

January 31, 2013

The Honorable Richard Carlson, Chairperson  
House Committee on Taxation  
Statehouse, Room 285-N  
Topeka, Kansas 66612

Dear Representative Carlson:

**SUBJECT:** Fiscal Note for HB 2058 by House Committee on Taxation

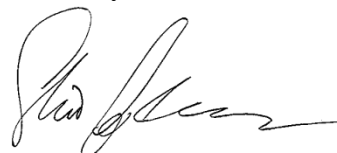
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2058 is respectfully submitted to your committee.

HB 2058 would amend the definition of gas in the Mineral Severance Tax Act. The bill would define gas to include natural gas and all other raw, unrefined gas or gases, and all constituent parts of gas or gases, including methane, ethane, propane, butane, and helium. The bill would prohibit a mineral severance tax refund for any claim that alleges that any constituent part of gas and any refined products derived from gas are not taxable.

The Department of Revenue indicates HB 2058, would have no fiscal effect on state revenues or expenditures. This bill would clarify current agency interpretations that the mineral severance tax applies to all gases, including methane, ethane, propane, butane, and helium. The Department currently collects mineral severance taxes on all gases and has collected approximately \$1.1 billion in mineral severance taxes on gases since 1995.

The Department indicates that if helium represents about 5.0 percent of that total amount of mineral severance tax collections, then tax collections from helium would be a total of approximately \$55.0 million since calendar year 1995. The State General Fund would have received about \$51.2 million, or 93.0 percent, and the counties would have received \$3.8 million, or 7.0 percent, of the total collected. However, if it were determined that helium should not be included in the definition of gas for mineral severance tax purposes, then the fiscal effect would be the potential refunds for all or part of the amount of mineral severance tax collected on helium since 1995. Any fiscal effect associated with HB 2058 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,



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

cc: Steve Neske, Revenue

Tom Day, KCC