

Oil and Gas Valuation Depletion Trust Fund; Sub. for SB 245

Sub. for SB 245 amends law to credit 12.41 percent of FY 2013, FY 2014, and FY 2015 mineral severance taxes collected in counties with receipts in excess of \$100,000 to the Oil and Gas Valuation Depletion Trust Fund (OGVDTF) for distribution in FY 2014, FY 2015, and FY 2016, respectively. The bill abolishes the OGVDTF on July 1, 2016.

The bill also creates the Mineral Production Education Fund (MPEF) on July 1, 2016. Beginning in FY 2017, the bill credits the fund with 20 percent of mineral severance taxes collected during the previous fiscal year in counties with receipts in excess of \$100,000. The monies in the MPEF subsequently will be transferred twice each year to the State School District Finance Fund (SSDFF).

The bill allows counties to retain funds currently in their respective oil and gas valuation depletion trust funds, and those funds will be released to their county general fund to be expended as directed by the board of county commissioners. Under previous law, counties may only release 20 percent from the OGVDTF to the county general fund if the oil and gas leasehold *ad valorem* valuation of the county is less than 50 percent of the oil and gas leasehold *ad valorem* valuation of the county for the second succeeding tax year, as certified by the Property Valuation Division, Department of Revenue.

Further, the bill provides that the mandatory school district general fund property tax levy (20 mills) be remitted to the State Treasurer for deposit in the SSDFF. Under previous law, this money was distributed to school district general funds with the exception of excess local effort, which is transferred to the SSDFF.