

HOUSE BILL No. 2268

AN ACT concerning electric public utilities; relating to inclusion of certain property in ratebase; providing for issuance of bonds for certain purposes; providing for certain property tax exemptions; amending K.S.A. 2000 Supp. 66-128 and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

Section 1. K.S.A. 2000 Supp. 66-128 is hereby amended to read as follows: 66-128. (a) The state corporation commission shall determine the reasonable value of all or whatever fraction or percentage of the property of any common carrier or public utility governed by the provisions of this act which property is used and required to be used in its services to the public within the state of Kansas, whenever the commission deems the ascertainment of such value necessary in order to enable the commission to fix fair and reasonable rates, joint rates, tolls and charges. In making such valuations the commission may avail itself of any reports, records or other things available to the commission in the office of any national, state or municipal officer or board.

(b) (1) For the purposes of this act, *except as provided by subsection (b)(2)*, property of any public utility which has not been completed and dedicated to commercial service shall not be deemed to be used and required to be used in the public utility's service to the public, ~~except that, any property of a public utility.~~

(2) *Any public utility property described in subsection (b)(1) may be deemed to be completed and dedicated to commercial service if: (1) (A) Construction of the property will be commenced and completed in one year or less; (2) (B) the property is an electric generation facility that has a capacity of 100 megawatts or less and converts wind, solar, biomass, landfill gas or any other renewable source of energy; or (3) (C) construction of the property has been authorized by a siting permit issued under K.S.A. 66-1,158 et seq. or 66-1,177 et seq., and amendments thereto; (D) the property is an electric generation facility or addition to an electric generation facility, which facility or addition to a facility is placed in service on or after January 1, 2001; or (E) the property is an electric transmission line, as defined by K.S.A. 66-1,177, and amendments thereto, including all towers, poles and other necessary appurtenances to such lines, which will be connected to an electric generation facility and which is placed in service on or after January 1, 2001.*

(3) *Electric generation facilities under the provisions of subsection (b)(2)(D) or (b)(2)(E) shall not include facilities used in generating electricity by nuclear resources or technologies or by using renewable energy resources or technologies, as defined in K.S.A. 79-201, and amendments thereto.*

New Sec. 2. The following described property, to the extent herein specified, shall be exempt from all property taxes levied under the laws of the state of Kansas:

(a) All electric generation facilities and additions to electric generation facilities described in subsection (b)(2)(D) of K.S.A. 66-128, and amendments thereto.

(b) The provisions of subsection (a) shall apply: (1) Except as provided in paragraph (2), from and after commencement of construction of such property and for the 10 taxable years immediately following the taxable year in which construction of such property is completed; or (2) for a peak load plant, from and after commencement of construction of such peak load plant and for the four taxable years immediately following the taxable year in which construction of such property is completed.

(c) All pollution control devices purchased for or constructed or installed at electric generation facilities described in subsection (b)(2)(D) of K.S.A. 66-128, and amendments thereto.

(d) The provisions of subsection (c) shall apply: (1) Except as provided in paragraph (2), from and after purchase or commencement of construction or installation of such property and for the 10 taxable years immediately following the taxable year in which such property is purchased or construction or installation of such property is completed; or (2) for a peak load plant, from and after purchase or commencement of construction or installation of such property and for the four taxable years immediately following the taxable year in which such property is purchased or construction or installation of such property is completed.

(e) As used in this section, "peak load plant" means an electric generation facility used during maximum load periods.

(f) The provisions of this section shall apply to all taxable years commencing after December 31, 2000.

New Sec. 3. (a) For the purpose of financing the construction, purchase and installation of pollution control devices at electric generation facilities and additions to electric generation facilities described in subsection (b)(2)(D) of K.S.A. 66-128, and amendments thereto, the Kansas development finance authority is hereby authorized to issue revenue bonds in amounts sufficient to pay the costs of such construction, purchase and installation, including any required interest on the bonds during construction and installation, plus all amounts required for the costs of bond issuance and any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues derived from sales of generation from the electric generation facility. As used in this subsection, "pollution control devices" means any device or structure required to meet air emission or water discharge standards imposed by state or federal law.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued hereunder shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

New Sec. 4. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

(a) All electric transmission lines and appurtenances described in subsection (b)(2)(E) of K.S.A. 66-128, and amendments thereto, and the right-of-way on which such lines are located.

(b) The provisions of this section shall apply to property the construction of which is completed after December 31, 2000, and for the 10 taxable years immediately following the taxable year in which construction of such property is completed.

(c) The provisions of this section shall apply to all taxable years commencing after December 31, 2000.

Sec. 5. K.S.A. 2000 Supp. 66-128 is hereby repealed.

Sec. 6. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

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HOUSE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*Speaker of the House.*

\_\_\_\_\_  
*Chief Clerk of the House.*

Passed the SENATE  
as amended \_\_\_\_\_

SENATE adopted  
Conference Committee Report \_\_\_\_\_

\_\_\_\_\_  
*President of the Senate.*

\_\_\_\_\_  
*Secretary of the Senate.*

APPROVED \_\_\_\_\_

\_\_\_\_\_  
*Governor.*