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House Taxation Committee
House Bill 2285
Written Testimony
Submitted on Behalf of
DCP Midstream, LP and National Helium, LLC

DCP Midstream, LP and National Helium, LLC, its subsidiary, own and operate an extensive gas gathering system and the largest liquids and helium processing plant in southwest Kansas.

Our existing National Helium plant near Liberal is over 50 years old, obsoleted by diminished supply and efficiency, requiring a projected \$187 Million Dollar replacement facility that is underway.

Our economic analysis assumed the continuing benefit of the 2006 CIME exemption that has now been frustrated by the current uncertainty. We believe HB 2285 is urgently required to restore tax certainty for industrial investment in Kansas. This Bill effectively codifies the PVD Guidelines and the case law that we have relied on in our investment decisions and helps clarify the existing uncertainty.

Ours is a competitive business. We had a choice of relocating our plant to Oklahoma where CIME is statutorily designated as personal property. Oklahoma has a significantly lower overall property tax burden than Kansas. There are 4 Oklahoma plants that process Kansas gas and 5 plants in Kansas in 4 different counties. This will still help restore uniformity in Kansas allowing us to be more competitive with Oklahoma plants. We are hopeful that our decision will be confirmed by the continued benefit of the 2006 exemption which we relied on. The CIME exemption does not render us "tax free." DCP's Kansas ad valorem taxes for 2012 are approximately \$6.25 million. We are state assessed at the "public utility" 33% ratio on pipeline facilities. The pipelines and the processing plant are interdependent as is our tax base.

For the sake of maintaining Kansas's tax base and encouraging its expansion by incentivizing new investment through assured uniformity of taxation and conformity with our surrounding states; we urge your support of HB 2285. Thank you.

Respectfully submitted,

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