

MINUTES OF THE HOUSE TAXATION COMMITTEE.

The meeting was called to order by Chairperson Wagle at 9:00 a.m. on February 22, 2000, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann Deitcher, Committee Secretary
Edith Beaty, Taxation Secretary

Conferees appearing before the committee: Bob Krehbiel, Ks Independent Oil & Gas Assoc.
Dick Brewster - BP Amoco
Pat Hubbell - ANADARKO
Ron Hein - Pioneer Natural Resources
Ron Gaches - Colorado Interstate Gas
Chuck Dehart -Williams Natural Gas Co.

The Chair announced the formation of a subcommittee to work **HB 2589** consisting of Rep. Edmonds, Chair; Rep. Aurand, Rep. Flora , Rep. Gatewood, Rep. Gregory, Rep. Minor and Rep. Ray.

Representative Kirk introduced a conceptual bill that would provide a severance package similar to the one given to former employees of Topeka State Hospital, for employees of the Division of Services for the Blind and the Kansas Reception and Diagnostic Center

Representative Kirk moved for the adoption of this bill. It was seconded by Representative Campbell and passed on a voice vote.

HB 2823 - relating to property taxation; concerning the valuation of producing gas well.

Bob Krehbiel of Kansas Independent Oil and Gas Association spoke as a proponent of **HB 2823**. (Attachment 1).

Next to speak in favor of **HB 2823** was Dick Brewster, Government Affairs Director of BP Amoco. (Attachments 2 and 3).

Representing ANADARKO was Pat Hubbel who spoke in support of **HB 2823**. (Attachment 4).

Ron Hein, representing Pioneer Natural Resources, appeared as a proponent of **HB 2823**. (Attachment 5).

Representative Minor said he'd heard that some appraisers were concerned about this change and wondered what was there to cause them this concern.

Dick Brewster said he felt that their concern would be taken care of if the additional wording that he'd suggested to **HB 2823** was agreed to.

Chairperson Wagle asked Don Hayward of the Revisor's office to have a look at the language offered in the amendment.

CONTINUATION SHEET

Appearing as an opponent of **HB 2823** was Ron Gaches, representing Colorado Interstate Gas. (Attachment 6).

Chuck Dehart of Williams Natural Gas Co. spoke to the Committee in opposition of **HB 2823**. (Attachment 7).

Alan Steppat, of the Kansas Legislative Policy Group, an organization of county commissioners from 38 oil and gas producing counties in western Kansas. He said they had some concern regarding the language of **HB 2823** and the effect it had at the local level. (Attachment 8).

The Chair asked Mr. Steppat if he'd had the opportunity to look at the amendment to the bill. He said he had not but would take a copy with him back to his group and they would study it.

Jack Glaves of Panhandle Eastern said he wanted to advise the Committee of his company's offer of a proposed settlement that is pending with the FERC. It would involve a credit of \$50 thousand per operator, trying to eliminate the small producers from the problem.

Representative Campbell asked if there would be value of property minus the production of oil. He said it seems like if **HB 2823** goes on they're stating that the only value of property is the production of oil. If this gets put on, what they've bought into is that the value of a piece of property is only worth as much as the production of the mineral.

Mr. Brewster said that if you have a piece of ground and there's an oil well or a gas well on it, you really have two items being assessed in taxes. You have real estate and you have the mineral lease. Absence of production means the mineral lease has no value and should not be taxed and wouldn't be taxed. That's apart from the real estate itself so there would be two different taxing items and they are separated out on the tax statement.

It was decided by the Committee to work **HB 2823** at the next meeting.

The meeting was adjourned at 10:40 a.m. The next meeting is scheduled for Wed., February 23, 2000.