

**Carla Pence, County Commissioner
Harper County Board of County Commissioners**

**Testimony before the House Appropriations Committee on
House Bill No. 2262, proposal to abolish the oil and gas
depletion trust fund,
February 27, 2013**

Mr. Chairman and Members of the Committee

I am Carla Pence, Harper County Commissioner, and I thank you for the opportunity for county representatives to have a voice before the Committee today.

While my fellow commissioners and I understand the need to balance the state budget and admire the long-term vision of Zero Income tax we believe that it cannot be done on the backs of the counties in the state of Kansas.

We appreciate the passing of House Bill No. 2597 last year that returned the depletion oil funds back to the county level. In looking forward, the counties need to be able to have something to fall back on for mill levy purposes.

Figuring the mill levy for local county purposes is complicated. There are so many variables. Our personal property valuations continue to decline since 2005 due to the exemption of all new business equipment. The state assessments remain relatively level with only a slight increase in agricultural land valuations.

I have attached a graph of Harper County valuations and tax levies from 1983 to present. You can see that oil and gas have been the variable affecting our taxes, while land values and state assessed remain relatively stable and with personal property continuing to decline.

By looking at the graph you will also see the low year 2000 and the high years 2012 and 1986 on either side of that, it clearly shows a reserve would have been a wonderful opportunity to not raise taxes by many mills.

The oil and gas companies' taxes go down with the economy; real estate, personal property and state assessed do not necessarily get that opportunity. This oil depletion fund is the only legislatively approved reserve to help every county that has oil and gas.

Statutorily counties are not permitted to set funds aside for emergencies, only for capital projects; so when oil and gas goes south we have no alternative but to raise the levy.

Along with Zero Income Tax the Governor has promoted stability in the mill levy and local taxes. We cannot continue to rob from Peter to pay Paul while working toward a prosperous Kansas.

I understand the need to find funds to balance the budget; but it cannot be on the backs of the local county budget, which in turn is really raising the mill levy on the local level.

I thank you for your time today and trust you to make the best decisions for all Kansans.

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Valuation History Harper County, KS

