

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairperson Les Donovan at 9:30 am on Thursday, March 19, 2015, 548-S of the Capitol.

All members were present except:

Senator Terry Bruce – Excused

Committee staff present:

Chris Courtwright, Legislative Research Department

Edward Penner, Legislative Research Department

Adam Siebers, Office of Revisor of Statutes

Gordon Self, Office of Revisor of Statutes

Judy Seitz, Kansas Legislative Committee Assistant

Conferees appearing before the Committee:

Colin Hansen, Executive Director, Kansas Municipal Utilities (KMU)

Mick Urban, Government Relations Manager, Kansas Gas Service

John Donley, Kansas Farm Bureau

David Springe, Consumer Counsel, Citizens Utility Ratepayer Board (CURB)

Laura Lutz, Government Affairs Manager, Westar Energy

Steve Cowan, Manager Governmental Affairs, Black Hills Energy

David Holthaus, VP, Governmental Relations, Kansas Electric Cooperatives (KEC)

Others in attendance:

[See Attached List](#)

Hearing on: SB261 — Imposing sales tax on sales of gas, electricity, heat and other fuel sources for production of heat and lighting for residential premises and agricultural use.

Chair Donovan opened the hearing on **SB261** and appeared as a proponent of the bill.

Colin Hansen testified in opposition to **SB261** saying that it is inappropriate to add the state sales tax burden on essential utility services, services that many of their customers already struggle to pay. ([Attachment 1](#))

Mick Urban appeared in opposition to **SB261** noting that if the state sales tax of 6.15% were applied their customers would pay \$21 - \$32 million more on their natural gas bills each year, depending on the weather. ([Attachment 2](#))

John Donley offered testimony in opposition to **SB261** stating that the agricultural inclusion in this bill probably applies more towards situations where a livestock watering well is tied in with the residential meter. ([Attachment 3](#))

David Springe spoke in opposition to **SB261** stating that utility bills are increasing for many reasons. One of the reasons is that the electric and natural gas infrastructure have become dated. He also said that environmental regulations and policies at both the state and federal level require additional

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investment in generation plant equipment upgrades to reduce emissions. Mr. Springe provided a list of recent and expected rate increases for some of the Kansas investor owned utilities. ([Attachment 4](#))

Laura Lutz appeared in opposition to **SB261** saying that placing an additional tax on Kansans' energy bills seems like a lot to ask of the state's energy consumers which includes nearly 9 percent of Westar's customers who already participate in their bill assistance or payment plan programs. ([Attachment 5](#))

Steve Cowan presented testimony in opposition to **SB261** noting that the sales tax exemption for residential utility bills saved their customers \$4,644,000 in 2014. ([Attachment 6](#))

David Holthaus testified in opposition to **SB261** expressing concern for the impact on their cooperative members with agricultural related electricity use that is also proposed to be taxed. ([Attachment 7](#))

Written testimony in opposition to **SB261** was provided by the following:

Ron Gaches, Atmos Energy ([Attachment 8](#))

Gerald Schmitt, AARP Kansas ([Attachment 9](#))

Luke Bell, Vice President of Governmental Affairs, Kansas Association of Realtors ([Attachment 10](#))

Mitzi McFatrigh, Kansas Advocates for Better Care ([Attachment 11](#))

Aaron Popelka, VP of Legal & Governmental Affairs, Kansas Livestock Association ([Attachment 12](#))

Scott Jones, Manager Government Affairs, Kansas City Power & Light Co. ([Attachment 13](#))

Conferees took questions from the Committee.

Richard Carlson, Legislative Liaison, Kansas Department of Revenue, also answered questions.

Adjournment

The meeting adjourned at 10:25 am. The next scheduled meeting is Tuesday, March 24 with a hearing on **SB233-Increasing rates of taxation on cigarettes, tobacco products and alcoholic beverages.**