

## SENATE BILL No. 433

By Committee on Utilities  
(By request of Select Joint Committee on Energy)

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10 AN ACT relating to oil and gas research; establishing the KUERC oil  
11 and gas research fund; providing for the funding thereof; amending  
12 K.S.A. 2005 Supp. 79-4227 and repealing the existing section.  
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14 *Be it enacted by the Legislature of the State of Kansas:*

15 New Section 1. (a) There is hereby established in the state treasury  
16 the KUERC oil and gas research fund which shall be administered by  
17 the university of Kansas. All expenditures from the KUERC oil and gas  
18 research fund shall be for the university of Kansas energy research center  
19 in accordance with the provisions of this section. All moneys credited to  
20 the KUERC research fund shall be used as follows:

21 (1) Seventy percent of the money credited to the fund shall be to  
22 fund oil or gas energy demonstration projects, including the use and de-  
23 velopment of technology new to Kansas;

24 (2) twenty-five percent shall be used for seed money for the devel-  
25 opment of long-range oil or gas energy projects; and

26 (3) five percent may be used for administration of the fund.

27 (b) All expenditures from the KUERC oil and gas research fund shall  
28 be made in accordance with appropriation acts, upon warrants of the  
29 director of accounts and reports issued pursuant to vouchers approved  
30 by the chancellor of the university of Kansas or the designee of the  
31 chancellor.

32 (c) The university of Kansas energy research center shall present an  
33 annual report on the use of the funds from the KUERC oil and gas  
34 research fund by April 1 of each year to the governor's office and the  
35 Kansas legislature.

36 Sec. 2. K.S.A. 2005 Supp. 79-4227 is hereby amended to read as  
37 follows: 79-4227. (a) All revenue collected or received by the director  
38 from the tax imposed by this act shall be remitted to the state treasurer  
39 in accordance with the provisions of K.S.A. 75-4215, and amendments  
40 thereto. Upon receipt of each such remittance, the state treasurer shall  
41 deposit the entire amount in the state treasury. The state treasurer shall  
42 first credit such amount as the director shall order to the mineral pro-  
43 duction tax refund fund created under subsection (b) of this section. Ex-

1   cept as otherwise provided by this section, the state treasurer shall credit  
2   the remainder of such amounts as follows: (1) Seven percent to the special  
3   county mineral production tax fund created under subsection (c) of this  
4   section; (2) *one percent to the KUERC oil and gas research fund created*  
5   *by section 1, and amendments thereto, except that not less than \$1,200,000*  
6   *of such amounts shall be credited to the KUERC research fund each fiscal*  
7   *year; and ~~(2)~~ (3) the remainder shall be credited to the state general fund.*  
8   On and after July 1, 2008, and thereafter, the state treasurer shall credit  
9   the remainder of such amounts for oil and gas for any county which in  
10   fiscal year 2005 or any fiscal year thereafter had \$100,000 or more in  
11   receipts of the excise tax upon the severance and production of oil and  
12   gas as follows: (1) Seven percent to the special county mineral production  
13   tax fund created under subsection (c); (2) 4.96% from July 1, 2008,  
14   through June 30, 2009, to the oil and gas valuation depletion trust fund;  
15   7.44% from July 1, 2009, through June 30, 2010, to the oil and gas val-  
16   uation depletion trust fund; 9.93% from July 1, 2010, to June 30, 2011,  
17   to the oil and gas valuation depletion trust fund; and 12.41% from July  
18   1, 2011, and thereafter, to the oil and gas valuation depletion trust fund;  
19   and (3) the remainder shall be credited to the state general fund.

20   (b) A refund fund designated as “mineral production tax refund fund”  
21   not to exceed \$50,000 is hereby created for the prompt payment of all  
22   tax refunds. The mineral production tax refund fund shall be in such  
23   amount, within the limit set by this section, as the director shall determine  
24   is necessary to meet current refunding requirements under this act.

25   (c) There is hereby created a special county mineral production tax  
26   fund. On December 1, 1983, and quarterly thereafter, the director of  
27   taxation shall distribute all moneys credited to such fund to the county  
28   treasurers of all counties in which taxes were levied under K.S.A. 79-  
29   4217, and amendments thereto, for the severing and producing of coal,  
30   oil or gas from property within the county, in the proportion that the taxes  
31   levied upon production in each county bears to the total of all of such  
32   taxes levied in all of such counties. Such distribution shall be based on  
33   returns filed, with any adjustments or corrections thereto made by the  
34   director of taxation.

35   (d) The secretary of revenue shall make provision for the determi-  
36   nation of the counties within which taxes are levied under K.S.A. 79-4217,  
37   and amendments thereto, for the severance of coal, oil or gas and shall  
38   certify the same to the director of accounts and reports.

39   (e) The director of accounts and reports shall draw warrants on the  
40   state treasurer payable to the county treasurer of each county entitled to  
41   payment from the special county mineral production tax fund upon  
42   vouchers approved by the director of taxation. Upon receipt of such war-  
43   rant, each county treasurer shall credit 50% of the amount thereof to the

1 county general fund and shall distribute the remaining 50% thereof to  
2 the treasurer of each school district all or any portion of which is located  
3 within the county in the proportion that the assessed value of coal, oil  
4 and gas properties within each district bears to the total of the assessed  
5 value of all coal, oil and gas properties within the county. Such assessed  
6 valuation shall be determined upon the basis of the most recent Novem-  
7 ber 1 tax roll. The treasurer of each school district shall credit the entire  
8 amount of the moneys so received to the general fund of the school  
9 district.

10 Sec. 3. K.S.A. 2005 Supp. 79-4227 is hereby repealed.

11 Sec. 4. This act shall take effect and be in force from and after its  
12 publication in the statute book.