

Approved: MARCH 7, 2000
Date

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Sen. Pat Ranson at 1:30 p.m. on February 29, 2000 in Room 231-N of the Capitol.

All members were present except:

Sens. Clark, Hensley and Pugh were excused

Committee staff present:

Lynne Holt, Legislative Research Department
Mary Torrence, Revisors of Statute Office
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See attached list

Sen. Ranson announced Sen. Lee's pages are assisting the committee today, and asked them to introduce themselves to the committee.

Sen. Ranson asked the committee to refer to **SB 640-Weights and measures; annual inspections**. The committee took testimony last week and heard from the representative of the Propane Marketers Association of Kansas and from the Department of Agriculture. She reminded the committee that the representative from the Propane Marketers Association requested the bill regarding inspections of vapor meters. The bill as it was drafted included other meters and left inspections to the discretion of the Secretary of the Department of Agriculture. The committee consensus was to draft an amendment and relate it to the repeal of vapor meters only.

Sen. Ranson then asked Mary Torrence to explain the amendment, which was distributed to the committee (Attachment 1). Ms. Torrence explained new subsection (e) allows the Secretary of the Department of Agriculture to adopt rules and regulations for the frequency of inspections for vapor meters, taking into consideration standards adopted by the National Institute of Standards and Technology. Representatives from the Department of Agriculture indicated their approval of the amendment, and Sen. Ranson stated there is still a problem in finding someone certified to inspect the meters. After discussion, Sen. Steffes made a motion the amendment be adopted, and it was seconded by Sen. Lee; the motion passed. Sen. Steffes made a motion the bill be passed as amended, and it was seconded by Sen. Lee. Roll call vote was taken, and the motion passed.

Sen. Ranson announced the agenda for next week, which will be a briefing and discussion on **HB 2826-oil and gas; relating to unitization and unit operations** on Thursday and discussion and action the following Tuesday. The remainder of next week will be devoted to a review of the KCC Conservation Division and the plugging of abandoned wells. She also discussed two new house bills which have been assigned to the committee.

Noting there was time left, Sen. Ranson called on Mary Torrence to brief the committee on pending Missouri legislation regarding merchant power plants, which the committee had discussed earlier in the session. Ms. Torrence distributed a constitutional amendment (Attachment 2) and briefly explained it authorizes the General Assembly in Missouri to impose replacement taxes for existing utility taxes used for generation, transmission or distribution of electricity. She explained the replacement tax will be imposed on the distributor of electricity or natural gas, or the user if not received from a distributor who has paid the tax. She explained the objective is to maintain local tax revenues; the replacement taxes cannot shift from one customer class to another and does not shift the tax from the commercial to the residential customer. Ms. Torrence also distributed a bill (Mo. SB 803), (Attachment 3), which is the implementing legislation for the constitutional amendment discussed before. It would repeal taxes (revenue lost) and replace it by an electricity or natural gas usage tax. It also provides that electric cooperatives report the number of transmission and distribution line miles owned by cooperatives in each

CONTINUATION SHEET

MINUTES OF THE SENATE UTILITIES COMMITTEE, Room 231-N Statehouse, at 1:30 p.m.
on February 29, 2000.

taxing jurisdiction to the State Tax Commission. The committee discussed the usage tax, and Sen. Steffes stated that it is "Unbundling" costs to the consumer, which is one of the problems with deregulation. He recalled deregulation of the banking industry and customers' anger when they learned the extra costs they would be paying. Sen. Lee also discussed retail wheeling and the problem of high property taxes in the state as opposed to other states with lower property taxes. The committee discussed the second paragraph of the bill and noted in the last paragraph the provision is for a two-year transition if the constitutional amendment is adopted. Ms. Torrence is unsure of the status of the bill at this time, but will find out and report to the committee.

Meeting adjourned at 2:10.

Next meeting will be March 2, 2000.

SENATE BILL No. 640

By Committee on Federal and State Affairs

2-18

9 AN ACT concerning weights and measures; relating to inspections;
10 amending K.S.A. 83-304 and repealing the existing section.

11
12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. K.S.A. 83-304 is hereby amended to read as follows: 83-
14 304. (a) Unless otherwise provided by the secretary in rules and regula-
15 tions, the owner or operator of a weighing and measuring device which
16 is used commercially shall have such weighing and measuring device
17 tested and inspected at least annually for accuracy. The test shall be con-
18 ducted by either a licensed technical representative employed by a li-
19 censed service company or by an authorized representative of any city or
20 county which has established a department of public inspection of weights
21 and measures pursuant to K.S.A. 83-210, and amendments thereto, or by
22 the secretary, which inspects such weighing and measuring device in ac-
23 cordance with rules and regulations adopted by the secretary. If upon
24 inspection by the secretary or an authorized representative of the secre-
25 tary, it is found that the weighing and measuring device has not been
26 tested and inspected for accuracy and approved within the preceding 365
27 days, the secretary or the authorized representative of the secretary shall
28 take the weighing and measuring device out of service pursuant to the
29 provisions of K.S.A. 83-215, and amendments thereto. Except as provided
30 further, the test weights or equipment used by the service company shall
31 have been approved and sealed by the secretary pursuant to K.S.A. 83-
32 214, and amendments thereto, within 365 days preceding the date of the
33 tests. Test weights or equipment which has the nominal capacity of 250
34 pounds or greater, are housed in a grain elevator or similar structure and
35 are used to test scales in grain elevators or similar facilities shall have
36 been approved and sealed by the secretary pursuant to K.S.A. 83-214,
37 and amendments thereto, within three calendar years preceding the date
38 of the test. Except at the option of the city or county which has an estab-
39 lished department of public inspection of weights and measures, tests and
40 inspections shall be at the expense of the owner or operator of the weigh-
41 ing and measuring device. In any city or county which has a department
42 of public inspection which inspects such weighing and measuring device,
43 the test may be conducted by an authorized representative of the city or

Except as provided by subsection (e)

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Attach. 1.

secretary by the service company.

(d) Each service company shall be required to keep at such company's corporate headquarters or at such company's resident agent's office a copy of all reports regarding the installation, repair, calibration and other work the service company or the technical representatives employed by the service company performed on the commercial weighing and measuring devices. Such reports shall be legible and maintained in an accessible manner and for a period of time as established by the secretary pursuant to rules and regulations. The owner or operator of a weighing and measuring device shall also be required to retain copies of all reports regarding the installation, repair or adjustment or any of the aforementioned done to the weighing and measuring device at the site where the measuring and weighing device is used. Such reports shall be legible and maintained in an accessible manner and for a period of time as established by the secretary pursuant to rules and regulations.

Sec. 2. K.S.A. 83-304 is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.

(e) The secretary may adopt rules and regulations providing for inspection of vapor meters at intervals less frequent than annually if the secretary determines that annual inspections are not necessary to protect the public interest. In adopting any such rules and regulations, the secretary shall take into consideration the standard for inspections of vapor meters adopted by the national institute of standards and technology of the United States department of commerce.

2-1

A-

SJR 046 Authorizes replacement taxes for various utility taxes

Sponsor:	<u>Goode</u>		
LR Number:	<u>3361L.03I</u>	Fiscal Note:	<u>3361-03</u>
Committee:	<u>Commerce and Environment</u>		
Last Action:	<u>02/01/00 - Hearing Conducted S Commerce & Environment</u>		Journal page:
	<u>Committee-Continued</u>		
Title:			
Effective Date:	<u>Indefinite</u>		

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Current Bill Summary

SJR 46 - This proposed constitutional amendment, if approved by the voters, would authorize the General Assembly to impose replacement taxes for certain existing utility taxes, including: local sales taxes, gross receipts taxes and franchise fees on natural gas and electricity and taxes on real or tangible personal property used directly for the generation, transmission or distribution of electricity.

The tax being replaced shall be terminated upon the effective date of the replacement tax. The replacement tax shall be imposed upon the distributor of electricity or natural gas or the user if not received from a distributor who has paid the tax. The replacement taxes shall be imposed so that the share of tax burden on generally-recognized groups of customers shall be the same as for such groups under the replaced tax during the year 2000. The replacement taxes shall be imposed so as to replace lost revenues for each political subdivision, to the extent practicable.

OTTO FAJEN

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Attach. 2

2/8/00 12:30 PM

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SB 0803 Revises various utility taxes and authorizes replacement taxes

Sponsor:	Goode		
LR Number:	3398L.03I	Fiscal Note:	3398-03
Committee:	Commerce and Environment		
Last Action:	02/01/00 - Hearing Conducted S Commerce & Environment		Journal page:
	Committee-Continued		
Title:			
Effective Date:	Varies		

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Current Bill Summary

SB 803 - This act is implementing legislation for SJR 46 which authorizes the General Assembly to enact utility replacement taxes. Upon approval of the constitutional amendment, the act would repeal existing gross receipts taxes and business license taxes on electricity and natural gas, franchise fee agreements, tax on utility distributable property and certain payments-in-lieu-of-taxes (PILOTs). Revenue lost by political subdivisions due to the repeal of these taxes are replaced by an electricity or natural gas usage tax or charge.

The act also contains backup provisions pertaining to gross receipts taxes and sales taxes on electricity and natural gas service which are similar to SB 612 from 2000 and backup provisions revising taxes on utility distributable property. Distributable property of electric companies in the 2001 tax year shall continue to be assessed and the values distributed by the same method used in that year, even if the property is no longer owned by an electric company. Electric cooperatives shall report the number of transmission and distribution line miles owned by the cooperative in each taxing jurisdiction to the State Tax Commission. New electric generation property placed into service on or after January 1, 2001, and owned by an entity not providing electric distribution service shall be assessed and the value distributed as if it were owned by the electric company authorized to provide distribution service where the new property is located. If located in an area where no electric company is authorized to provide distribution service, the property shall be assessed and the value distributed to taxing jurisdictions based upon the proportion of electric cooperative owned line miles in the jurisdiction.

The backup provisions will become effective August 28, 2000, and will terminate on January 1, 2002, if the constitutional amendment has been adopted.
 OTTO FAJEN

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 2/4/00 4:37 PM