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October 17, 2011

Joint Committee on Energy and Environmental Policy

Abandoned Oil or Gas Well Plugging Credit

Presented by Richard Cram

Representative Holmes and Members of the Committee:

The abandoned oil or gas well plugging credit, K.S.A. 79-32,207, was created in 1998. It provides that for an abandoned oil or gas well, the drilling of which commenced prior to January 1, 1970, an income tax credit is available to the landowner in the amount of 50% of the costs of plugging the well. The credit is non-refundable, and any excess credit above the amount of tax liability can be carried forward and claimed in a future year until the credit is fully used. There is a fiscal year cap of \$250,000 for the total amount of credits claimed by taxpayers, including carryforwards.

The credit receives minimal usage. Provided below is the credit usage for abandoned oil or gas well plugging credit for the most recent 5 tax years that we have complete data on:

Tax Year	Number of Filers	Amount of Credit Allowed
2009	*confidential (less than 5 filers)	
2008	*confidential (less than 5 filers)	
2007	5	\$15,278
2006	10	\$17,002
2005	6	\$53,053