

MINUTES OF THE HOUSE UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on March 20, 2006 in Room 231-N of the Capitol.

All members were present except:

Judy Morrison- excused
Melody McCray-Miller- excused
Oletha Faust-Goudeau- excused
Jim Ward- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Mary Torrence, Revisor's Office
Heather Klaasen, Research Intern
Rena Hansen, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Chairman Holmes asked committee members to look at the set of minutes before them to be approved at a later time.

Action on:

SB 70 **Creating the Kansas petroleum education and marketing act.**

SB 93 **Eminent domain for wind energy projects.**

Representative Rob Olson presented an example of what could be used as a document for application for refund for assessment, (Attachment 1).

Representative Rob Olson moved to amend **SB 70**, page 5, section c, line 28, by adding "by the first purchaser", after the word paid. Seconded by Representative Mitch Holmes.

Questions were asked by Representatives: Tom Sloan and Forrest Knox.

Representative Rob Olson closed on the motion.

Motion carried.

Discussion on **SB 70** ensued by Representatives: Tom Sloan, Carl Krehbiel, Jason Watkins, and Lynne Oharah.

Representative Jason Watkins moved to strike on page 5, lines 27-29. Seconded by Representative Carl Krehbiel.

Discussion followed by Representatives: Carl Holmes, Josh Svaty, Tom Hawk, Rob Olson, Forrest Knox, and Jason Watkins.

Representative Watkins withdrew the amendment.

Representative Tom Sloan moved to add conceptual language "any producer may notify the Kansas Oil and Gas Resources Board and the first purchaser of their desire not to participate in the voluntary check off program, subsequent to such notification, first purchaser shall not withhold the check off" to SB 70. Seconded by Representative Carl Krehbiel.

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Discussion on the amendment was held by Representatives: Rob Olson, Josh Svaty, Tom Sloan, Carl Krehbiel, and Jason Watkins.

Representative Tom Sloan closed on the motion to amend.

Motion carried by a 9-6 vote.

Revisor Mary Torrence asked for a clarification on whether it replaced the refund or would the refund process continue to be intact. It was decided by committee members that both options of opting out of the check off education fund be available.

Representative Rob Olson moved to pass out the amended version of **SB 70** into **SB 93** and to the house floor. Seconded by Representative Forrest Knox.

Discussion was offered by Representatives: Carl Krehbiel, Forrest Knox, Josh Svaty, Peggy Mast, Carl Holmes, and Don Myers.

Representative Rob Olson closed on the motion to pass out amended **SB 70** as **SB 93**.

Motion passed.

Representative Rob Olson will carry **SB 93** on the house floor.

There was no more action on **SB70** and **SB 93**.

Action on:

SB 414 **Enacting the gas safety and reliability policy act.**

Representative Tom Sloan moved a conceptual amendment to **SB 414**, on page 4 lines 33 and 35 inserting the word “ annually” after the word increase on both lines. Seconded by Representative Annie Kuether.

Discussion followed by Representatives: Mitch Holmes, Carl Holmes, and Lynne Oharah.

Representative Tom Sloan closed on the amendment.

Motion to amend passed unanimously.

More discussion followed by Representatives: Tom Sloan, and Carl Krehbiel.

Representative Peggy Mast moved to remove, page 3, lines 20-23, of **SB 414**. Seconded by Representative Tom Hawk.

Comments were made by Representatives: Tom Sloan and Lynne Oharah.

Representative Peggy Mast closed on the amendment.

Motion failed.

Representative Tom Sloan moved to insert an “electric company” surcharge equal to what **SB 414** would do with the Gas System Reliability Surcharge. Seconded by Representative Jason Watkins.

Representative Carl Krehbiel noted being uncomfortable doing something to an entire industry that did not get to present testimony in a hearing on the issue from their view point.

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Representative Tom Sloan closed on the amendment.

Motion failed.

Representative Annie Kuether moved to pass **SB 414** to the House floor as amended. Seconded by Representative Lynne Oharah. Motion passed.

Representative Josh Svaty will carry **SB 414** on the House floor.

There was no more action on **SB 414**.

Chairman Carl Holmes explained the plan to amend **HB 2900-2904** into **SB 303** after stripping **SB 303** of its contents. Additionally, **HB 2723** would be amended into the now stripped out **SB 70**. The committee must wait for the committee reports from the tax committee for the bills to be read into the house journal before passing out the legislation.

Chairman Holmes and Researcher Mary Galligan explained that the House Taxation Committee put in a claw back provision into each of the bills only to the income tax credit portion and not the portions.

Action on:

HB 2900 **Oil refineries; tax incentives; K DFA bonds; permits.**

SB 303 **Natural gas service to consumer on gas gathering system; curtailment of service; corporation commission authority.**

Discussion on the amendments that were offered on HB 2900 in House Taxation ensued with comments and questions made by Representatives: Don Myers, Forrest Knox, Carl Holmes, Margaret Long, Tom Sloan, and Researcher Mary Galligan.

Representative Annie Kuether moved to strip the language from **SB 303**. Seconded by Representative Josh Svaty. Motion passed.

Representative Rob Olson made a motion to move **HB 2900** in **SB 303**. Seconded by Representative Annie Kuether.

Comments were made and questions asked by Representatives: Forrest Knox and Carl Holmes.

Motion Passed.

There was no more discussion on **HB 2900**.

Action on:

HB 2901 **Crude oil pipelines; tax incentives; K DFA financing.**

Representative Tom Sloan moved to insert **HB 2901** into **SB 303**. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2901**.

Action on:

HB 2902 **Integrated coal or coke gasification nitrogen fertilizer plants; tax incentives; K DFA bonds.**

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Chairman Holmes explained to the committee that in this bill the percentage of change was moved to 20 % from 10% as the company most affected by this provision already was planning to increase production by 15%.

Representative Tom Sloan moved to insert **HB 2902** in to **SB 303**. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2902**.

Action on:

HB 2903 **Cellulosic alcohol plants; tax incentives; KDFAs financing.**

Chairman Holmes explained to the committee that in addition to the amendments made to the rest of the bills it added cellulosic alcohol co-products into HB 2903 to also gain the tax credits. Representative Tom Sloan explained just one of the co-products produced, lignon, by the production of cellulosic alcohol.

Representative Tom Sloan moved to insert **HB 2903** in to **SB 303**. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2903**.

Action on:

HB 2904 **Electric generation facilities; tax credits and exemptions; KDFAs bonds; safety requirements.**

Chairman Holmes explained to the committee that in addition to the standard changes made to all of these bills the House Taxation added some nuclear tax credits for a second nuclear plant that might be built within five miles of an existing plant.

Questions were asked by Representative Tom Sloan and Revisor Mary Galligan explained where the wording in the bill pertained to the question asked.

Representative Peggy Mast moved to insert **HB 2904** in to **SB 303**. Seconded by Representative Rob Olson. Motion passed unanimously.

There was no more discussion on **HB 2904**.

Action on:

HB 2723 **Tax credit for electric public utility for certain amounts related to sale of renewable energy to the federal government.**

Representatives Carl Holmes, Tom Sloan, and Tom Hawk proceeded to explain to committee members what **HB 2723** contains. It is considered a hybrid bill for conservation legislation that gives a tax credit to non owner occupied homes that add certain conservation equipment to their rental units. Additionally, it gives an added accelerated depreciation incentive to those non- owner occupied homes. The bill also contains a sunset of three years with a report to be given back to the committee on its success or lack thereof. Representative Tom Sloan informed the committee that he would be offering approximately four amendments to **HB 2723**.

There was no more discussion on **HB 2723**.

Chairman Holmes indicated to the committee that we would be working **SB 303** and **HB 2723** tomorrow. With **HB 2723** being amended into **SB 70**.

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Representative Peggy Mast moved to approved the minutes for : January 27,30,31, February 1, March 1,2,3,9,10. Seconded by Representative Tom Sloan. Motion carried unanimously.

Chairman Holmes commended the committee on the debate that ensued in committee on Friday.

Representative Tom Sloan explained to the committee that he would be offering an amendment to **SB 449** on the house floor.

The next meeting is scheduled for March 21, 2006.

Meeting Adjourned.