

SESSION OF 2004

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2609**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2609 would increase the mineral severance tax minimum production exemption renewal period from one year to two years on oil wells and oil production leases. The bill also adds the definition of "lease number", *i.e.*, the number assigned by the director of taxation to identify each well, lease, or combination of wells within a lease.

**Background**

KSA 79-4217 currently imposes an excise tax on the severance and production of coal, oil, and gas and specifies how the tax will be borne by and applied to those responsible for paying it. The statute also provides for an exemption for certain low-production leases. Taxpayers are currently required to apply annually to the director of taxation for the exemption.

A representative of the Kansas Department of Revenue testified favorably on the bill, stating the renewal period increase would improve administrative efficiency. Testifying in favor of SB 369, a bill identical to HB 2609, was a representative of the Kansas Independent Oil & Gas Association, who stated biennial application for the exemption would cut administrative costs for marginal oil and gas well operators.

A fiscal note issued on HB 2609 by the Division of the Budget indicated passage of the bill would have no fiscal impact.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

