study released last month by the Interstate Oil Compact Commission predicted that Kansas operators might plug and abandon up to 18,000 wells over the next 12 months, costing the industry up to $244,000 million.

THE STRIPPER wells, which produce less than 10 barrels a day, are the ones most in danger of being abandoned because at current prices the cost of getting the oil out of the ground frequently exceeds the profit that can be made on a barrel.

In Kansas, an estimated 45,000 stripper wells produce an average of three barrels each a day — nearly 75 percent of the state's daily output of 200,000 barrels.



Stripper Wells In Kansas

Total as of Jan. 1: 45,749

Average production: 2.91 barrels a day

Number of wells abandoned at:

Price	Wells lost	Dollars lost to state over first year
$20	4,589	$81.7 million
$18	7,114	$121.3 million
$15	10,307	$159.4 million
$10	18,356	$244.6 million

Source: RAM Group Ltd. and Interstate Oil Compact Commission

With most of its stripper wells operating, the state already stands to lose more than $1 billion in revenues if oil prices don't recover. And the state treasury could lose about $32 million in severance tax collections.

Revenue losses, though, could even be greater as producers are forced to plug and abandon stripper wells, because if prices should recover, the barrels produced by the stripper wells would be lost.

"TAKEN EACH by themselves, stripper wells have no impact," said Wichita oilman A. Scott Ritchie, president of the Kansas Independent Oil and Gas Association this year. "But taken in total, their production is substantial and important to the state. And after you plug a well, it's gone. It will take a substantial reinvestment to make up the difference."

Farmers who lease their property to oil producers will lose, too. Farmers generally receive one-eighth of the total take from oil produced on their leases.

For instance, a farmer who has five stripper wells on his property that combine to produce 20 barrels of oil a day will receive $12,740 in royalties income this year, only half his 1985 level. If a producer is forced to plug that stripper well, the farmer would lose all his oil royalty income.

Nationally, the 36-state commission predicted that if oil prices remain in the $14 to $15 range the nation could lose 23 percent of its 452,543 "stripper" wells.

NOT EVERYONE in the oil industry agrees with the compact commission's gloomy forecast.

Dick Smith, president and owner of Range Oil Co. in Wichita, says that he thinks the compact commission's report is much too negative. Most Kansas stripper wells can make money, though not much, at $14 a barrel, Smith said.

Many wells cost less than $10 a barrel to produce, and those wells, he said, will keep pumping until they run dry.

"We look at our own lifting costs and realize that," Smith said. "We've plugged some wells; but I just don't think the state will lose that many wells. Even if you can make a dollar a barrel, you're going to keep a well open."

NONETHELESS, SMITH admitted that Kansas is in danger of losing "several thousand" stripper wells.

Since Jan. 1, BHP Petroleum (Americas), the Wichita-based unit of Australia's largest company, Broken Hill Propriety Ltd., has plugged 74 of its 460 wells in Kansas because of sliding prices, said Clark Mandigo, company president.

The wells collectively produced 127 barrels of oil a day and 10,500 barrels of water a day, said Mandigo, meaning that $14 a barrel made the wells unprofitable to produce.

"Those wells, at least many of those wells, were cash losers at current prices," Mandigo said. "There is generally a high water cut here in Kansas, and it can be expensive to operate those wells."

ACCORDING TO the commission study, Kansas could lose 10,300 of its 56,000 active oil wells if prices remain at current levels. Of the state's active wells, 45,749 are classified as stripper wells.

Losing that many wells would cost the state about 29,000 barrels of production a day — $160 million over the course of a year.

Texas and Oklahoma would be hit much harder.

A prolonged period of $15 oil prices could cost Texas more than $500 million a year, while in Oklahoma, where strippers account for 60 percent of the state's total production, producers would lose about $307 million.

FOR EACH state, the lower the price of oil, the more wells lost. For instance, at $10 a barrel, the commission predicts that Kansas

● WELLS, 2C, Col. 1

Oil Price Slide May Cost State Thousands of Wells

● WELLS, From 1C

would lose 18,600 barrels and $244.6 million a year in revenues.

"That's really bad news for the industry," said Donald Hultgren, an oil analyst for Eppler Guerin & Turner Inc., a Dallas brokerage. "Clearly the stripper wells are vital to the independents. There are just a lot of small companies in the industry who have made their livelihoods on the small stripper wells. This is just an indication of how tough things are going to get in the oil patch."

Exactly when a stripper well is abandoned depends in large part on when it first started production, what its future reserves may be and on whether it is producing large amounts of water.

Mandigo says that the biggest factor in Kansas is water. Some wells produce a hundred barrels of water for every barrel of oil. Generally, the water is pumped back into formations through disposal wells.

AND THAT, he said, can cost plenty.

"Energy costs can really hurt you in that type of well," Mandigo said. "You start losing money at these levels."

But even wells that are not producing large amounts of water are in danger. Oil well pumping units, like any other machinery, require periodic maintenance, which can range from $200 or $300 to several thousand dollars depending upon what is needed.

Phillips Petroleum Co., the Bartlesville, Okla., company that took on $2 billion in debt last year to thwart a T. Boone Pickens takeover, said recently that it was reviewing stripper wells on a case-by-case basis.

ALREADY, THE company h[illegible] shut-in several wells in the [illegible] Permian Basin of Texas, and [illegible] wells may be shut in.

The RAM Group, Ltd.

EXHIBIT B

TABLE 4

KANSAS
IMPACT OF DECREASING CRUDE OIL PRICES
ON STRIPPER WELLS

OIL PRICE	PERCENTAGE OF STRIPPER WELLS ABANDONED	NUMBER OF STRIPPER WELLS ABANDONED	PRODUCTION LOST FIRST YEAR (BPD)	VALUE OF PRODUCTION LOST FIRST YEAR ($ MILLION)	TOTAL RESERVES LOST (MM BBLS)
$10	40.8%	18,656	67,036	$244.682	274.311
$15	22.5%	10,307	29,112	$159.390	77.098
$18	15.6%	7,114	18,465	$121.313	29.259
$20	10.0%	4,589	11,198	$81.748	9.748
$23	5.0%	2,269	5,228	$42.931	1.772
$25	0.0%	0	0	$0.000	0.000

NOTE:

STRIPPER WELLS AS OF 1/1/85 — 45,749 WELLS
AVERAGE STRIPPER WELL PRODUCTION — 2.91 BPD

EXHIBIT C

Interstate Oil Compact Commission
Impact of $1.00 Decrease in Crude Oil Price, Selected States

nterstate Oil Compact Commissi
Decrease in Crude Oil Price, :

	Annual rev. Crude Oil	Est. NG Liquids	Total	%of U.S.	Lost Jobs	GSP	Taxes
Arkansas	17,618	909	18,527	0.49	390.49	46,858,995	1,561,966
Kansas	75,723	20,928	96,651	2.54	2,037.10	244,452,351	8,148,412
Louisiana	449,545	155,194	604,739	15.92	12,746.02	1,529,522,406	50,984,080
Mississippi	31,879	1,666	33,545	0.88	707.02	84,842,931	2,828,098
New Mexico	75,532	54,534	130,066	3.42	2,741.39	328,966,482	10,965,549
North Dakota	52,654	6,028	58,682	1.54	1,236.83	148,420,118	4,947,337
Oklahoma	153,250	54,262	207,512	5.46	4,373.71	524,845,022	17,494,834
Texas	856,085	330,048	1,186,133	31.22	25,000.00	3,000,000,000	100,000,000
Wyoming	127,763	15,657	143,420	3.77	3,022.85	362,741,784	12,091,393

STATE TANGIBLE VALUATION & GENERAL PROPERTY TAX SHOWN ON TAX ROLL & APPROPRIATE AD VALOREM TAXES ON PRODUCING OIL & GAS INDUSTRY IN KANSAS — 1985 -EXHIB

D

Oil and Gas Tax Estimated from 1985 Average Rural Tax Levy

Counties	TOTAL COUNTY		TOTAL OIL and GAS			
	Tangible Property Valuation (1)	Tangible Tax (2)	Tangible Property Valuation (3)	Average Rural Levy (4)	Tangible Tax (5)	Ratio of Taxes In Percent (Col. 5/Col. 2)
Allen	62,286,790	6,483,029.17	5,887,190	91.94	541,268.25	8.35
Anderson	37,984,859	4,055,819.86	2,474,895	98.25	243,158.43	6.00
Atchison	47,499,844	6,146,981.88	17,525	109.65	1,921.62	.03
Barber	81,665,096	7,390,121.93	42,803,155	87.12	3,729,010.86	50.46
Barton	214,869,657	21,217,456.28	76,767,975	87.15	6,690,329.02	31.53
Bourbon	47,125,296	6,273,768.40	774,390	113.80	88,125.58	1.40
Brown	43,230,915	5,603,791.93	28,370	123.91	3,515.33	.06
Butler	195,183,083	21,499,078.29	32,256,945	96.03	3,097,634.43	14.41
Chase	25,642,591	2,240,905.86	935,910	82.91	77,596.30	3.46
Chautauqua	25,230,031	2,534,297.66	9,019,670	92.70	836,123.41	32.99
Cherokee	55,538,401	6,223,712.00	---	106.48	---	---
Cheyenne	24,764,177	2,662,478.75	1,649,220	103.41	170,545.84	6.41
Clark	49,425,097	3,750,560.66	23,327,478	73.43	1,712,936.71	45.67
Clay	38,951,099	4,674,362.61	---	111.01	---	---
Cloud	50,159,829	6,969,936.31	---	121.66	---	---
Coffey	466,491,033	18,614,048.00	2,841,155	38.92	110,577.75	.59
Comanche	34,981,281	3,224,626.17	15,903,660	85.09	1,353,242.43	41.97
Cowley	140,169,019	17,335,562.95	19,130,310	109.41	2,093,047.22	12.07
Crawford	79,895,956	11,007,627.46	216,455	108.91	23,574.11	.21
Decatur	31,165,086	2,847,501.15	6,123,460	88.13	539,660.53	18.95
Dickinson	71,255,060	8,303,389.08	698,165	105.59	73,719.24	.89
Doniphan	28,417,554	4,486,270.44	---	152.89	---	---
Douglas	208,423,782	27,295,619.32	1,019,430	111.73	113,900.91	.42
Edwards	40,325,490	3,405,077.22	12,802,892	78.00	998,625.58	29.33
Elk	21,610,664	2,435,128.28	2,729,865	104.55	285,407.39	11.72
Ellis	163,474,772	15,837,254.80	76,760,364	83.72	6,426,377.67	40.58
Ellsworth	60,255,818	5,063,498.09	11,842,235	77.87	922,154.84	18.21
Finney	273,611,172	23,953,001.04	67,781,980	78.54	5,323,596.71	22.23
Ford	120,973,482	15,765,551.38	4,518,885	123.16	556,545.88	3.53
Franklin	64,034,297	7,747,109.97	2,618,410	98.59	258,149.04	3.33
Geary	63,752,183	6,122,902.41	26,995	81.57	2,201.98	.04
Gove	40,527,747	3,747,282.74	13,594,930	88.31	1,200,568.27	32.04
Graham	52,906,549	5,250,511.80	31,352,942	96.71	3,032,143.02	57.75
Grant	166,375,886	9,501,907.42	109,985,245	54.86	6,033,790.54	63.50
Gray	46,057,729	5,370,757.26	2,587,025	110.69	286,357.80	5.33
Greeley	39,303,984	2,304,592.94	14,993,895	53.01	794,826.37	34.49
Greenwood	49,988,273	6,569,019.75	14,036,180	121.50	1,705,395.87	25.96
Hamilton	38,289,885	3,198,052.74	16,003,322	81.36	1,302,030.28	40.71
Harper	77,377,665	7,268,709.01	31,763,505	86.51	2,747,860.82	37.80
Harvey	109,421,864	13,811,036.20	4,136,515	104.79	433,465.41	3.14
Haskell	93,514,549	5,834,795.57	56,782,280	59.71	3,390,469.94	58.11
Hodgeman	34,425,790	3,750,914.92	12,182,550	107.04	1,304,020.15	34.77
Jackson	31,598,429	4,138,126.08	145,830	126.40	18,432.91	.45
Jefferson	44,066,216	5,500,191.89	1,443,850	119.03	171,861.47	3.12
Jewell	26,703,553	3,852,359.07	---	137.98	---	---
Johnson	1,114,773,315	157,188,734.53	1,269,360	126.00	159,939.36	.10
Kearny	159,141,290	7,850,937.15	122,977,230	47.68	5,863,554.33	74.69
Kingman	90,353,731	7,708,690.19	38,665,565	79.05	3,056,512.91	39.65
Kiowa	65,782,111	4,288,780.21	30,465,240	65.97	2,009,791.88	46.86
Labette	70,445,057	9,826,190.64	339,500	111.42	37,827.09	.38
Lane	47,229,513	4,015,248.40	26,577,909	83.50	2,219,255.40	55.27
Leavenworth	114,982,574	15,252,229.00	624,470	117.04	73,087.97	.48
Lincoln	27,869,116	3,055,136.36	---	105.41	---	---

Counties	TOTAL COUNTY		TOTAL OIL and GAS			
	Tangible Property Valuation (1)	Tangible Tax (2)	Tangible Property Valuation (3)	Average Rural Levy (4)	Tangible Tax (5)	Ratio of Taxes In Percent (Col. 5/Col. 2)
Linn	119,136,110	7,676,393.72	1,397,179	61.07	85,325.72	1.11
Logan	29,607,569	2,686,873.55	5,575,695	83.63	466,295.37	17.35
Lyon	114,041,365	14,160,557.20	922,975	96.22	88,808.65	.63
Marion	61,449,968	6,837,153.69	8,444,413	99.50	840,219.09	12.29
Marshall	48,500,329	6,384,154.36	---	121.36	---	---
McPherson	159,600,266	16,359,302.67	24,069,225	93.42	2,248,547.00	13.74
Meade	91,000,306	5,773,479.73	19,096,430	58.95	1,125,734.55	19.50
Miami	72,528,070	8,131,916.26	3,736,020	101.36	378,682.99	4.66
Mitchell	35,752,065	4,424,867.27	---	114.95	---	---
Montgomery	120,507,738	15,874,205.53	5,742,895	112.28	644,812.25	4.06
Morris	33,878,519	3,339,873.63	2,909,250	92.79	269,949.31	8.08
Morton	121,696,605	7,068,818.84	87,007,090	55.42	4,821,932.93	68.21
Nemaha	46,905,343	5,150,038.80	2,722,345	104.18	283,613.90	5.51
Neosho	63,666,543	8,548,600.94	1,335,595	117.16	156,478.31	1.83
Ness	68,594,170	6,473,919.36	33,675,635	88.86	2,992,416.93	46.22
Norton	28,811,030	3,722,595.60	3,690,715	112.47	415,094.72	11.15
Osage	47,056,180	5,152,670.74	15,840	104.77	1,659.56	.03
Osborne	31,992,560	3,244,048.20	2,419,970	88.80	214,893.34	6.62
Ottawa	36,675,855	4,030,752.96	---	105.69	---	---
Pawnee	52,766,669	5,320,524.24	9,764,930	88.82	867,321.08	16.30
Phillips	48,516,477	4,962,318.42	14,443,900	94.42	1,363,793.04	27.48
Pottawatomie	254,004,370	14,528,514.90	64,890	53.37	3,463.18	.02
Pratt	87,171,585	8,481,580.82	20,588,430	90.73	1,867,988.25	22.02
Rawlins	34,426,503	3,827,820.15	9,503,180	107.23	1,019,025.99	26.62
Reno	247,165,750	33,893,902.58	12,956,113	118.58	1,536,335.88	4.53
Republic	35,709,298	4,557,701.81	---	120.82	---	---
Rice	95,495,844	8,779,444.78	25,564,584	86.32	2,206,734.89	25.14
Riley	122,620,425	14,729,572.73	529,565	98.27	52,040.35	.35
Rooks	94,161,789	7,042,467.12	65,285,032	68.62	4,479,858.90	63.61
Rush	42,104,182	4,160,705.07	11,114,618	91.28	1,014,542.33	24.38
Russell	92,191,658	8,115,472.57	53,498,825	79.85	4,271,881.18	52.64
Saline	161,789,009	20,499,665.44	2,364,290	91.25	215,741.46	1.05
Scott	38,434,411	4,161,056.64	3,973,410	97.81	388,639.23	9.34
Sedgwick	1,394,266,112	167,329,724.56	8,105,320	102.12	827,715.28	.49
Seward	150,280,361	13,919,555.61	64,551,570	79.71	5,145,405.64	36.97
Shawnee	512,138,386	75,997,016.28	---	115.81	---	---
Sheridan	26,669,184	3,321,342.09	6,193,768	115.53	715,566.02	21.54
Sherman	41,578,524	5,257,328.20	701,195	114.91	80,574.32	1.53
Smith	28,203,244	3,693,145.81	---	121.66	---	---
Stafford	66,067,037	5,878,524.95	31,850,300	83.09	2,646,441.43	45.02
Stanton	59,013,591	4,484,160.58	34,499,815	73.74	2,544,016.36	56.73
Stevens	213,898,158	8,572,544.10	162,251,655	38.32	6,217,483.42	72.53
Sumner	96,616,830	13,215,483.94	17,983,330	123.26	2,216,625.26	16.77
Thomas	58,469,950	7,340,694.06	7,563,006	119.57	904,308.63	12.32
Trego	47,856,879	4,180,001.82	26,635,906	80.41	2,141,793.20	51.24
Wabaunsee	31,933,655	3,394,335.83	2,072,470	101.18	209,692.51	6.18
Wallace	19,084,228	2,251,570.78	105,165	116.29	12,229.64	.54
Washington	43,714,610	4,804,575.79	125,979	104.07	13,110.63	.27
Wichita	30,515,498	3,049,675.27	710,905	93.06	66,156.82	2.17
Wilson	45,605,233	4,825,783.41	3,968,515	96.95	384,747.53	7.97
Woodson	29,594,353	2,950,387.79	9,784,600	91.13	891,670.60	30.22
Wyandotte	395,503,958	67,558,438.05	---	138.20	---	---
TOTALS	11,438,496,592	1,250,579,932.46	1,760,400,865	7.46	131,453,506.52	[illegible]

NOTE: 92 counties had taxable production in 1985

SOURCE: Property Valuation Division, Department of Revenue, Topeka

OIL AND GAS VALUATION DECREASED $28,996,262 IN 1985 AND TAXES INCREASED $7,862,465.45