

**SENATE BILL No. 241**

By Committee on Ways and Means

3-21

1 AN ACT concerning the oil and gas valuation depletion trust fund; relating  
2 to the amount credited to and use of such fund; amending K.S.A. 2012  
3 Supp. 19-271, 79-4227 and 79-4231 and repealing the existing sections.

4  
5 *Be it enacted by the Legislature of the State of Kansas:*

6 Section 1. K.S.A. 2012 Supp. 19-271 is hereby amended to read as  
7 follows: 19-271. (a) The board of county commissioners of each county  
8 shall establish a county oil and gas valuation depletion trust fund if the  
9 county is to receive moneys from the oil and gas valuation depletion trust  
10 fund created under the provisions of K.S.A. 2012 Supp. 79-4231, and  
11 amendments thereto. The county treasurer shall be responsible for the  
12 administration of such fund.

13 (b) Upon receipt of ~~an authorization for distribution of~~ the county oil  
14 and gas valuation depletion trust fund moneys pursuant to K.S.A. 2012  
15 Supp. 79-4231, and amendments thereto, the county treasurer shall release  
16 ~~20% of the moneys credited to~~ such amount of moneys as directed by the  
17 board from the county's trust account to the county general fund for  
18 expenditure as directed by the board.

19 (c) Moneys credited to the county oil and gas valuation depletion  
20 trust fund shall be subject to the provisions of K.S.A. 79-2925 through 79-  
21 2937, and amendments thereto. In making the budgets of such county, the  
22 amounts credited to, and the amount on hand in, such fund and the amount  
23 expended therefrom shall be shown thereon for the information of the  
24 taxpayers of such county. Moneys in such fund may be invested in  
25 accordance with the provisions of K.S.A. 10-131, and amendments  
26 thereto, with interest thereon credited to such fund.

27 Sec. 2. K.S.A. 2012 Supp. 79-4227 is hereby amended to read as  
28 follows: 79-4227. (a) All revenue collected or received by the director  
29 from the tax imposed by this act shall be remitted to the state treasurer in  
30 accordance with the provisions of K.S.A. 75-4215, and amendments  
31 thereto. Upon receipt of each such remittance, the state treasurer shall  
32 deposit the entire amount in the state treasury. The state treasurer shall first  
33 credit such amount as the director shall order to the mineral production tax  
34 refund fund created under subsection (b) of this section. Except as  
35 otherwise provided by this section, the state treasurer shall credit the  
36 remainder of such amounts as follows: (1) Seven percent to the special

1 county mineral production tax fund created under subsection (c) of this  
2 section; and (2) the remainder shall be credited to the state general fund.  
3 On and after July 1, 2012, and thereafter, ~~except as otherwise provided by~~  
4 ~~this section,~~ the state treasurer shall credit the remainder of such amounts  
5 for oil and gas for any county which had \$100,000 or more in receipts of  
6 the excise tax upon the severance and production of oil and gas as follows:  
7 (1) ~~Seven~~ *Eight* percent to the special county mineral production tax fund  
8 created under subsection (c); (2) ~~12.41%~~ *6%* to the oil and gas valuation  
9 depletion trust fund; and (3) the remainder shall be credited to the state  
10 general fund. ~~During fiscal year 2013, the state treasurer shall credit the~~  
11 ~~remainder of such amounts as follows: (1) As otherwise provided in this~~  
12 ~~section; and (2) on the 15<sup>th</sup> day of each month, the state treasurer shall~~  
13 ~~determine the amount of revenue collected or received by the director from~~  
14 ~~the tax imposed by this act during the preceding month which exceeds the~~  
15 ~~consensus revenue estimate for such preceding month. If such amount of~~  
16 ~~revenue collected or received for such preceding month is greater than the~~  
17 ~~estimated amount of revenue for such preceding month, then the state~~  
18 ~~treasurer shall credit 14.63% of the difference between the actual amount~~  
19 ~~collected or received and the estimated amount of revenue to the incentive~~  
20 ~~for technical education fund, and 85.37% of the difference between the~~  
21 ~~actual amount collected or received and the estimated amount of revenue~~  
22 ~~to the tuition for technical education fund. During fiscal year 2013, the~~  
23 ~~amount credited to the incentive for technical education fund shall not~~  
24 ~~exceed \$1,500,000, and the amount credited to the tuition for technical~~  
25 ~~education fund shall not exceed \$8,750,000. The incentive for technical~~  
26 ~~education fund and the tuition for technical education fund are hereby~~  
27 ~~created in the state treasury.~~

28 (b) A refund fund designated as "mineral production tax refund fund"  
29 not to exceed \$50,000 is hereby created for the prompt payment of all tax  
30 refunds. The mineral production tax refund fund shall be in such amount,  
31 within the limit set by this section, as the director shall determine is  
32 necessary to meet current refunding requirements under this act.

33 (c) There is hereby created a special county mineral production tax  
34 fund. On December 1, 1983, and quarterly thereafter, the director of  
35 taxation shall distribute all moneys credited to such fund to the county  
36 treasurers of all counties in which taxes were levied under K.S.A. 79-4217,  
37 and amendments thereto, for the severing and producing of coal, oil or gas  
38 from property within the county, in the proportion that the taxes levied  
39 upon production in each county bears to the total of all of such taxes levied  
40 in all of such counties. Such distribution shall be based on returns filed,  
41 with any adjustments or corrections thereto made by the director of  
42 taxation.

43 (d) The secretary of revenue shall make provision for the

1 determination of the counties within which taxes are levied under K.S.A.  
2 79-4217, and amendments thereto, for the severance of coal, oil or gas and  
3 shall certify the same to the director of accounts and reports.

4 (e) The director of accounts and reports shall draw warrants on the  
5 state treasurer payable to the county treasurer of each county entitled to  
6 payment from the special county mineral production tax fund upon  
7 vouchers approved by the director of taxation. Upon receipt of such  
8 warrant, each county treasurer shall credit 50% of the amount thereof to  
9 the county general fund and shall distribute the remaining 50% thereof to  
10 the treasurer of each school district all or any portion of which is located  
11 within the county in the proportion that the assessed value of coal, oil and  
12 gas properties within each district bears to the total of the assessed value of  
13 all coal, oil and gas properties within the county. Such assessed valuation  
14 shall be determined upon the basis of the most recent November 1 tax roll.  
15 The treasurer of each school district shall credit the entire amount of the  
16 moneys so received to the general fund of the school district.

17 Sec. 3. K.S.A. 2012 Supp. 79-4231 is hereby amended to read as  
18 follows: 79-4231. (a) There is hereby created in the state treasury the oil  
19 and gas valuation depletion trust fund. The director of taxation shall  
20 administer the oil and gas valuation depletion trust fund. All amounts  
21 credited to the oil and gas valuation depletion trust fund pursuant to the  
22 provisions of K.S.A. 79-4227, and amendments thereto, less the  
23 administration fee imposed under subsection-(e) (b), shall be credited to a  
24 separate trust account which shall be established within such fund for each  
25 county which in any fiscal year had \$100,000 or more in receipts of the  
26 excise tax upon the severance and production of oil and gas. Each county's  
27 trust account shall be credited in the proportion that the amount of oil and  
28 gas valuation depletion trust fund receipts collected from that county bears  
29 to the total amount of moneys credited to the oil and gas valuation  
30 depletion trust fund pursuant to K.S.A. 79-4227, and amendments thereto.  
31 Commencing July 1, 2012, and thereafter on an annual basis, the director  
32 of taxation shall certify to the director of accounts and reports the amount  
33 due the county from the county's oil and gas depletion trust account on  
34 October 1 based on all amounts credited thereto, and the director of  
35 accounts and reports shall draw a warrant upon the state treasurer in favor  
36 of each such county for the amount credited to such county's trust account.  
37 Upon receipt of such warrant, the treasurer of the county shall credit the  
38 same to the oil and gas valuation depletion trust fund of the county  
39 established in K.S.A. 2012 Supp. 19-271, and amendments thereto. Except  
40 that the director of taxation shall transfer all of the moneys credited to the  
41 Wilson county trust account to the Wilson county capital improvement  
42 fund in any such tax year until the payment of all costs of financing  
43 projects authorized pursuant to K.S.A. 2012 Supp. 74-8961, and

1 amendments thereto, has been completed, and at that time the provisions  
2 of this subsection related to distributions to the Wilson county treasurer  
3 shall be applicable as provided in this subsection.

4 ~~(b) For any tax year that the oil and gas leasehold ad valorem~~  
5 ~~valuation of any county, which has a trust account established and~~  
6 ~~maintained in a county oil and gas valuation depletion trust fund as~~  
7 ~~provided by K.S.A. 2012 Supp. 19-271, and amendments thereto, is less~~  
8 ~~than 50% of the oil and gas leasehold ad valorem valuation of such county~~  
9 ~~for the second succeeding tax year which commences January 1 following~~  
10 ~~the end of the fiscal year in which the county had \$100,000 or more in~~  
11 ~~receipts of the excise tax upon the production of oil and gas, as certified by~~  
12 ~~the property valuation division, on or before January 15 of the year~~  
13 ~~following such tax year, the director of taxation shall certify the oil and gas~~  
14 ~~leasehold ad valorem valuation amounts for each county and shall~~  
15 ~~authorize the county treasurer to release 20% of the moneys credited to~~  
16 ~~such county's oil and gas valuation depletion trust fund to the county~~  
17 ~~general fund of such county. In any year in which a county's oil and gas~~  
18 ~~leasehold valuation is 50% or more of the oil and gas leasehold valuation~~  
19 ~~of such county for tax year as described in this subsection, such county~~  
20 ~~shall not receive an authorization for distribution of trust fund moneys~~  
21 ~~pursuant to this section for such tax year.~~

22 (e) The director of taxation shall impose and collect an administration  
23 fee for the administration of the oil and gas valuation depletion trust fund,  
24 this section and the provisions of K.S.A. 2012 Supp. 79-4227, and  
25 amendments thereto, equal to 2% of the amount credited to the oil and gas  
26 valuation depletion trust fund. The administration fee shall be imposed and  
27 collected prior to crediting any amount to any trust account established and  
28 maintained for a county in the oil and gas valuation depletion trust fund.  
29 All amounts collected for the administration fee shall be transferred from  
30 the oil and gas valuation depletion trust fund to the state general fund.

31 ~~(d) All moneys credited to the oil and gas valuation depletion trust~~  
32 ~~fund upon the effective date of this act shall be distributed to each county~~  
33 ~~not later than 30 days following the effective date of this act for deposit in~~  
34 ~~the county's oil and gas valuation depletion trust fund established pursuant~~  
35 ~~to the provisions of K.S.A. 2012 Supp. 9-271, and amendments thereto.~~

36 Sec. 4. K.S.A. 2012 Supp. 19-271, 79-4227 and 79-4231 are hereby  
37 repealed.

38 Sec. 5. This act shall take effect and be in force from and after its  
39 publication in the statute book.