

SESSION OF 2007

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2305

As Amended by House Committee of the Whole

Brief*

HB 2305 would establish income tax deductions and property tax exemptions for crude oil reserve, natural gas reserve, and natural gas liquid reserve property. The deductions and exemptions would start December 31, 2007, and apply for 10 taxable years after the construction and installation of the property. The minimum capacity of crude oil or natural gas liquid in the reserve would have to be 10,000,000 barrels. The minimum capacity of a natural gas reserve property would be 10 billion cubic feet.

The bill would require the Kansas Department of Health and Environment (KDHE) to adopt rules and regulations governing crude oil reserves and to appoint a committee to advise the Secretary of KDHE on the promulgation of such rules and regulations. The advisory committee would consist of five people.

Background

The bill was introduced by the House Committee on Energy and Utilities.

Representatives from the TransCanada Keystone Pipeline Project; Gaches, Braden, Barbee and Associates; and KDHE testified as proponents of the bill at the House Committee hearing. No opponents testified on the bill.

The House Committee amended the bill to include tax

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

deductions and property tax exemptions for natural gas and natural gas liquid property. The Committee also amended the bill to include natural gas reserves and natural gas liquids reserves as part of the rules and regulations promulgated by KDHE.

The House Committee of the Whole amended the bill to:

- Provide for the property tax exemption to start when construction begins rather than when the property is purchased;
- Remove the requirement that natural gas processing facilities have access to the natural gas pipeline; and
- Remove the requirement that the Secretary of Health and Environment's regulations govern natural gas and natural gas liquids reserves.

No fiscal note was available at the time of action on the bill.