SESSION OF 2004

SECOND
CONFERENCE COMMITTEE REPORT
ON SENATE BILL NO. 487

Senate Position

The version of SB 487 passed by the Senate would provide for a partial diversion of gas severance tax receipts from the State General Fund (SGF) beginning in FY 2007 relative to collections in 14 counties. For the counties with at least $0.5 million in FY 2003 severance tax receipts (Barber, Comanche, Finney, Grant, Hamilton, Haskell, Kearny, Kingman, Kiowa, Meade, Morton, Seward, Stanton, and Stevens), an increasing portion of receipts would be diverted from the SGF beginning in FY 2007 into a new fund, the Gas Valuation Depletion Trust Fund (GVDTF). Each participating county would have a separate trust account established on its behalf within the GVDTF.

The portion of gas severance tax receipts from the 14 counties earmarked for deposit in the GVDTF would be 4.96 percent in FY 2007; 7.44 percent in FY 2008; 9.93 percent in FY 2009; and 12.41 percent in FY 2010 and thereafter. Under current law, the SGF receives 93 percent of severance tax receipts, while the County Mineral Production Tax Fund (CMPTF) receives the other 7 percent. Under the provisions of the bill, the CMPTF would continue to receive 7 percent of gas severance tax receipts, while the SGF's 93 percent share would be reduced relative to the new earmarking of receipts for the GVDTF.

Beginning in 2007, counties would be entitled to receive distributions from their accounts within the GVDTF by January 15 when the previous tax year's gas leasehold property valuation was less than 50 percent of such valuation in tax year 2005. Each distribution would be exactly 20 percent of all moneys credited to a county's trust account.

*****Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. The conference committee summary report may be accessed on the Internet at http://www.kslegislature.org

House Position

The House Committee of the Whole amended the bill to authorize the governing bodies of at least three of nine counties (Finney, Grant, Hamilton, Haskell, Kearny, Morton, Seward, Stanton, and Stevens) to enter into an interlocal agreement to create an Ogallala Public Improvement District for the purpose of constructing, operating, and maintaining community facilities. Such district would be empowered to levy property taxes of up to 1 mill per year and/or sales taxes of up to 0.5 percent for a period of up to ten years.

In addition, the House amendment would provide that, if an improvement is a building for higher education, the residents of the improvement district would receive a tuition credit as determined by the Board of Regents. The bill would also authorize the public improvement district to acquire and own property, enter into lease agreements as the lessor, and issue general obligation bonds subject to a vote of the electors.

Conference Committee Agreement

The Conference Committee concurred with the House amendments with the addition of Gray, Ford, Meade, and Clark counties to the list of those counties eligible to create an Ogallala Public Improvement District. Also, the conference committee agreed to a requirement of a favorable vote of the electors in a county before the county could enter into an improvement district.