

Approved

*Stephen R. Cloud*  
Date 2-28-85

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION

The meeting was called to order by Vice Chairperson Ginger Barr at  
Chairperson

9:08 a.m./~~p.m.~~ on Tuesday, February 26, 1985 in room 522-S of the Capitol.

All members were present except:

Representative Bowden - Excused  
Representative Harder - Excused  
Representative Ramirez - Excused  
Representative Roper - Excused  
Representative Sprague - Excused

Committee staff present:

Avis Swartzman - Revisor  
Carolyn Rampey - Legislative Research Dept.  
Jackie Breymeyer - Committee Secretary

Conferees appearing before the committee:

Representative Wilbert - Bill Sponsor

The meeting of the Governmental Organization Committee was called to order by Vice Chairperson Barr at 9:08 a.m. The minutes of the February 19 meeting were approved. February 21 minutes were distributed. Chairman Barr asked Representative Wilbert, sponsor of HB 2293 to begin.

Representative Wilbert explained this bill would establish a Division of Coal Development within the Department of Economic Development. He passed out copies of his testimony (See Attachment A), and read from page 4. He stated the Division would: (1) make recommendations concerning the utilization of Kansas coal by Kansas utilities; (2) develop methods by which the Kansas coal industry may be expanded; (3) make provisions for expansion of the market for Kansas coal; (4) make recommendations to encourage industrial and residential energy consumers to use Kansas coal; (5) recommend modifications, if any, of existing state laws, rules or regulations concerning the use of Kansas coal; and (6) take any other steps necessary to encourage the use of Kansas coal.

The coal in Southeastern Kansas is a higher BTU type coal than the State of Wyoming, but loses some of its cost effectiveness when the process by which the sulphur in the coal must be cleaned up is employed. There is a new process or method available to aid in this clean-up process. With coal selling at approximately \$30 a ton and these companies producing over a million tons in 1984, this would amount to approximately \$30 million dollars. Southeast Kansas needs the economic benefits that increased coal usage would bring since this area suffers from high unemployment and economic stagnation.

Representative Wilbert said that there is nothing stopping KDED from promoting Kansas coal now. Representative Love commented that he would like to see good things happen to Southeast Kansas because he was born there.

Jerry Coonard, KG&E, commented on the LaCygne plant. It has two units, one of which burns Kansas coal and the other Wyoming coal. He mentioned the problems of cleaning the fly ash out of the scrubbers, stating that the plant employs more people to operate the scrubbers than it does to run the entire plant. There are no plans to phase out this plant.

As there were no other conferees to speak to the bill, Vice Chairperson Barr stated that this concluded the hearing on HB 2293. She then turned the meeting over to Chairman Cloud. The Chairman had been absent during the first part of the meeting to appear before the Pensions and Investments Committee on HB 2423 which deals with inactive accounts of the state treasury. The bill will go to Ways and Means next.

After announcing Wednesday's agenda the Chairman adjourned the meeting at 9:32 a.m.

*JRC*



Testimony on H.B. 2293 (2/26/85)

Representative Lawrence Wilbert

Coal was the first mineral fuel sought, discovered, mined, and utilized in Kansas. The Mulky coal, an important coal seam in southeastern Kansas, was mined as early as 1842 near Fort Scott in adjacent Bourbon County. The Weir-Pittsburg (Cherokee) coal seam, historically the most important one in southeastern Kansas, was mined as early as the 1850s; the Columbus (Rowe) coal was mined during the early days of settlement in Cherokee county.

The early settlers were helped in their discovery and exploitation of coal by the rolling landscape because of the many coal seams outcropped on the slopes of the valleys. Also, coal was exposed in the banks of the numerous creeks and in the many ravines for miles around Fort Scott. Coal was obtained from coal banks along Drywood and Boone creeks in the northern part of Crawford county. A Federal Surveying Team that surveyed and mapped a portion of Cherokee County in the 1860s reported "A vein of coal 36 inches thick crops out of the bank. . . ." at one location.

The early mining methods of settlers were crude but effective enough to allow them to exploit the shallow coal seams. The pioneer and early miners relied principally upon the pick, sledge hammer, shovel, iron wedge or chisel-like implement, some scrapers or 'slips' pulled by horses and mules, and blasting powder. Even, the farm plow was used to mine coal.

2/26/85  
Attachment A

An early writer described mining near Weir City in Cherokee county: "Here with almost no labor at all they stripped a little soil from the upper surface of the coal and loaded their wagons rapidly by use of pick and shovel."

As mining evolved in southeast Kansas, particularly deep shaft mining, the coal companies and mines dominated life in the mining communities. Cement and clay products production, glass production, zinc and lead ore smelting were all part of the mineral industries that provided for a major economic boom in southeast Kansas by the turn of the century.

Coal mining in Kansas reached its peak in 1917 and 1918 with 7,250,000 tons of coal extracted (that contrasts with 1,306,255 tons extracted in 1984). During the 1920s, natural gas became widely available (including gas from the Hugoton field in southwest Kansas) and new oil fields were discovered. These fuels provided competition for coal and led to the decline in the use of coal. Technological changes, such as the growth of mechanized strip mining through the use of large early moving shovels, also caused the closing of the deep shaft mines in Kansas.

There was a short burst of mining activity during World War II but coal mining has been on the decline in Kansas over the past 60 to 70 years. In 1980, coal's value in Kansas was less than 1 % of the combined value of oil and natural gas produced in the state.

As recently as 1956, long after the end of the Kansas coal boom, there were 30 operating mines in the state. By 1961, there were only 15, and today there are only 5. (Those presently operating are Pittsburg and Midway, Clemens, Bills, Alternate Fuels, and Donald Zimmerman Construction (permit).)

The problem with Kansas coal is that it has a high sulfur content. The sulfur content of Kansas coal ranges from 2 to 5 percent compared to .5 percent or less for western coal. The ash content of Kansas coal is also relatively high compared to western coal, however, the Btu content (heat value) of Kansas coal is much greater than western coal.

Another disadvantage of Kansas coal has been the fact that it is found in rather narrow seams (5 to 10 feet thick) in contrast to the seams of western coal (80 to 100 feet thick).

Despite the disadvantages of Kansas coal, it is an important and valuable resource that is not being fully exploited for the benefit of Kansas. The southeast portion of the state needs the economic benefits that increased coal use would bring. The area suffers from high unemployment and economic stagnation.

I believe that we can help change this situation in southeast Kansas. To do this, I proposed for your consideration H.B. 2296. The bill would establish in the Kansas Department of Economic Development (KDED), a Division of Coal Development.

The Secretary of KDED would appoint the Director of the Division who would be in the unclassified service and serve at the pleasure of the Secretary at a salary set by the Secretary.

The bill sets out the authority of the Division of Coal Development as to:

- (1) Make recommendations concerning the utilization of Kansas coal by Kansas utilities;
- (2) develop methods by which the Kansas coal industry may be expanded;
- (3) make provisions for expansion of the market for Kansas coal;
- (4) make recommendations to encourage industrial and residential energy consumers to use Kansas coal;
- (5) recommend modifications, if any, of existing state laws, rules or regulations concerning the use of Kansas coal; and
- (6) take any other <sup>steps</sup> ~~steps~~ necessary to encourage the use of Kansas coal.

In proposing this bill, I am proposing that instead of creating some new bureaucracy or commission, we direct that the promotion of Kansas coal be done by an existing agency, KDED. Second, I am assuming that the responsibilities listed in the bill can be done by one person, the Director of the Division of Coal Development. Support services should be available within KDED.

Other states have attempted to expend the markets for coal they produce through state government promotion. In 1983, the Indiana General Assembly created the Indiana Coal Commission "to study ways to expand existing markets and create new markets for Indiana coal." As a result of the Commission's efforts, in January of 1984, Lt. Governor John Mutz announced the appointment of a state-level official to promote Indiana coal and two bills were introduced in the Assembly to expand tax credits for systems that burn coal or oil shale to include fluidized bed combustion and pyrolysis techniques (The tax credits are granted for state corporate income taxes and property taxes.).

I have proposed H.B. 2293 as a way for the State of Kansas to become involved in developing an important state resource. The bill provides for a minimum expenditure of funds for implementing this proposal. The challenge to the state is set forth in the bill; that charge is basically the promotion of the use of Kansas coal. I believe the time has come to support an industry that has played an important role in our state's history, and we should assist that industry in increasing its role for the economic benefit of the state of Kansas and the southeast corner of the state.

Kansas Academy of Science,  
Transactions, Winter, 1958

Cement Plants (Lawrence & Lawrence Springs)	A-Hemate Fuels (Crowburg Mine)	215,000
Springfield, Mo. Cement Plants	Bill's Coal Co. Fort Scott Iron Horse	164,538 212,242
Liberty Power Plant of Empire & Cement Plant	Clemmons Mine No. 22	256,475
Lawrence	Oswego Coal Co. Alpha	39,941
Lawrence	Pittsburg & Midway Midway	418,060

1984 → 1,306,255.  
Tons

1983 → 1,305,054.

1982 → 1,395,923.  
1981 → 1,354,117.