

February 7, 2012

The Honorable Carl Holmes, Chairperson
House Committee on Energy and Utilities
Statehouse, Room 174-W
Topeka, Kansas 66612

Dear Representative Carl Holmes:

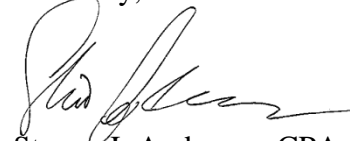
SUBJECT: Fiscal Note for HB 2624 by House Committee on Energy and Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2624 is respectfully submitted to your committee.

HB 2624 would require that if a county receives money from the Oil and Gas Valuation Depletion Trust Fund that it establishes a County Oil and Gas Valuation Depletion Trust Fund. The fund would be administered by each county treasurer. Each year, the amounts from the Oil and Gas Valuation Depletion Trust Fund administered by the Department of Revenue, would be transferred and credited to the County Oil and Gas Valuation Depletion Trust Fund of each county. The county would be authorized to spend 20.0 percent of the monies credited to this fund and the remaining 80.0 percent would only be available if certain conditions are met. The bill would prohibit counties from opting out of this legislation. The bill would also allow the Director of Taxation to impose and collect a 2.0 percent administration fee for the administration of the Oil and Gas Valuation Depletion Trust Fund and would allow the fee to be collected against the amount credited to the fund. The bill would take effect upon its publication in the *Kansas Register*.

The Department of Revenue estimates that HB 2624 would have no fiscal effect on State General Fund revenues. The bill would allow the Department of Revenue to retain a 2.0 percent fee for administration of the Oil and Gas Valuation Depletion Trust. The Department indicates that the current balance in the Oil and Gas Depletion Trust Fund is about \$20.2 million. The Department would be able to collect approximately \$404,000 in fee revenue and would be able to collect 2.0 percent on any future distributions. Any fiscal effect associated with HB 2624 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Anderson", written over a white background.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, Kansas Association of Counties