

Approved: 3/20/95  
Date

## MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES.

The meeting was called to order by Chairperson Ben Vidricksen at 9:00 a.m. on March 17, 1995 in Room 245-E of the Capitol.

All members were present except:

Committee staff present: Hank Avila, Legislative Research Department  
Ben Barrett, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Martha Ozias, Committee Secretary

Conferees appearing before the committee:

Janice Pauls - Representative 102nd District  
Lori Fink - Kansas Corporation Commission

Others attending: See attached list

### **HB 2538 - DESIGNATING A PORTION OF K-96 HIGHWAY AS THE STATE FAIR HIGHWAY**

Representative Janice Pauls spoke in support of this bill as a tribute to the Kansas State Fair which has existed for 82 years. Highway markers and signs will be paid for by gifts and donations. (Attachment 1)

A motion was made by Senator Lawrence to amend the bill to also officially designate the Bob Brown Highway at Wichita . A second for this was made by Senator Harris. Motion carried.

Senator Harris then made a motion to pass this bill favorably as amended. It was seconded by Senator Lawrence. Motion carried.

### **HB 2521 - CONCERNING CORPORATION COMMISSION; RELATING TO ASSESSMENT OF COSTS; ATTORNEY FEES AND INTEREST IN CERTAIN ACTIONS**

Lori Fink addressed the committee on behalf of the KCC which recommends and support this legislation. The proposed amendments would enable the Commission to shift the costs and attorneys' fees to the responsible party and allow the Commission to order an operator or contractor to pay any costs and reasonable attorney fees incurred in imposing and collecting any penalty. (Attachment 2)

A motion was made by Senator Lawrence and seconded by Senator Harrington to pass this bill favorably. Motion carried.

### **HB 2161 - CONCERNING ALTERNATIVE FUELS**

A copy of the amended Fiscal Note was distributed. (Attachment 3) Ron Hein explained the revisions and there were questions and some discussion.

A technical amendment was requested on page 4, line 32 to change the date from 1995 to 1996. Senator Harrington made a motion to approve this amendment. This was seconded by Senator Papay. Motion carried.

Senator Papay then made a motion to pass this bill favorably as amended. A second was made by Senator Rock and the motion carried.

A motion was made by Senator Jones to approve the minutes of the March 16th meeting. This was seconded by Senator Papay. Motion carried.

The meeting was then adjourned by the Chairman



STATE OF KANSAS

JANICE L. PAULS  
REPRESENTATIVE, DISTRICT 102

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TOPEKA

HOUSE OF  
REPRESENTATIVES

TESTIMONY BEFORE THE

SENATE

TRANSPORTATION COMMITTEE

REGARDING

HOUSE BILL 2538

PREPARED ON

March 17, 1995

COMMITTEE ASSIGNMENTS  
RANKING MINORITY MEMBER:  
BUSINESS, COMMERCE AND LABOR  
JOINT SENATE & HOUSE COMMITTEE  
ON ADMINISTRATIVE RULES AND  
REGULATIONS  
MEMBER:  
JUDICIARY  
TRANSPORTATION  
WORKERS COMPENSATION FUND  
OVERSIGHT COMMITTEE

This bill was filed at the request of the Kansas State Fair, to designate Highway 96 from Wichita to Hutchinson as the State Fair Freeway. The highway signs or markers would be paid for by gifts or donations.

The Fair began in Hutchinson in 1875 as the Reno County Fair, then in 1887 became the Hutchinson Fair (which was a state-wide fair) and then became known as the State Fair in 1901. In 1913 the State legislature officially designated the fair in Hutchinson as the Kansas State Fair.

The fair itself has existed for one hundred and twenty years. the

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Kansas State Fair has existed officially as the State Fair for eighty-two (82) years. The designation of the four lane between Wichita and Hutchinson is a fitting tribute for this valuable Kansas asset.

Janice L. Pauls  
Representative  
District 102

JP/cc

TESTIMONY IN SUPPORT OF HB 2521

SUBMITTED BY

LORI A. FINK  
ACTING GENERAL COUNSEL  
KANSAS CORPORATION COMMISSION  
MARCH 17, 1995

The Commission recommended and supports HB 2521 which amends K.S.A. 55-162 and 55-164. Chapter 55 includes the regulatory provisions for oil and gas production. The proposed amendments to both statutes provide that, in addition to any remedial action (K.S.A. 55-162) or penalty (K.S.A. 55-164), the Commission has authority to assess the responsible party any costs and reasonable attorney fees incurred by the Commission in its attempt to either enforce an order or collect the penalties assessed. The amendments also provide for the ability to collect interest on any unpaid amount.

The purpose of this amendment is to enable the Commission to shift the costs and attorneys' fees incurred for collection and compliance, which are currently paid by the Commission, to the culpable and responsible party. As of February 17, 1995, outstanding penalties in the Conservation Division totaled approximately \$315,434. This amount also includes some penalties which are being appealed or are otherwise being collected. It was never the intention of the Commission not to pursue collection of these penalties. However, the oil industry in particular is struggling and perhaps the incentive and ability on the part of some operators to comply, correct deficiencies and/or pay penalties are lessened.

The collection of penalties assessed as well as the enforcement of remedial action -is essential to the Commission in fulfilling its regulatory purpose. On October 12, 1994, the Commission entered into a collection agreement with the Department of Administration's Legal Division to aggressively pursue these outstanding penalties. The agreement provides that the Commission will pay Department of Administration 40% of the amount collected on accounts under \$1000; 30% of the amount collected on accounts between \$1000 and \$5000, inclusive; and 25% of the amount collected on accounts over \$5000. In addition, individuals or businesses with outstanding penalties are referred to the Setoff Program.

The costs to correct the abandoned wells and other problems left by operators in the state more than exceed the fee funds available to the Commission to correct those problems. Any additional expenses associated with collection of fines and enforcement imposes a restriction on the Commission's ability to address environmental problems in a prompt and efficient manner. Most importantly, the assessment of attorneys' fees, costs and interest should be borne by the party responsible for the violation under either K.S.A. 55-162 and 55-164, not the State of Kansas or industry which contributes to the fee fund.

STATE OF KANSAS



DIVISION OF THE BUDGET

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Bill Graves  
Governor

Gloria M. Timmer  
Director

March 15, 1995

AMENDED

The Honorable Ben Vidricksen, Chairperson  
Senate Committee on Transportation and Utilities  
Statehouse, Room 143-N  
Topeka, Kansas 66612

Dear Senator Vidricksen:

SUBJECT: Amended Fiscal Note for HB 2161 by House Committee  
on Energy and Natural Resources

In accordance with KSA 75-3715a, the following amended fiscal note concerning HB 2161 is respectfully submitted to your committee.

HB 2161, as amended by the Senate Committee on Transportation and Utilities, establishes the Alternative Fuels Loan Program, which would provide incentives for public and private vehicle operators (1) to purchase alternative-fueled vehicles, (2) to convert existing gasoline and diesel fuel vehicles for operating on alternative fuels, and (3) to construct fueling facilities for alternative-fueled vehicles. The act defines an alternative fuel according to the U.S. Energy Policy Act of 1992. The Secretary of Administration would be responsible for administration of the Program.

The act also establishes the Alternative Fuels Government Fleet Loan Fund. This fund would be used as a source of loans to local government and public transit agencies for purposes outlined in the bill. The act does not limit the amount of state funds that could be available for the loan program. Also, the act establishes limits for loan amounts for different size vehicles and for construction of alternative fueling stations. The Secretary would adopt rules and regulations concerning administration of the fund.

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HB 2161 would also establish an income tax credit for those individuals or businesses who own and operate a fleet of 20 or more vehicles with an average consumption of at least 2,000 gallons per year and who purchase qualified alternative fuel motor vehicle property. The formula used for calculating the amount of the credit is included in the bill; however, there is no limit to when claims could be made, so expenditures made in 1995 could be claimed in addition to 1996 expenditures, for filing in 1997. Finally, the act requires that, beginning with vehicles acquired by the state in model year 1996, a specified portion of vehicles purchased by the state for use in Kansas City and Wichita has to be alternative-fueled vehicles. The effective date of the act would be January 1, 1996.

Estimated State Fiscal Impact				
	FY 1995 SGF	FY 1995 All Funds	FY 1996 SGF	FY 1996 All Funds
Revenue	--	--	--	--
Expenditure	--	--	\$36,199	\$74,599
FTE Pos.	--	--	--	1.0

Any expenditures in FY 1996 that would occur as a result of the passage of HB 2161 would be subject to legislative appropriation. The amount that would be appropriated to the Alternative Fuels Government Fleet Loan Fund, therefore, is indeterminable. The Department of Administration indicates that the loan program could be implemented within existing budget authority and staff but may require additional staff beyond FY 1996, depending on the activity of the program. The Department of Revenue estimates it would require \$36,199 from the State General Fund and 1.0 FTE position to administer the income tax credit program authorized by HB 2161, as amended by the Senate Committee on Transportation and Utilities.

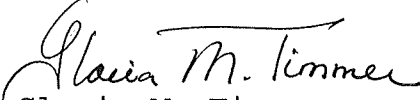
The provisions of the act that require 10 percent of the vehicles purchased by state agencies for model year 1996 to be alternative-fueled motor vehicles could result in an increase in expenditures for the purchase of vehicles. Assuming that only light duty vehicles located in Kansas City and Wichita would be affected by this legislation and based on the estimated conversion amounts per vehicle and the number of vehicles in these locations, the Department of Administration estimates that the cost of conversion to natural gas of 10 percent of the new vehicles that it would purchase in FY 1996 would be \$38,400 from the Motor Pool Service Fund for gasoline and compressed natural gas use. In summary, estimates provided by the Departments of Administration and Revenue total \$74,599 from all funding sources. These amounts are not included in *The FY 1996 Governor's Budget Report*.



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The fiscal effect of the act in the fiscal years subsequent to FY 1996 would depend on the number and amounts of the loans issued under the Alternative Fuel Government Fleet Fund from loan repayments and gifts. The Department of Revenue estimates that the income tax credit program would reduce State General Fund receipts by \$450,000 in FY 1997 for property purchased in calendar year 1995. Beyond FY 1997, State General Fund receipts would be reduced below the amounts anticipated to be received under current law by an increasing amount. Ongoing administrative costs would be approximately \$32,000 a year in the Department of Revenue.

Sincerely,

  
Gloria M. Timmer  
Director of the Budget

cc: Barry Greis, Facilities Management  
Pat Higgins, Administration  
Tom Day, KCC  
Matt Holt, KCC  
Bill Watts, KDOT  
Lynn Robinson, Revenue

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