

**TESTIMONY OF JIM RICE, SEWARD COUNTY COMMISSIONER  
BEFORE THE HOUSE APPROPRIATIONS COMMITTEE  
RE: HOUSE BILL NO. 2262  
FEBRUARY 27, 2013**

Chairman Rhoades and Members of the Committee

I appreciate the opportunity to come before the committee today. I am Jim Rice, a Seward County Commissioner.

My fellow commissioners and I are very concerned about the possible impacts of House Bill No. 2262 which eliminates the Oil and Gas Depletion Trust Fund, not only on Seward County but the 67 other oil and gas producing counties across the state. So concerned, that I drove over 350 miles to be with you today.

Many years ago, Kansas counties and the Kansas Legislature worked together to establish the Oil and Gas Depletion Trust Fund for a very valid reason. As I see it, this was and is an investment in the future for counties and is activated when the oil and gas valuation drops below a certain point in any given county. My county and others are close to approaching that valuation threshold. Is this fair to those counties that participated in the program and planned and budgeted to have that resource no longer available to them? Where does abolishing the Fund leave those counties when their valuation drops? What are they to do? How are they now expected to offset the loss?

Since the inception of the Oil and Gas Depletion Trust Fund the State of Kansas has collected \$890 million in severance taxes. For the first three-years the trust was in place the State did not transfer money from severance tax collections to the Trust Fund. To date the Trust Fund has received 3.8% of what the State has collected and my county only .012% of that \$890 million.

These are only a few of the questions I believe deserve actual and factual answers prior to any vote for or against eliminating the Oil and Gas Depletion Trust Fund.

The Depletion Fund was never intended to be used for funding the State General Fund, but rather to help counties transition their tax base from a declining natural resource.

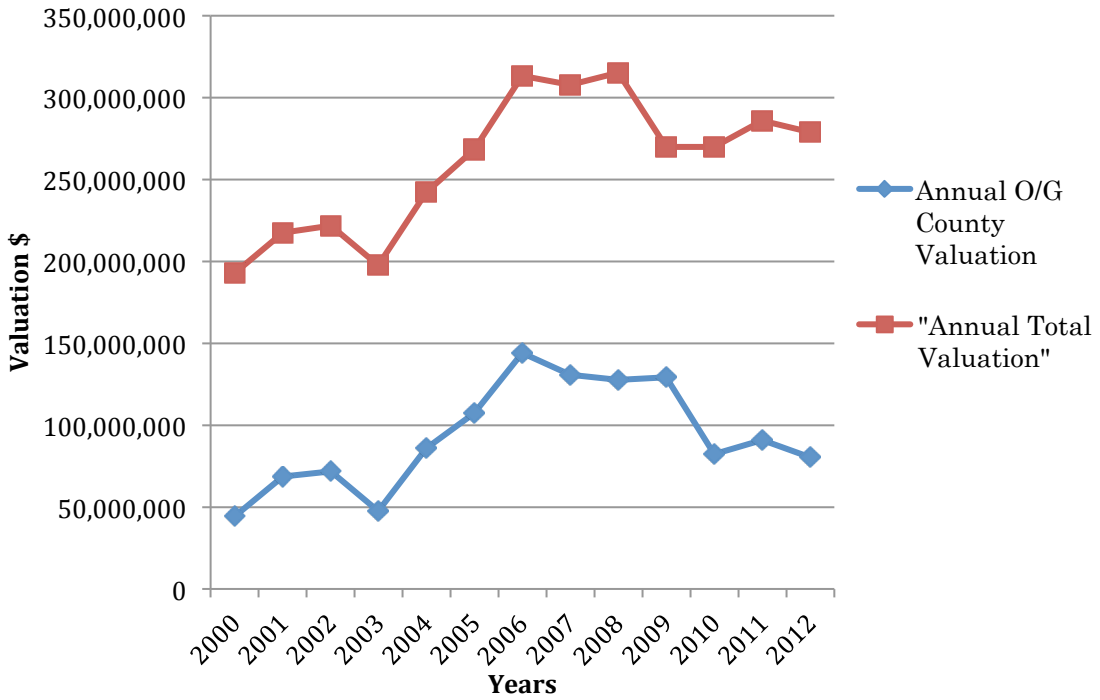
I urge you to investigate fully the consequences of your actions before you decide.

Do-overs are costly and I prefer not to come before you next year in an effort to correct something that was overlooked here.

Thank you

Jim Rice

### Seward County O/G Valuations 2000-2012



### Seward County 2006-2012

