

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2624

As Recommended by House Committee on
Energy and Utilities

Brief*

HB 2624 would change the process for holding money in trust for individual counties in the Oil and Gas Valuation Depletion Trust Fund. Under current law, money credited to those trust accounts is held in the State Treasury until a county meets the statutory criteria for a distribution from its trust account.

HB 2624 would annually transfer to each affected county the funds held in its trust account in the State Treasury. The bill would require each county that is to receive moneys from the Oil and Gas Valuation Depletion Trust Fund to establish a county oil and gas valuation depletion trust fund, to be administered by the county treasurer. On October 1 of each year, the Director of Taxation, Kansas Department of Revenue, would certify the amount in each county's trust account within the State Treasury, and the State Treasurer would issue a warrant to the county for deposit by the County Treasurer in the county's oil and gas valuation depletion trust fund. The statutory criteria for a county to receive a distribution from the trust fund would not change.

The Director of Taxation would be directed to impose and collect an administrative fee equal to two percent of the amount credited to the Oil and Gas Valuation Depletion Trust Fund, prior to crediting any amounts to the individual trust accounts in the Fund.

*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>

All moneys in the Oil and Gas Valuation Depletion Trust Fund trust accounts on the effective date of the act would be distributed to the applicable counties within 30 days of the effective date, for deposit in each county's oil and gas valuation depletion trust fund.

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

Background

A Thomas County Commissioner testified in support of the bill in his capacity as President of the Kansas Legislative Policy Group. He discussed the history and purpose of the Oil and Gas Valuation Depletion Trust Fund and stated that the bill would protect and reserve the funds for their intended purpose, secure their long-term future, and separate them from potential fund sweeps. The Kansas Association of Counties provided written testimony in support of the bill.

There was no testimony in opposition to the bill.

The fiscal note prepared by the Division of the Budget estimated the bill would have no fiscal effect on State General Fund revenues. The fiscal note further indicated the Department of Revenue would collect approximately \$404,000 in fee revenue on the current balance of \$20.2 million in the Trust Fund, and would collect two percent of any future distributions.