

[As Amended by House Committee of the Whole]

As Amended by House Committee

Session of 2007

HOUSE BILL No. 2305

By Committee on Energy and Utilities

1-31

12 AN ACT concerning crude oil, **natural gas and natural gas liquids**
13 reserves; providing certain income tax deductions and property tax
14 exemptions; relating to regulation of such reserves; amending K.S.A.
15 2006 Supp. 79-32,117, 79-32,120, 79-32,138 and 79-32,223 and re-
16 pealing the existing sections; also repealing K.S.A. 2006 Supp. 79-
17 32,117L.

18

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

20 New Section 1. (a) The following described property, to the extent
21 herein specified, shall be exempt from all property taxes levied under the
22 laws of the state of Kansas: Any crude oil reserve property, **natural gas**
23 **reserve property and natural gas liquids reserve property.**

24 (b) The provisions of subsection (a) shall apply ~~from and~~ after ~~pur-~~
25 ~~chase or~~ commencement of [**new**] construction or installation of such
26 property and for the 10 taxable years immediately following the taxable
27 year in which construction or installation of such property is completed.

28 (c) The provisions of this section shall apply to all taxable years com-
29 mencing after December 31, 2007.

30 (d) As used in this section:

31 (1) "Crude oil reserve" means an underground storage facility for
32 crude oil which has a capacity of at least 10,000,000 barrels of crude oil.

33 (2) "Crude oil reserve property" means any real or tangible personal
34 property purchased, constructed or installed for incorporation in and use
35 as part of a crude oil reserve. "Crude oil reserve property" does not
36 include crude oil or any other liquid or gas stored in such storage facility.

37 (3) "**Natural gas liquids reserve**" means an **underground stor-**
38 **age facility for natural gas liquids which has a capacity of at least**
39 **10,000,000 barrels of natural gas liquids.**

40 (4) "**Natural gas liquids reserve property**" means any real or
41 **tangible personal property purchased, constructed or installed for**
42 **incorporation in and use as part of a natural gas liquids reserve.**
43 "**Natural gas liquids reserve property**" does not include crude oil

- 1 **or any other liquid or gas stored in such storage facility.**
- 2 (5) **“Natural gas reserve” means an underground storage fa-**
3 **ility for natural gas which has a capacity of at least 10,000,000,000**
4 **cubic feet of natural gas.**
- 5 (6) **“Natural gas reserve property” means any real or tangible**
6 **personal property purchased, constructed or installed for incor-**
7 **poration in and use as part of a natural gas reserve. “Natural gas**
8 **reserve property” does not include crude oil or any other liquid**
9 **or gas stored in such storage facility.**
- 10 New Sec. 2. (a) A taxpayer shall be entitled to a deduction from Kan-
11 sas adjusted gross income with respect to the amortization of the amor-
12 tizable costs of a crude oil reserve, **natural gas reserve or natural gas**
13 **liquids reserve** based upon a period of 10 years. Such amortization de-
14 duction shall be an amount equal to 55% of the amortizable costs of such
15 ~~crude oil~~ reserve for the first taxable year in which such ~~crude oil~~ reserve
16 is in operation and 5% of the amortizable costs of such ~~crude oil~~ reserve
17 for each of the next nine taxable years.
- 18 (b) The election of the taxpayer to claim the deduction allowed by
19 subsection (a) shall be made by filing a statement of such election with
20 the secretary of revenue in the manner and form and within the time
21 prescribed by rules and regulations adopted by the secretary.
- 22 (c) The provisions of this section shall apply to all taxable years com-
23 mencing after December 31, 2007.
- 24 (d) The secretary of revenue shall adopt such rules and regulations
25 as deemed necessary to carry out the provisions of this section.
- 26 (e) As used in this section, “crude oil reserve,” ~~has~~ **“natural gas**
27 **reserve” and “natural gas liquids reserve” have** the meaning pro-
28 vided by section 1, and amendments thereto.
- 29 Sec. 3. K.S.A. 2006 Supp. 79-32,117 is hereby amended to read as
30 follows: 79-32,117. (a) The Kansas adjusted gross income of an individual
31 means such individual’s federal adjusted gross income for the taxable year,
32 with the modifications specified in this section.
- 33 (b) There shall be added to federal adjusted gross income:
- 34 (i) Interest income less any related expenses directly incurred in the
35 purchase of state or political subdivision obligations, to the extent that
36 the same is not included in federal adjusted gross income, on obligations
37 of any state or political subdivision thereof, but to the extent that interest
38 income on obligations of this state or a political subdivision thereof issued
39 prior to January 1, 1988, is specifically exempt from income tax under the
40 laws of this state authorizing the issuance of such obligations, it shall be
41 excluded from computation of Kansas adjusted gross income whether or
42 not included in federal adjusted gross income. Interest income on obli-
43 gations of this state or a political subdivision thereof issued after Decem-

- 1 ber 31, 1987, shall be excluded from computation of Kansas adjusted
2 gross income whether or not included in federal adjusted gross income.
- 3 (ii) Taxes on or measured by income or fees or payments in lieu of
4 income taxes imposed by this state or any other taxing jurisdiction to the
5 extent deductible in determining federal adjusted gross income and not
6 credited against federal income tax. This paragraph shall not apply to taxes
7 imposed under the provisions of K.S.A. 79-1107 or 79-1108, and amend-
8 ments thereto, for privilege tax year 1995, and all such years thereafter.
- 9 (iii) The federal net operating loss deduction.
- 10 (iv) Federal income tax refunds received by the taxpayer if the de-
11 duction of the taxes being refunded resulted in a tax benefit for Kansas
12 income tax purposes during a prior taxable year. Such refunds shall be
13 included in income in the year actually received regardless of the method
14 of accounting used by the taxpayer. For purposes hereof, a tax benefit
15 shall be deemed to have resulted if the amount of the tax had been de-
16 ducted in determining income subject to a Kansas income tax for a prior
17 year regardless of the rate of taxation applied in such prior year to the
18 Kansas taxable income, but only that portion of the refund shall be in-
19 cluded as bears the same proportion to the total refund received as the
20 federal taxes deducted in the year to which such refund is attributable
21 bears to the total federal income taxes paid for such year. For purposes
22 of the foregoing sentence, federal taxes shall be considered to have been
23 deducted only to the extent such deduction does not reduce Kansas tax-
24 able income below zero.
- 25 (v) The amount of any depreciation deduction or business expense
26 deduction claimed on the taxpayer's federal income tax return for any
27 capital expenditure in making any building or facility accessible to the
28 handicapped, for which expenditure the taxpayer claimed the credit al-
29 lowed by K.S.A. 79-32,177, and amendments thereto.
- 30 (vi) Any amount of designated employee contributions picked up by
31 an employer pursuant to K.S.A. 12-5005, 20-2603, 74-4919 and 74-4965,
32 and amendments to such sections.
- 33 (vii) The amount of any charitable contribution made to the extent
34 the same is claimed as the basis for the credit allowed pursuant to K.S.A.
35 79-32,196, and amendments thereto.
- 36 (viii) The amount of any costs incurred for improvements to a swine
37 facility, claimed for deduction in determining federal adjusted gross in-
38 come, to the extent the same is claimed as the basis for any credit allowed
39 pursuant to K.S.A. 2006 Supp. 79-32,204 and amendments thereto.
- 40 (ix) The amount of any ad valorem taxes and assessments paid and
41 the amount of any costs incurred for habitat management or construction
42 and maintenance of improvements on real property, claimed for deduc-
43 tion in determining federal adjusted gross income, to the extent the same

1 is claimed as the basis for any credit allowed pursuant to K.S.A. 79-32,203
2 and amendments thereto.

3 (x) Amounts received as nonqualified withdrawals, as defined by
4 K.S.A. 2006 Supp. 75-643, and amendments thereto, if, at the time of
5 contribution to a family postsecondary education savings account, such
6 amounts were subtracted from the federal adjusted gross income pur-
7 suant to paragraph (xv) of subsection (c) of K.S.A. 79-32,117, and amend-
8 ments thereto, or if such amounts are not already included in the federal
9 adjusted gross income.

10 (xi) The amount of any contribution made to the same extent the
11 same is claimed as the basis for the credit allowed pursuant to K.S.A.
12 2006 Supp. 74-50,154, and amendments thereto.

13 (xii) For taxable years commencing after December 31, 2004,
14 amounts received as withdrawals not in accordance with the provisions
15 of K.S.A. 2006 Supp. 74-50,204, and amendments thereto, if, at the time
16 of contribution to an individual development account, such amounts were
17 subtracted from the federal adjusted gross income pursuant to paragraph
18 (xiii) of subsection (c), or if such amounts are not already included in the
19 federal adjusted gross income.

20 (xiii) The amount of any expenditures claimed for deduction in deter-
21 termining federal adjusted gross income, to the extent the same is claimed
22 as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-
23 32,217 through 79-32,220 or 79-32,222, and amendments thereto.

24 (xiv) The amount of any amortization deduction claimed in deter-
25 mining federal adjusted gross income to the extent the same is claimed
26 for deduction pursuant to K.S.A. 2006 Supp. 79-32,221, and amendments
27 thereto.

28 (xv) The amount of any expenditures claimed for deduction in deter-
29 mining federal adjusted gross income, to the extent the same is claimed
30 as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-
31 32,223 through 79-32,226, and amendments thereto.

32 (xvi) The amount of any amortization deduction claimed in deter-
33 mining federal adjusted gross income to the extent the same is claimed
34 for deduction pursuant to K.S.A. 2006 Supp. 79-32,227, and amendments
35 thereto.

36 (xvii) The amount of any expenditures claimed for deduction in deter-
37 mining federal adjusted gross income, to the extent the same is claimed
38 as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-
39 32,228 through 79-32,231, and amendments thereto.

40 (xviii) The amount of any amortization deduction claimed in deter-
41 mining federal adjusted gross income to the extent the same is claimed
42 for deduction pursuant to K.S.A. 2006 Supp. 79-32,232, and amendments
43 thereto.

- 1 (xix) The amount of any expenditures claimed for deduction in de-
2 termining federal adjusted gross income, to the extent the same is claimed
3 as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-
4 32,233 through 79-32,236, and amendments thereto.
- 5 (xx) The amount of any amortization deduction claimed in determin-
6 ing federal adjusted gross income to the extent the same is claimed for
7 deduction pursuant to K.S.A. 2006 Supp. 79-32,237, and amendments
8 thereto.
- 9 (xxi) The amount of any expenditures claimed for deduction in de-
10 termining federal adjusted gross income, to the extent the same is claimed
11 as the basis for any credit allowed pursuant to K.S.A. 2006 Supp. 79-
12 32,238 through 79-32,241, and amendments thereto.
- 13 (xxii) *The amount of any amortization deduction claimed in deter-*
14 *mining federal adjusted gross income to the extent the same is claimed for*
15 *deduction pursuant to section 2, and amendments thereto.*
- 16 (c) There shall be subtracted from federal adjusted gross income:
- 17 (i) Interest or dividend income on obligations or securities of any
18 authority, commission or instrumentality of the United States and its pos-
19 sessions less any related expenses directly incurred in the purchase of
20 such obligations or securities, to the extent included in federal adjusted
21 gross income but exempt from state income taxes under the laws of the
22 United States.
- 23 (ii) Any amounts received which are included in federal adjusted
24 gross income but which are specifically exempt from Kansas income tax-
25 ation under the laws of the state of Kansas.
- 26 (iii) The portion of any gain or loss from the sale or other disposition
27 of property having a higher adjusted basis for Kansas income tax purposes
28 than for federal income tax purposes on the date such property was sold
29 or disposed of in a transaction in which gain or loss was recognized for
30 purposes of federal income tax that does not exceed such difference in
31 basis, but if a gain is considered a long-term capital gain for federal in-
32 come tax purposes, the modification shall be limited to that portion of
33 such gain which is included in federal adjusted gross income.
- 34 (iv) The amount necessary to prevent the taxation under this act of
35 any annuity or other amount of income or gain which was properly in-
36 cluded in income or gain and was taxed under the laws of this state for a
37 taxable year prior to the effective date of this act, as amended, to the
38 taxpayer, or to a decedent by reason of whose death the taxpayer acquired
39 the right to receive the income or gain, or to a trust or estate from which
40 the taxpayer received the income or gain.
- 41 (v) The amount of any refund or credit for overpayment of taxes on
42 or measured by income or fees or payments in lieu of income taxes im-
43 posed by this state, or any taxing jurisdiction, to the extent included in

- 1 gross income for federal income tax purposes.
- 2 (vi) Accumulation distributions received by a taxpayer as a beneficiary
3 of a trust to the extent that the same are included in federal adjusted
4 gross income.
- 5 (vii) Amounts received as annuities under the federal civil service
6 retirement system from the civil service retirement and disability fund
7 and other amounts received as retirement benefits in whatever form
8 which were earned for being employed by the federal government or for
9 service in the armed forces of the United States.
- 10 (viii) Amounts received by retired railroad employees as a supple-
11 mental annuity under the provisions of 45 U.S.C. 228b (a) and 228c (a)(1)
12 et seq.
- 13 (ix) Amounts received by retired employees of a city and by retired
14 employees of any board of such city as retirement allowances pursuant to
15 K.S.A. 13-14,106, and amendments thereto, or pursuant to any charter
16 ordinance exempting a city from the provisions of K.S.A. 13-14,106, and
17 amendments thereto.
- 18 (x) For taxable years beginning after December 31, 1976, the amount
19 of the federal tentative jobs tax credit disallowance under the provisions
20 of 26 U.S.C. 280 C. For taxable years ending after December 31, 1978,
21 the amount of the targeted jobs tax credit and work incentive credit dis-
22 allowances under 26 U.S.C. 280 C.
- 23 (xi) For taxable years beginning after December 31, 1986, dividend
24 income on stock issued by Kansas Venture Capital, Inc.
- 25 (xii) For taxable years beginning after December 31, 1989, amounts
26 received by retired employees of a board of public utilities as pension and
27 retirement benefits pursuant to K.S.A. 13-1246, 13-1246a and 13-1249
28 and amendments thereto.
- 29 (xiii) For taxable years beginning after December 31, 2004, amounts
30 contributed to and the amount of income earned on contributions de-
31 posited to an individual development account under K.S.A. 2006 Supp.
32 74-50,201, et seq., and amendments thereto.
- 33 (xiv) For all taxable years commencing after December 31, 1996, that
34 portion of any income of a bank organized under the laws of this state or
35 any other state, a national banking association organized under the laws
36 of the United States, an association organized under the savings and loan
37 code of this state or any other state, or a federal savings association or-
38 ganized under the laws of the United States, for which an election as an
39 S corporation under subchapter S of the federal internal revenue code is
40 in effect, which accrues to the taxpayer who is a stockholder of such
41 corporation and which is not distributed to the stockholders as dividends
42 of the corporation.
- 43 (xv) For all taxable years beginning after December 31, 1999,

1 amounts not exceeding ~~\$2,000, or \$4,000~~ \$3,000 or \$6,000 for a married
2 couple filing a joint return, for each designated beneficiary which are
3 contributed to a family postsecondary education savings account estab-
4 lished under the Kansas postsecondary education savings program for the
5 purpose of paying the qualified higher education expenses of a designated
6 beneficiary at an institution of postsecondary education. For all taxable
7 years beginning after December 31, ~~2004~~ 2006, amounts not exceeding
8 \$3,000, or \$6,000 for a married couple filing a joint return, for each des-
9 ignated beneficiary which are contributed to a ~~family postsecondary ed-~~
10 ~~ucation savings account established under the Kansas postsecondary ed-~~
11 ~~ucation savings program~~ *qualified tuition program established and*
12 *maintained by another state or agency or instrumentality thereof pursu-*
13 *ant to section 529 of the internal revenue code of 1986, as amended,* for
14 the purpose of paying the qualified higher education expenses of a des-
15 ignated beneficiary at an institution of postsecondary education. The
16 terms and phrases used in this paragraph shall have the meaning respec-
17 tively ascribed thereto by the provisions of K.S.A. 2006 Supp. 75-643, and
18 amendments thereto, and the provisions of such section are hereby in-
19 corporated by reference for all purposes thereof.

20 (xvi) For the tax year beginning after December 31, 2004, an amount
21 not exceeding \$500; for the tax year beginning after December 31, 2005,
22 an amount not exceeding \$600; for the tax year beginning after December
23 31, 2006, an amount not exceeding \$700; for the tax year beginning after
24 December 31, 2007, an amount not exceeding \$800; for the tax year
25 beginning December 31, 2008, an amount not exceeding \$900; and for
26 all taxable years commencing after December 31, 2009, an amount not
27 exceeding \$1,000 of the premium costs for qualified long-term care in-
28 surance contracts, as defined by subsection (b) of section 7702B of public
29 law 104-191.

30 (xvii) For all taxable years beginning after December 31, 2004,
31 amounts received by taxpayers who are or were members of the armed
32 forces of the United States, including service in the Kansas army and air
33 national guard, as a recruitment, sign up or retention bonus received by
34 such taxpayer as an incentive to join, enlist or remain in the armed services
35 of the United States, including service in the Kansas army and air national
36 guard, and amounts received for repayment of educational or student
37 loans incurred by or obligated to such taxpayer and received by such
38 taxpayer as a result of such taxpayer's service in the armed forces of the
39 United States, including service in the Kansas army and air national guard.

40 (xviii) For all taxable years beginning after December 31, 2004,
41 amounts received by taxpayers who are eligible members of the Kansas
42 army and air national guard as a reimbursement pursuant to K.S.A. 48-
43 281, and amendments thereto, and amounts received for death benefits

1 pursuant to K.S.A. 48-282, and amendments thereto, or pursuant to sec-
2 tion 1 or section 2 of chapter 207 of the 2005 session laws of Kansas, and
3 amendments thereto, to the extent that such death benefits are included
4 in federal adjusted gross income of the taxpayer.

5 (d) There shall be added to or subtracted from federal adjusted gross
6 income the taxpayer's share, as beneficiary of an estate or trust, of the
7 Kansas fiduciary adjustment determined under K.S.A. 79-32,135, and
8 amendments thereto.

9 (e) The amount of modifications required to be made under this sec-
10 tion by a partner which relates to items of income, gain, loss, deduction
11 or credit of a partnership shall be determined under K.S.A. 79-32,131,
12 and amendments thereto, to the extent that such items affect federal
13 adjusted gross income of the partner.

14 Sec. 4. K.S.A. 2006 Supp. 79-32,120 is hereby amended to read as
15 follows: 79-32,120. (a) If federal taxable income of an individual is deter-
16 mined by itemizing deductions from such individual's federal adjusted
17 gross income, such individual may elect to deduct the Kansas itemized
18 deduction in lieu of the Kansas standard deduction. The Kansas itemized
19 deduction of an individual means the total amount of deductions from
20 federal adjusted gross income, other than federal deductions for personal
21 exemptions, as provided in the federal internal revenue code with the
22 modifications specified in this section.

23 (b) The total amount of deductions from federal adjusted gross in-
24 come shall be reduced by the total amount of income taxes imposed by
25 or paid to this state or any other taxing jurisdiction to the extent that the
26 same are deducted in determining the federal itemized deductions and
27 by the amount of all depreciation deductions claimed for any real or
28 tangible personal property upon which the deduction allowed by K.S.A.
29 2006 Supp. 79-32,221, 79-32,227, 79-32,232 ~~or~~, 79-32,237 or section 2,
30 and amendments thereto, is or has been claimed.

31 Sec. 5. K.S.A. 2006 Supp. 79-32,138 is hereby amended to read as
32 follows: 79-32,138. (a) Kansas taxable income of a corporation taxable
33 under this act shall be the corporation's federal taxable income for the
34 taxable year with the modifications specified in this section.

35 (b) There shall be added to federal taxable income: (i) The same
36 modifications as are set forth in subsection (b) of K.S.A. 79-32,117, and
37 amendments thereto, with respect to resident individuals.

38 (ii) The amount of all depreciation deductions claimed for any prop-
39 erty upon which the deduction allowed by K.S.A. 2006 Supp. 79-32,221,
40 79-32,227, 79-32,232 ~~or~~, 79-32,237 or section 2, and amendments thereto,
41 is claimed.

42 (iii) The amount of any charitable contribution deduction claimed for
43 any contribution or gift to or for the use of any racially segregated edu-

1 cational institution.

2 (c) There shall be subtracted from federal taxable income: (i) The
3 same modifications as are set forth in subsection (c) of K.S.A. 79-32,117,
4 and amendments thereto, with respect to resident individuals.

5 (ii) The federal income tax liability for any taxable year commencing
6 prior to December 31, 1971, for which a Kansas return was filed after
7 reduction for all credits thereon, except credits for payments on estimates
8 of federal income tax, credits for gasoline and lubricating oil tax, and for
9 foreign tax credits if, on the Kansas income tax return for such prior year,
10 the federal income tax deduction was computed on the basis of the federal
11 income tax paid in such prior year, rather than as accrued. Notwithstand-
12 ing the foregoing, the deduction for federal income tax liability for any
13 year shall not exceed that portion of the total federal income tax liability
14 for such year which bears the same ratio to the total federal income tax
15 liability for such year as the Kansas taxable income, as computed before
16 any deductions for federal income taxes and after application of subsec-
17 tions (d) and (e) of this section as existing for such year, bears to the
18 federal taxable income for the same year.

19 (iii) An amount for the amortization deduction allowed pursuant to
20 K.S.A. 2006 Supp. 79-32,221, 79-32,227, 79-32,232 ~~or~~, 79-32,237 *or sec-*
21 *tion 2*, and amendments thereto.

22 (iv) For all taxable years commencing after December 31, 1987, the
23 amount included in federal taxable income pursuant to the provisions of
24 section 78 of the internal revenue code.

25 (v) For all taxable years commencing after December 31, 1987, 80%
26 of dividends from corporations incorporated outside of the United States
27 or the District of Columbia which are included in federal taxable income.

28 (d) If any corporation derives all of its income from sources within
29 Kansas in any taxable year commencing after December 31, 1979, its
30 Kansas taxable income shall be the sum resulting after application of
31 subsections (a) through (c) hereof. Otherwise, such corporation's Kansas
32 taxable income in any such taxable year, after excluding any refunds of
33 federal income tax and before the deduction of federal income taxes pro-
34 vided by subsection (c)(ii) shall be allocated as provided in K.S.A. 79-3271
35 to K.S.A. 79-3293, inclusive, and amendments thereto, plus any refund
36 of federal income tax as determined under paragraph (iv) of subsection
37 (b) of K.S.A. 79-32,117, and amendments thereto, and minus the deduc-
38 tion for federal income taxes as provided by subsection (c)(ii) shall be
39 such corporation's Kansas taxable income.

40 (e) A corporation may make an election with respect to its first taxable
41 year commencing after December 31, 1982, whereby no addition modi-
42 fications as provided for in subsection (b)(ii) of K.S.A. 79-32,138 and
43 subtraction modifications as provided for in subsection (c)(iii) of K.S.A.

1 79-32,138, as those subsections existed prior to their amendment by this
2 act, shall be required to be made for such taxable year.

3 Sec. 6. K.S.A. 2006 Supp. 79-32,223 is hereby amended to read as
4 follows: 79-32,223. As used in K.S.A. 2006 Supp. 79-32,223 through 79-
5 32,226, and amendments thereto:

6 (a) *“Crude oil reserve,” has* **“natural gas reserve” and “natural**
7 **gas liquids reserve”** have the meaning provided in section 1, and
8 amendments thereto.

9 (b) “New qualifying pipeline” means a qualifying pipeline, construc-
10 tion of which begins after December 31, 2005.

11 ~~(b)~~ (c) “Pass-through entity” means any: (1) Corporation which is
12 exempt from income tax under section 1363 of the federal internal rev-
13 enue code and which complies with the requirements of K.S.A. 79-
14 32,100e, and amendments thereto; (2) limited liability company; (3) part-
15 nership; or (4) limited liability partnership.

16 ~~(c)~~ (d) “Qualified investment” means expenditures made in construc-
17 tion of a new qualifying pipeline for real and tangible personal property
18 incorporated in and used as part of such pipeline.

19 ~~(d)~~ (e) “Qualifying pipeline” means a pipeline: (1) Which is located
20 in this state, is used primarily for transportation of crude oil or natural
21 gas liquids and has a length of more than 190 miles in this state; and (2)
22 to which refineries ~~or~~ *and crude oil reserves in this state have access, in*
23 *the case of a pipeline used primarily to transport crude oil, or to which*
24 *natural gas liquid liquids processing facilities and natural gas liquids*
25 *reserves in this state have access, in the case of a pipeline used primarily*
26 *to transport natural gas liquids, or to which natural gas processing*
27 *facilities and natural gas reserves in this state have access, in the*
28 *case of a pipeline used primarily to transport natural gas.*

29 New Sec. 7. Not later than January 1, 2008, the secretary of health
30 and environment shall adopt, pursuant to K.S.A. 55-1,117, and amend-
31 ments thereto, rules and regulations governing crude oil reserves, ~~natural~~
32 ~~gas reserves and natural gas liquids reserves~~, as defined in section
33 1, and amendments thereto. The secretary, pursuant to K.S.A. 75-5616,
34 and amendments thereto, shall appoint an advisory committee to consult
35 with and advise the secretary on the promulgation of such rules and reg-
36 ulations. The advisory committee shall consist of five members who rep-
37 resent persons knowledgeable and experienced in areas related to crude
38 oil and its storage, ~~natural gas and natural gas liquids and the storage~~
39 ~~thereof.~~

40 Sec. 8. K.S.A. 2006 Supp. 79-32,117, 79-32,1171, 79-32,120, 79-
41 32,138 and 79-32,223 are hereby repealed.

42 Sec. 9. This act shall take effect and be in force from and after its
43 publication in the statute book.