

SESSION OF 2015

SUPPLEMENTAL NOTE ON SENATE BILL NO. 91

As Amended by Senate Committee on Utilities

Brief*

SB 91, as amended, would extend the sunset date on the statutory transfers to the Abandoned Oil and Gas Well Fund (Fund) of the Kansas Corporation Commission (KCC) from July 1, 2016, to July 1, 2020. The bill also would delete a quarterly transfer of \$100,000 from the State Water Plan Fund to the Fund and increase the quarterly transfer from the KCC's Conservation Fee Fund to the Fund from \$100,000 to \$200,000.

In addition, the bill would delete existing law regarding a prohibition on transfers from the State General Fund to the Fund in FY 2013, FY 2014, and FY 2015 and the aggregate amount of the transfers from the State Water Plan Fund to the Fund in those three fiscal years.

Background

The Abandoned Oil and Gas Well Fund is used to plug wells drilled prior to July 1, 1996, for which no potentially responsible party has been located. Quarterly transfers of \$100,000 each from the State General Fund, the State Water Plan Fund, and the KCC's Conservation Fee Fund (in total, \$1.2 million annually) are to be deposited in the Abandoned Oil and Gas Well Fund.

The bill was introduced by the Senate Committee on Utilities. At the Senate Committee hearing on the bill, the Director of the KCC Conservation Division, as well as the

*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>.

Division's Abandoned Well Plugging Supervisor, testified in support of the bill. They noted the Fund was created to raise capital resources to plug abandoned wells that could threaten the usable waters of Kansas. Many wells were drilled prior to written records, and are located only when they become pollution problems at the surface. There was no neutral or opponent testimony provided.

The Senate Committee amended the bill by moving the sunset year from 2023 to 2020 and by deleting the quarterly transfer of \$100,000 from the State Water Plan Fund to the Fund. The Committee also deleted language regarding transfers from the State General Fund and State Water Plan Fund to the Fund in FY 2013, FY 2014, and FY 2015.

The fiscal note prepared by the Division of the Budget on the bill, as introduced, noted the bill would extend transfers into the Fund from FY 2016 to FY 2023. Annually, the bill would transfer \$400,000 out of the State General Fund and \$400,000 out of the State Water Plan Fund, as well as effect an internal transfer of \$400,000 from one fee fund to another within the KCC. Overall, it would increase revenue to the Abandoned Oil and Gas Well Fund by \$1.2 million each year.