

Approved: 3/5/96
Date

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairperson Kenneth King at 1:30 p.m. on February 21, 1996 in Room 526-S of the Capitol.

All members were present except:
All present

Committee staff present: Hank Avila, Legislative Research Department
Tom Severn, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:
Ron Hein, MESA
Marshall Moody, United Cities Gas Company
Lee Eisenhauer, Propane Marketers

Others attending: See attached list

HB 2995 - tax credit for certain alternative-fueled motor vehicle property

Hearings opened. The Chair called on staff to give an overview of **HB 2995**. This bill was introduced to clear up the ambiguity of the existing statute regarding tax credits for non-vehicular equipment.

Ron Hein, representing MESA, told the committee MESA requested introduction of **HB 2995** to clear up the confusion regarding the amendments that was placed on the alternative fuels bill as passed by the Legislature in 1995. At the time the original bill was passed there was concern about the fiscal note and as a result amendments were placed on the bill which would require a fleet of a certain size and limiting the tax credit per vehicle. This bill provides for a \$50,000 cap on compressor equipment. MESA believes it is appropriate to clear up the ambiguity of the existing statute. (Attachment 1)

Marshall Moody, United Cities Gas Company, told the committee by clarifying and solidifying the State's intent, this bill would allow private industry to invest with greater confidence. While a higher cap would be more desirable, large fleet owners would appreciate language-specific legislation that would enable them to accurately budget, prepare, and proceed with future alternate fuel projects. (Attachment 2)

The next proponent was Lee Eisenhauer, Propane Marketers Association of Kansas, who said the adoption of the \$40,000 limit would encourage installations of the state-of-the-art refueling stations that look identical to gasoline pumps at service stations. If the credit for refueling property was extended beyond fleets to individual taxpayers this would also encourage the installation of these refueling stations, particularly along major highways, making it easier for travelers passing through our state to find these fill stations. (Attachment 3)

Following questions by the committee hearings were closed on **HB 2995**.

HB 2809 - disposition of fines for size and weight violations

The Chair called for final action on **HB 2809**. Representative Crabb reviewed the bill and the purpose for its' introduction.

Representative Shore made a motion to pass the bill with a conceptual motion which would state all money collected in fines by the Highway Patrol would go to the State general fund and the money collected in fines by the weight officer would be divided equally between the county and the State. This was seconded by Representative Myers and the motion carried.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 526-S Statehouse, at 1:30 p.m. on February 21, 1996.

SB 272 - regulating traffic; concerning brakes

The Chair called for discussion and final action. Representative Shore made a motion to pass **SB 272** favorably, seconded by Representative Humerickhouse.

Representative Dawson made a substitute motion to provide a substitute bill for **SB 272** by deleting lines 9 through 32 and replacing it with **HB 2716 (opt out)** and passing **SB 272** favorably, as amended. This was seconded by Representative Humerickhouse and the motion carried.

The Chair adjourned the meeting at 2:10 p.m.

The next meeting is scheduled for February 22, 1996.

HOUSE TRANSPORTATION COMMITTEE GUEST LIST

DATE: February 21, 1996

NAME	REPRESENTING
Ron Hein	MESA
Tom PALACE	KOMYK
See Eisenhower	PMAK
Jackie Shufelberger	ENRON
Tom WHITAKER	Ks MOTOR CARRIERS ASSN.
MARSHALL MOODY	UNITED CITIES GAS CO.
TOMMY GREER	UNITED CITIES GAS CO.

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Ronald R. Hein
William F. Ebert
Stephen P. Weir
Melissa A. Wangemann

HOUSE TRANSPORTATION COMMITTEE
TESTIMONY RE: HB 2995
Presented by Ronald R. Hein
on behalf of
MESA
February 21, 1996

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for MESA. MESA is one of the nation's largest independent natural gas producers and currently has approximately 60% of its natural gas reserves in the state of Kansas.

In 1995, the Legislature overwhelmingly passed an alternative fuels program for the state of Kansas, including a tax credit on a very limited basis.

There was concern expressed on that legislation about the potential fiscal note. As a result, amendments were placed on the bill to limit the scope of the credit in two ways: 1) requiring a fleet of a certain size; and 2) limiting the tax credit per vehicle.

This compromise was ultimately approved by the legislature.

Since that time, it has been called to my attention on two occasions, one from the KCC, and one from the Revisor's Office, that the legislative policy was not clear with regards to a tax exemption for equipment other than motor vehicles, such as compressors and other equipment that are granted an exemption pursuant to Section 1 (d)(2)(C) of the bill, p. 2, lines 16-21.

Is there a tax credit for non-vehicular equipment but with no limit, or no tax credit at all? Either way, the current language of the statute is subject to interpretation that might inadvertently result in either too high a fiscal note, or the possibility of litigation.

Therefore, MESA requested that HB 2995 be introduced simply to clear up the policy. HB 2995 provides for a \$50,000 cap on compressor equipment. The amount of the credit is a policy question for the legislature, but MESA believes it is appropriate to clear up the ambiguity of the existing statute.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

House Transportation Committee
February 21, 1996
Attachment 1



February 21, 1996

To: State of Kansas Transportation Committee

From: Marshall Moody, Commercial Marketing Representative, United Cities Gas Company

Subject: Support of HB 2995

United Cities Gas Company fully supports House Bill 2995. This bill exemplifies the State's steadfast and continued support of alternate fuel vehicles (AFVs).

By clarifying and solidifying the State's intent, this bill will allow private industry to invest with greater confidence. Although a higher cap would be more desirable, large fleet owners will greatly appreciate language-specific legislation that will enable them to accurately budget, prepare, and proceed with future alternate fuel projects.

Private industry investment will create cleaner air, bring more jobs to the State of Kansas, decrease our reliance on foreign oil, and promote production of natural gas in Kansas.

The State of Kansas is a leader in promoting the development of the alternate fuel market. Large fleet owners in our territory appreciate this proactive approach and are strongly considering the economic and environmental benefits that natural gas vehicles provide.

United Cities Gas Company supports clean air, more jobs in Kansas, decreased reliance on foreign oil, and increased natural gas production in the State of Kansas. The adoption of House Bill 2995 in support of AFVs will help Kansas continue to move forward and achieve these results.

*House Transportation Committee
February 21, 1996
Attachment 2*

Testimony Presented to the
HOUSE TRANSPORTATION COMMITTEE

February 21, 1996

By

Lee Eisenhauer

Executive Vice-President

Propane Marketers Association of Kansas

Mr. Chairman and Members of the Committee:

I am Lee Eisenhauer, executive vice president of the Propane Marketers Association of Kansas. On behalf of those marketers, I thank you for allowing me this time.

We favor passage of House Bill 2995 as we are, of course, in favor of any incentive which encourages the use of alternative motor fuels.

The proposed increase in the tax credit amount - to \$40,000 for refueling property placed in service by a taxpayer, defined in the law as "any person who owns and operates a fleet of 10 or more vehicles....." - is far more than adequate for the installation of a propane refueling unit. Such a unit, utilizing the best equipment and a 1,000-gallon propane storage tank, will run between \$4,000 and \$5,000.

However, if the \$40,000 limit is adopted, it could encourage installations of the state-of-the art, more costly, refueling stations that look identical to gasoline pumps at service station.

We would like to see the credit for refueling property extended beyond fleets to individual taxpayers, to encourage the installation of these much-needed, more costly propane public refueling stations - particularly along major highways. In addition to Kansas users, travelers passing through our state find it a little more difficult to find fill stations than in the states more aggressive in the use of alternative fuels.

Thank you for your consideration. I will be happy to try to answer any questions you may have.

*House Transportation Committee
February 21, 1996
Attachment 3*