



Hamilton County Kansas

**Testimony of
Randy Braddock, Chairman
Hamilton County Board of Commissioners
Before the House Committee on Appropriations
House Bill No. 2262
February 27, 2013**

Mr. Chairman and Members of the Committee, I am Randy Braddock, a county commissioner from Hamilton County, Kansas. I am a 4th generation Kansas farmer and rancher and have served on the Hamilton County Commission for ten years. I appreciate having the opportunity to be present today to discuss the County Oil and Gas Valuation Depletion Trust Fund.

The Kansas Oil and Gas Valuation Depletion Fund was established in 2006 by the state legislature as a resource for counties when future mineral valuations declined and less money was available as a result of this valuation decline. Each year, the amounts from the Oil and Gas Valuation Depletion Trust Fund administered by the Department of Revenue, are to be transferred and credited to the County Oil and Gas Valuation Depletion Trust Fund of each county. The county is authorized by the Department of Revenue to spend 20.0 percent of the monies credited to this fund each year their oil and gas valuations reach the eligibility threshold certified by the Department.

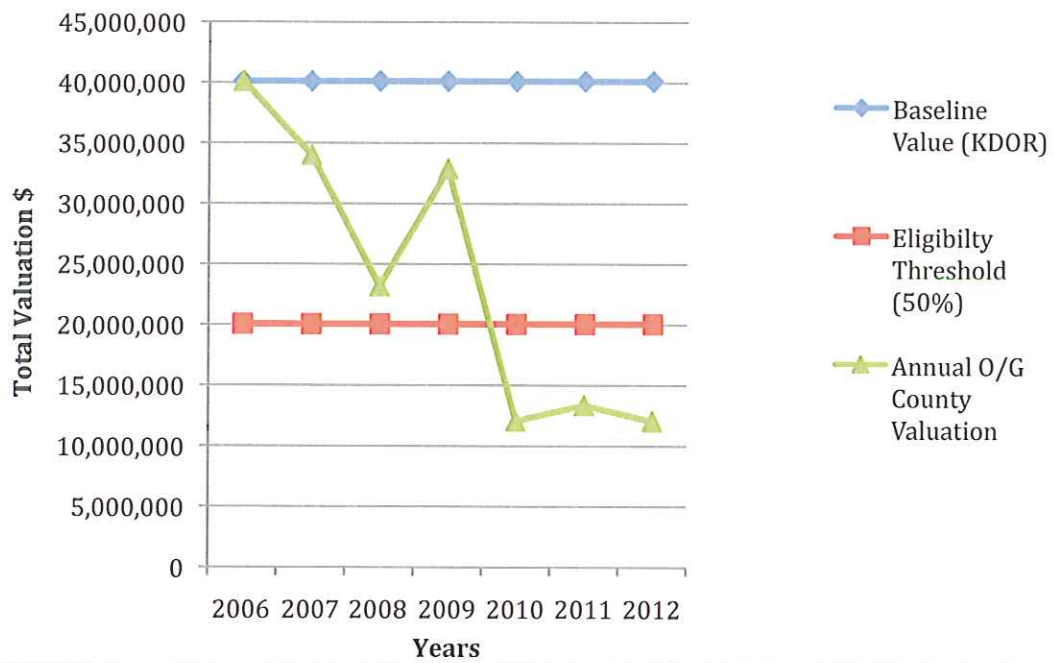
There are 67 counties that have established Kansas Oil and Gas Valuation Depletion Funds. To the best of my knowledge, only Chase and Hamilton counties are currently eligible and authorized to spend money from their fund. The reason Chase and Hamilton are eligible is due to a result of declining oil and natural gas valuations. According to the law, a baseline oil and natural gas valuation was established by the Department of Revenue. When a county drops below 50% of that baseline oil and natural gas valuation for two consecutive years, a county is then eligible to draw from their Kansas Oil and Gas Valuation Depletion Fund. In 2011 and 2012, Hamilton County's oil and natural gas valuations dropped below their required threshold. Hamilton County was authorized to use approximately \$26,763 from their fund in the fall of 2012.

The Legislature was prudent when it established the Kansas Oil and Gas Valuation Depletion Fund as a resource for counties when future mineral valuations declined and less money was available as a result of this valuation decline. Other states have created such funds, which are a wise and useful tool as counties transition from a tax base dependent on declining natural resources. As the decline of oil and natural gas progresses we must work to identify ways to relieve the financial burden of the loss of valuation on businesses, farmers, ranchers and future generations.

I respectfully ask the Committee to reject House Bill No. 2262 and allow the Kansas Oil and Gas Valuation Depletion Fund to continue as originally contemplated.

Thank you for allowing me to testify today. I am pleased to answer questions.

Hamilton County O/G Valuations 2006-2012



Hamilton County Valuation 2006-2012

