



GRANT
— COUNTY —

Grant County Commissioners

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**Testimony of
Marty Long
Grant County Commission
Before the House Committee on Appropriations
House Bill No. 2262
February 27, 2013**

Mr. Chairman and Members of the Committee, I am Marty Long, from Ulysses, Kansas. I serve on the Grant County Board of Commissioners. I am a 4th generation farmer and rancher, my wife and I also have two small businesses including a local hotel and restaurant. On many levels our family is deeply involved in the fabric of Grant County. We volunteer our time and give of our resources in the community.

I'd like to offer some background that may be useful as you consider House Bill, 2262. Mr. Madison Traster, a former member of the Grant County Commission, was always a good steward of the public purse and he also was a visionary. Matt instilled a great sense of public service in many individuals. He taught us to respect and learn from history but to also look ahead keeping in mind future generations who will follow.

Mr. Traster a longtime resident of Grant County has seen the boom days of the oil and natural gas particularly in the Hugoton Natural Gas Field, which was a unique phenomenon of nature. Over the years the production primarily of natural resources has been the basis of a large economy generating tax revenue for the state in the form of individual income tax, property tax and severance tax. The oil and natural gas industries also support a large work force. In Grant County alone, we have nine facilities that either process or compress natural gas on its way to the eastern markets. That is the good news. The bad news is that the Hugoton Field is depleting and in certain locations is being vacuumed out to meet public demand for natural gas.

Being mindful the Hugoton Field was depleting and there would be a subsequent and profound decrease in tax revenues he learned others states' had established funds to set aside a small amount of money to help in the transition as mineral reserves become more depleted and tax revenues substantially decrease. This was the genesis for the idea to create the County Oil and Gas Valuation Depletion Trust Fund.

According to data our county appraiser obtained from Property Valuation Division (PVD), the base year for calculating the depletion trust fund is 2006 and the gas and oil assessed valuation for Grant County was \$277,982,324. This means that the assessed valuation of gas and oil in Grant County would have to drop below \$138,991,162 before a disbursement would be made. The 2012 gas and oil assessed value for Grant County was \$176,462,085. It is too early in the year to estimate the 2013 assessed value. But, you can see the dramatic drop and soon Grant County could be eligible to draw from their Kansas Oil and Gas Valuation Depletion Fund.

I'd like to assure the members of this Committee, rural counties are working very hard to diversify our economy to cushion the economic and social impact of the ultimate depletion of our natural gas resources. We strongly believe the County Oil and Gas Valuation Depletion Trust Fund should continue to transfer to the counties and be used as contemplated and intended.

Thank you for your time and I am pleased to answer any questions the Committee may have.