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Written Opposition Testimony on HB 2406
Before the House Taxation Committee
Submitted by J. Kent Eckles, Kansas Petroleum Council

Mr. Chairman and members of the committee, my name is Kent Eckles with the Kansas Petroleum Council and I appreciate the opportunity to submit written comments in opposition to HB 2406.

HB 2406 would repeal the existing 10-year property tax exemption for “qualifying pipelines” - those in excess of 190 miles and to which Kansas refineries have access.

Since passage of enabling legislation in 2006, the property tax exemption for qualifying pipeline has been claimed by three pipeline companies who have completed construction, filed for their property tax exemption with the Kansas Department of Revenue and have been approved by the Board of Tax Appeals.

The Kansas Petroleum Council is opposed to this bill for the following reasons:

- It singles out pipelines from over 80 statutory property tax exemptions for repeal.
- Qualifying pipelines must be at least 190 miles in length, which is a very high threshold to meet, yet other infrastructure projects such as transmission lines must only meet a five mile threshold for property tax abatement. We believe crude oil & natural gas liquids pipelines should be treated more equitably and would support lowering the qualifying threshold from 190 miles to five miles.
- Pipelines are currently assessed at 33%, which is the highest rate of property tax in the state and much higher than our surrounding states. In some instances, pipeline companies pay more property taxes in one Kansas county than all counties combined in neighboring states.
- A pipeline’s lifespan averages 80-90 years, so abating property tax for 10 years means counties in which pipelines cross enjoy 70-80 years of property revenues once the very rare abatement comes on the property tax rolls.

For the aforementioned reasons, the Kansas Petroleum Council urges the Committee not pass HB 2406.

The KPC is a division of API, which represents all segments of America’s oil & natural gas industry. Its more than 625 members include large integrated companies, as well as exploration and production, refining, marketing, pipeline, and marine businesses, and service & supply firms. They provide most of the nation’s energy and are backed by a growing grassroots movement of more than 30 million Americans.