

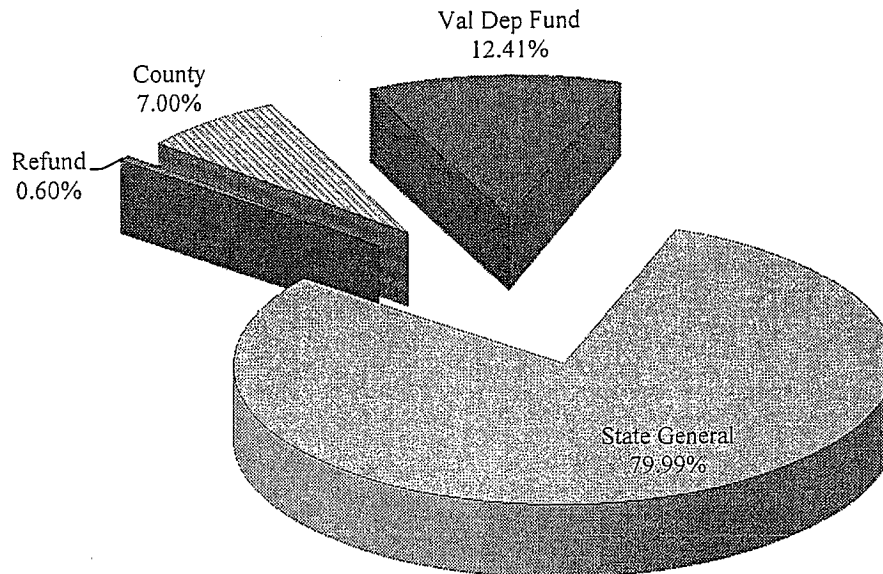
Mineral Tax Distributions by Fund

Richard Cram

K.S.A. 79-4227 provides the distribution formula for mineral severance tax receipts. Taxes on minerals are distributed first into a Refund Fund, then into the State General Fund and the Special County Mineral Tax Production Fund. Beginning in FY 2009, a portion of the SGF Severance Tax Receipts is also earmarked for the Oil and Gas Valuation Depletion Trust Fund. The first transfer to this fund was in October 2009.

Funds in the Special County Mineral Tax production Fund are distributed 50% to the county general fund of the county from which the severance tax was generated and 50% to the school districts in that county, pursuant to K.S.A. 79-4227.

The intent of the Oil and Gas Valuation Depletion Trust Fund was to protect the mineral interest property tax base of counties with wells that are large generators of severance tax revenue, recognizing that this property tax base will deplete over time as oil and gas production continues. Only counties with wells generating at least \$100,000 of severance tax receipts per fiscal year are eligible to participate in the Oil and Gas Valuation Depletion Trust Fund. Eligible counties can use money from the Trust Fund only if their oil and gas leasehold ad valorem valuation decreases by over 50% over a 2-succeeding-year period, pursuant to a distribution formula provided in K.S.A. 79-4231.



Note 1: Section 167 of 2012 HB 294 amended K.S.A. 79-4227 to provide that during FY 2013, up to \$1.5 million of severance tax revenue could be distributed to the technical education fund, and up to \$8.75 million of severance tax revenue could be distributed to the tuition for technical education fund. These distributions are contingent on the monthly severance tax collections exceeding the consensus revenue estimates per month, with 14.63% of the difference between actual collections over the consensus estimates going to the technical education fund and 85.37% of such excess going to the tuition for technical education fund.

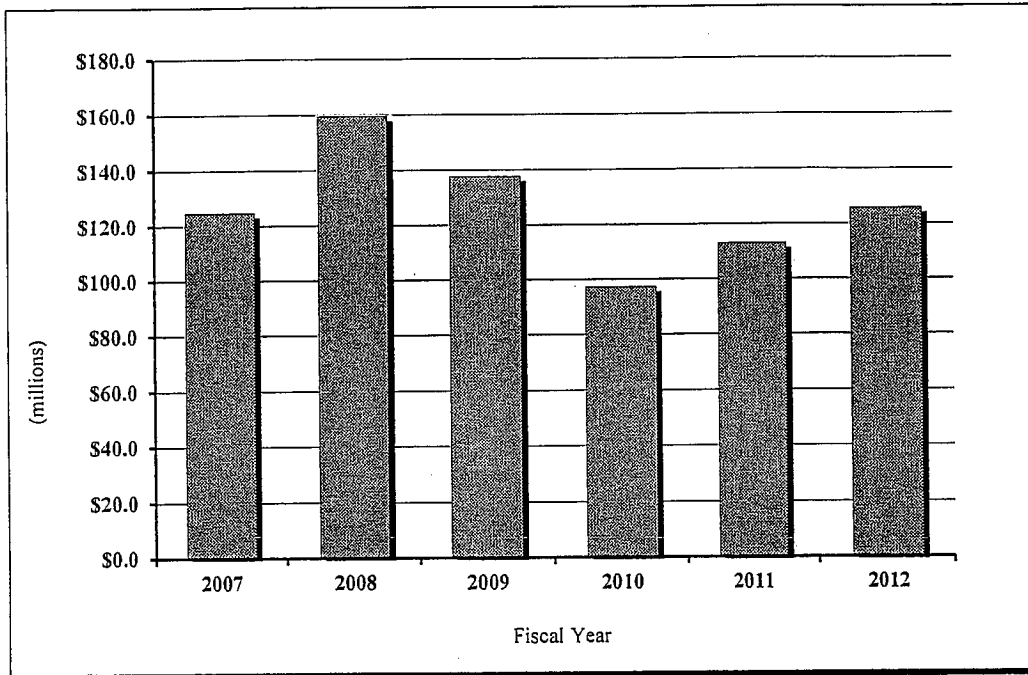
Note 2: Section 4 of 2012 HB 2597 amending K.S.A. 79-4231 provides that commencing July 1, 2012, the Department of Revenue is entitled to collect an administrative fee of 2% of distributions to the oil and gas valuation depletion fund.

Nov 2012 Consensus Revenue Estimate for SGF Severance Tax Receipts:

FY 2013	FY 2014
\$100.1 million total	\$137.4 million total
\$21.2 million for gas	\$33.4 million for gas
\$78.9 million for oil	\$104.0 million for oil

Gross (before Refunds) Mineral Tax Collections by Product

Both the price per taxable barrel of Kansas crude oil and the price of natural gas per mcf increased during Fiscal Year 2012 compared to Fiscal Year 2011.



<u>Fiscal Year</u>	<u>Oil</u>	<u>Natural Gas</u>	<u>Total</u>	<u>Total Percent Change</u>
2007	\$39,140,891	\$85,626,051	\$124,766,942	-13.2%
2008	\$61,049,872	\$98,525,063	\$159,574,935	27.9%
2009	\$56,683,869	\$81,078,831	\$137,762,700	-13.7%
2010	\$49,416,301	\$47,982,088	\$97,398,389	-29.3%
2011	\$65,336,737	\$47,649,701	\$112,986,438	16.0%
2012	\$78,424,950	\$47,283,720	\$125,708,670	11.3%

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