

SESSION OF 2014

SUPPLEMENTAL NOTE ON SENATE BILL NO. 453

As Amended by Senate Committee on Ways
and Means

Brief*

SB 453, as amended, would amend current 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 would abolish the OGVDTF on July 1, 2016.

The bill would create the Mineral Production Education Fund (MPEF) on July 1, 2016. Beginning in FY 2017, the bill would credit such 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 would be transferred twice each year to the State School District Finance Fund (SSDFF).

The bill would allow counties to retain funds currently in their respective oil and gas valuation depletion trust funds and those funds would be released to their county general fund to be expended as directed by the board of county commissioners. Under current 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 such the county is less than 50 percent of the oil and gas leasehold *ad valorem* valuation of such county for the second succeeding tax year, as certified by the Property Valuation Division, Department of Revenue.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

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

The bill would be in effect upon publication in the *Kansas Register*.

Background

SB 453 was introduced by the Senate Committee on Ways and Means. Proponents of the bill appearing at the hearing included representatives of the Kansas Legislative Policy Group and the Kansas Association of Counties. No opposing or neutral testimony was received.

Current law would credit mineral severance tax collected in excess of \$100,000 to the OGVDTF at a rate of 6.0 percent in FY 2013, 8.0 percent in FY 2014 and 12.41 percent in FY 2015 and thereafter. Legislation enacted in 2013 sought to reduce the 12.41 percent transfer to the OGVDTF over a two-year period. The bill would restore the transfer to 12.41 percent of the prior year's receipts through FY 2016 before repealing that program altogether.

The Senate Ways and Means Committee amended the bill to reflect the legislative intent of preserving the 7.0 percent credit to the Special County Mineral Production Tax Fund of mineral severance tax collected and distributed in fiscal year 2013 and thereafter in excess of \$100,000.

A fiscal note from Division of the Budget was not immediately available.