

March 27, 2013

The Honorable Ty Masterson, Chairperson  
Senate Committee on Ways and Means  
Statehouse, Room 545-S  
Topeka, Kansas 66612

Dear Senator Masterson:

**SUBJECT:** Fiscal Note for SB 241 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 241 is respectfully submitted to your committee.

Current law provides for the Oil and Gas Valuation Depletion Trust Fund (OGVDTF), into which a portion of state severance taxes are deposited. Prior to creation of this fund by the 2005 Legislature, these monies were deposited in the State General Fund. SB 241 would alter the percentage of deposit to the State General Fund and Oil and Gas Depletion Valuation Trust Fund so that 6.0 percent of severance taxes would deposit in the OGVDTF rather than 12.41 percent.

SB 241 also strikes language enacted for FY 2013 that was created to generate funding for technical education through the Board of Regents from “excess” severance tax revenues that are not programmed in the current year budget at present.

Finally, SB 241 strikes the provision to allow a county to distribute 20.0 percent of the county’s depletion trust fund account to the county general fund only when the county’s oil and gas valuation drops 50.0 percent in a year. SB 241 would allow the county flexibility to distribute the entire amount at any time.

Estimated State Fiscal Effect				
	FY 2013 SGF	FY 2013 All Funds	FY 2014 SGF	FY 2014 All Funds
Revenue	--	--	\$7,600,000	\$7,600,000
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

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SB 241 would increase the percentage of severance tax revenue that would be deposited in the State General Fund relative to current law. According to estimates provided by the Department of Revenue, \$7.6 million in additional revenues would accrue to the State General Fund in FY 2014 and \$8.0 million in FY 2015. This same amount would no longer be deposited in the OGVDTF, relative to current law. The fiscal effect for FY 2014 and FY 2015 from changing the OGVDTF share of revenues to zero was anticipated in *The FY 2014 Governor's Budget Report*. Relative to the Governor's budget, this legislation generates less State General Fund revenue.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Steve Neske, Revenue