



**KANSAS**  
ASSOCIATION OF  
**COUNTIES**

TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES  
TO THE SENATE WAYS AND MEANS COMMITTEE  
ON HB 2624  
MARCH 5, 2012

Madam Chair and Members of the Committee:

The Kansas Association of Counties supports HB 2624.

In 2004 Kansas counties asked for legislation to address the concern of counties relying on mineral valuations for their budgets. These counties recognized that this taxable resource will deplete over time. The Kansas Legislature established the Oil and Gas Valuation Depletion Fund as a resource for counties when future mineral valuations decline and less revenue is available as a result of this valuation decline. This law holds that, beginning in 2008, counties that have \$100,000 or more in receipts from the severance tax on oil and gas in fiscal year 2005 or thereafter, have a separate trust fund provided by the Department of Revenue. Starting in October of 2009, a portion (currently 12.41%) of the severance tax remitted to the State is being credited proportionally to each county's account and held in trust for the benefit of these oil and gas producing counties.

HB 2624 annually transfers these funds that have been set aside at the State to the County Treasurer in each county participating in the fund. The obvious purpose of this legislation is to protect the funds for their intended use by the counties and prevent a sweep by the State. We believe HB 2624 offers assurance that the purpose of the 2004 legislation is met, and we request your support of HB 2624.

We appreciate the opportunity submit our written testimony.

Respectfully Submitted,

Melissa A. Wangemann

General Counsel & Director of Legislative Services