

## MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson David Corbin at 10:45 a.m. on March 6, 2001 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 Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Dennis Morrice, Kansas Soybean Association  
Leslie Kaufman, Kansas Farm Bureau  
Greg Krissek, Kansas Corn Growers Association and  
Kansas Grain Sorghum Producers Association

Others attending: See attached list.

The minutes of the March 1, 2001, meeting were approved.

**HB 2009–Property taxation; providing exemptions for property used exclusively in the production of biodiesel.**

Dennis Morrice, Kansas Soybean Association, testified in support of **HB 2009**. He noted that the demand for biodiesel has been on a steady increase, and biodiesel creates an additional market for Kansas soybean farmers. He contended that a property tax credit to produce biodiesel will encourage companies to look at Kansas as a friendly place to conduct business, thus bringing more jobs to Kansas, and in the long run, help Kansas farmers. (Attachment 1)

Leslie Kaufman, Kansas Farm Bureau (KFB), testified in support of the concepts in **HB 2009** and the amended version of **HB 2010** as both measures are designed to foster the use and production of renewable energy. She explained that KFB supports the tax exemption for property used in the production of agricultural ethyl alcohol now incorporated in **HB 2010**. Additionally, KFB believes the concepts of its policy encouraging the growth of wind generation in Kansas can be fostered with the passage of measures like **HB 2010**. She pointed out that the positive tax treatment for property used to produce biodiesel, as outlined in **HB 2009**, can be one component of a statewide policy advancing renewable, crop based fuel usage. (Attachment 2)

Senator Donovan inquired what the current price for biodiesel is. In response, Mr. Morrice said that the number two diesel fuel with a low blend biodiesel rate of 2 percent is sold as a premium fuel at one to two cents more, depending on what the distributor asks. The price of a gallon of biodiesel methylated soybean oil alone before it is blended with diesel fuel is around \$13 a gallon. He explained that one gallon can treat approximately 300 gallons of fuel. He pointed out that any percentage of biodiesel, including 100 percent, can be used without any engine modifications; however, the cost increases with higher percentages. He noted that there are more environmental advantages with higher blends of biodiesel. He also confirmed that unblended biodiesel can be purchased by the gallon by individuals who want to blend it themselves.

There being no others wishing to testify, the hearing on **HB 2009** was closed.

**HB 2010–Property taxation; relating to an exemption for property used to produce and generate electricity or heat energy and an exemption for property used in the production of agricultural ethyl alcohol.**

## CONTINUATION SHEET

Greg Krissek, representing the Kansas Corn Growers and the Kansas Grain Sorghum Producers Association, testified in support of **HB 2010**. He noted that one of the provisions would create a statewide property tax exemption available for ten years to new or acquired ethanol production plants in Kansas after December 31, 2000. He explained that this language was originally in **HB 2008**, and the House amended it into **HB 2010**. He noted that this type of value-added agricultural processing provides multiple opportunities for generation of taxes at local and state levels, and the bill will encourage new ethanol plant construction and operation in the next several years. (Attachment 3)

There being no others wishing to testify, the hearing on **HB 2010** was closed.

Chairman Corbin opened a discussion on a previously heard bill, **SB 129**, concerning the valuation of land devoted to agricultural use. He called attention to a balloon of a bill with similar language, **SB 179**, which was distributed by Senator Clark. (Attachment 4)

Senator Lee moved to strike “adverse” on page 3, line 15 of **SB 129** to insert on page 3, line 16, the language regarding the establishment of a land devoted to agricultural use influence factor approval board as shown in the balloon of **SB 179**, seconded by Senator Clark. The motion carried.

Senator Lee called attention to copies of e-mail communications addressed to Senator Emler regarding suggestions for amendments to **SB 129**. (Attachment 5)

Senator Lee moved to amend **SB 129** by inserting after “rangeland” on page 2, line 34, “as derived by collection of data from landowners” and inserting after “region” on line 34, “and the stocking rate for such homogeneous region”, seconded by Senator Clark. The motion carried.

Senator Lee explained that the terms “land class” and “homogeneous region” have no statutory definition and called attention to suggested definitions as shown on the last page of the e-mail addressed to Senator Emler. Senator Lee moved to amend **SB 129** by inserting in the definition section of the statute the suggested language defining “land class” and “homogeneous region” and that the Revisor of Statutes determine the proper place for insertion of the language, seconded by Senator Clark. The motion carried.

Senator Clark moved to recommend **SB 129** favorable for passage as amended, seconded by Senator Lee. The motion carried.

The meeting was adjourned at 11:20 a.m.

The next meeting is scheduled for March 7, 2001.