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Testimony to Kansas Senate Select Committee on Education Finance

Senate Bill 251

An Act concerning education; relating to the instruction and financing thereof creating the Kansas school equity and enhancement act

Edward P. Cross, President
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Chairman Denning and members of the committee. I am Edward Cross, President of the Kansas Independent Oil & Gas Association (KIOGA). KIOGA represents thousands of independent oil and natural gas explorers and producers, as well as allied service and supply companies. Our members account for 86% of the oil and 63% of the natural gas produced in Kansas. With over 4,200 members across the entire state, KIOGA is the lead state and national advocate for the Kansas independent oil and natural gas industry. I am responsible for public policy advocacy and interaction with external stakeholders including elected officials, regulators, governmental decision-makers, and community leaders. I submit this testimony expressing our opposition to Senate Bill 251 (SB 251).

The Kansas oil and gas industry is strongly opposed to SB 251. SB 251 includes a proposal to raise \$150 million through a meter fee to pay for education. The fee would apply to all water, gas, and electric meters. The proposal would impose a monthly education utility fee in the amount of \$2.25 for each residential utility retail customer account and \$10 for each commercial or industrial utility retail customer account.

The oil and gas industry is a critical part of the Kansas economy supporting 118,000 jobs, \$3 billion in family income, and \$1.4 billion in state and local tax revenue. The industry is an important element of the Kansas economy today and will be a critical part of the economy going forward. The industry has struggled over the last two years (and continues to struggle today) to survive in a low-price environment. Oil and gas producers are working hard to improve operating efficiencies and

optimize costs structures to produce the oil and natural gas our economy needs and to retain Kansas jobs. Electric rates have increased by more than 40% in Kansas over the last eight years and adding additional surcharges will only make energy development and job growth in Kansas more difficult.

Adding additional surcharges on utilities disproportionately hurts poorer families and other low-income groups since the poor tend to spend a higher portion of their incomes on “basic needs” like utilities, so any additional utility surcharge hits them the hardest. When essential goods like electricity become more expensive, the cost of producing goods and services that use electricity increases, effectively raising the price of almost everything. The higher prices are ultimately paid for by consumers. Kansans are facing enough challenges and we do not need additional burdens placed on us from added utility surcharges.

I hope this discussion provides a better understanding of our opposition to a utility surcharge on water, gas, and electric meters. Such an action would be bad for Kansas. We urge you to not pass SB 251. Thank you.