

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman David Corbin at 10:40 a.m. on January 21, 2004, in Room 519-S of the Capitol.

All members were present except:  
Senator Edward Pugh- excused

Committee staff present:  
Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee:  
Senator Tim Huelskamp

Others attending:  
See Attached List.

Committee discussion on bill heard during 2003 Legislative Session – **SB 85–Eliminate property tax exemption for property utilizing wind resources and technologies to produce energy.**

Senator Corbin opened the discussion by calling attention to a letter distributed by Senator Huelskamp with an attached memorandum from the Midwest Project Director for enXco, who states that repealing the property tax exemption for wind energy farms could have a destabilizing impact on a Spearville project currently being developed and finalized. Senator Huelskamp notes that both he and his constituents agree that passage of **SB 85** will have a negative impact on the community of Spearville and Ford County. (Attachment 1)

For the Committee's information, Senator Corbin distributed copies of letters in opposition to **SB 85** which he received from Grant County Economic Development, the Stevens County Economic Development Board, and the Ford County Board of County Commission. Along with the letters, he distributed copies of a January 2004 National Conference of State Legislatures briefing on tax and landowner revenue generated by wind energy projects. (Attachment 2)

Senator Corbin commented that a permanent property tax exemption sometimes "raises people's eyebrows" because permanent exemptions almost never happen. He noted that the debate concerns whether or not to have a permanent exemption for what is considered a fledgling industry. He called upon Gordon Self, Revisor of Statutes Office, for background information on the bill.

Mr. Self explained that current law in effect since 1999 (K.S.A. 2002 Supp. 79-201) provides a property tax exemption for all property "actually and regularly used predominantly to produce and generate electricity utilizing renewable energy resources or technologies." He noted that the definition of renewable energy specifically includes wind resources or technologies. As introduced, **SB 85** provided that, commencing in tax year 2003 and all tax years thereafter, the property tax exemption for wind resources or technologies only is eliminated. He went on to say that, after the Committee had a hearing on the bill, he was directed to draft a balloon of the bill in an attempt to come to an agreement among the various interests. (Attachment 3) The balloon provides that, commencing in tax year 2003 and all tax years thereafter, the wind resources exemption is restored with the condition that the taxpayer wanting the exemption enters into a contract with the board of county commissioners for the payment of service charges in lieu of taxes, and the taxpayer continues to make the in lieu of taxes payments.

Senator Corbin commented that the issue concerns companies offering a payment in lieu of taxes as a means to compete with other companies. In essence, the offer amounts to buying access to an area in order to cut through zoning regulations. However, that is not the reason the exemption was put in place. He noted that a court case in Butler County addressed the issue and determined that the Butler County Commissioners could not use payment in lieu of taxes as a factor in their decision to grant the permit for use.

## CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 10:40 a.m. on January 21, 2004, in Room 519-S of the Capitol.

Senator Lee asked Mr. Self if the proposed provision that the property tax exemption will cease if the payment in lieu of taxes is not made is constitutional. Mr. Self commented that the provision is unique; however, the Legislature has the authority to allow for the contract. She then confirmed with Mr. Self that local governments do not have the authority to give an exemption for longer than ten years and asked if a constitutional amendment would be required in order for the Legislature to give local units of government the ability to give a property tax abatement for longer than ten years. Mr. Self said the EDX is constitutional, but the IRB is statutory. Therefore, the answer is yes and no. Senator Lee went on to explain that she was a member of the conference committee **SB 85** and at that time the House Utilities Chair demanded that the exemption be made permanent because of the inability of local units of government to give a permanent exemption. She observed that it is obvious from materials presented to the Committee that there are now local units of government that are interested in allowing an exemption for longer than ten years. She asked if it would be constitutional to change the statutes to allow counties the ability to grant a permanent exemption if they so desire as opposed to a flat out permanent exemption. In response, Mr. Self said he would research her suggestion.

Senator Corbin commented that, unfortunately, a permanent exemption has become an issue of the east vs. the west part of the state. He noted that Senator Huelskamp views the exemption as an economic development tool. However, the question remains as to if more is gained in the long run by creating economic development which involves lost property tax revenue.

In response, Senator Huelskamp said that the City of Spearville is not primarily concerned about the permanent property tax exemption as a public policy issue. He noted that Spearville residents support a proposed \$150 million wind farm construction project being developed on 20,000 acres in the area, but the possibility that the exemption could be repealed in the middle of negotiations with the wind energy company creates uncertainty. In his opinion, the changing the rules in the middle of the game may ruin negotiations, which are fragile because so many landowners are involved. He noted that the wind farm is a huge economic development in Ford County and urged the Committee to act on the bill soon to end the uncertainty and to make clear what the public policy will be for years to come.

Senator Corbin commented that opposition to the permanent exemption in Butler County is due, in part, to environmental concerns. He noted that the key question for persons in the wind farm industry concerns the availability of electric transmission lines. The number of wind farms in the western part of the state is limited because of transmission problems; however, the Butler County area is much closer to transmission lines. He agreed that changing the rules creates uncertainty. He commented that the issue of repealing the permanent tax exemption for wind energy farms would not have surfaced if the industry had not begun making payments in lieu of taxes in order to buy access.

Senator Oleen asked if a county would be required to share payment in lieu of taxes with school districts. In response, Chris Courtwright, Legislative Research Department, said that a statute relative to the IRB law provides that, once an IRB has been granted by a county, payments in lieu of taxes must be distributed to all taxing subdivisions in the same proportion as property taxes. However, the exemption for wind farms is different because it was not granted through an IRB but through a state statute. Since the payment in lieu of taxes agreement with the county is not one pursuant to the IRB law, he was uncertain if counties would be required to share with school districts.

Senator Goodwin asked if information is available on how many counties do not have zoning laws. She commented that perhaps counties with no zoning laws have no authority over contracts between landowners and distributors of wind energy.

Senator Lee requested that staff research whether or not the constitution allows a statutory change to allow counties to grant multiple ten year extensions as opposed to current law which allows only one ten year extension. In addition, she expressed her concern about the constitutionality of requiring payment in lieu of property tax. In this regard, Senator Corbin commented that some of the wind farm projects will be in rural areas with very limited access, and the roads will have to be improved due to the heavy equipment traveling to the area during construction and later for maintenance. Although the payment in lieu of taxes was meant to offset the cost, it is possible that the payments will not be enough. As a result, the burden will fall on all

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE at 10:40 a.m. on January 21, 2004, in Room 519-S of the Capitol.

county taxpayers.

Pending the receipt of the information requested by committee members, Senator Corbin closed the discussion. He noted that he plans to visit with committee members individually before scheduling further discussion and possible action on **SB 85**.

Senator Donovan moved that the minutes of the January 20, 2004, meeting be approved, seconded by Senator Buhler. The motion carried.

The meeting was adjourned at 11:20 a.m.

The next meeting is scheduled for January 27, 2004.

SENATE ASSESSMENT AND TAXATION COMMITTEE  
GUEST LIST

DATE: January 21, 2004

NAME	REPRESENTING
Richard Cron	KDOR
John Hanna	Associated Press
Ann Durkin	DOB
Smah Kungu	HNS
Chris Moon	Top Cap. Journal
Keneth Zwickler	Spearville Enxco
Sen. Tim Huelskamp	
Dave Holtzhaus	KFC
John Spry	curb
JERRY HOLDEEN	KANSAS FAEN BUREAU
Ellie & Dawie	K. Livestock Association
ALAN COBBS	Tallgrass Ranchers
Jim Ploger	KCC
Randi Treitaraas Jacke	KS Dept of Commerce
Bruce Graham	KEPCo
Jim Gregory	NantH
Jesse McCurry	Commerce
Larry R Baer	LKM
Bill Brady	KS Gov't Consulting



SENATE ASSESSMENT AND TAXATION COMMITTEE  
GUEST LIST

DATE: 1/21/2004

NAME	REPRESENTING
Kyle Wetzel	_____
Jane Sieve	Kearney & Associates
George Peterson	K's taxpayers Network
John D. Pinegar	Kansas Legislative Policy Group
Trudy ARON	AMINST of Architects
Charles Benjamin	KS Sierra Club
J.C. Long	AQUILA, INC.
Danielle Lee	Johnson County Govt
Todd Johnson	KLA
MARK BRUCE	FPL ENERGY
SCOTT SCHNEIDER	GBBA
Ron GACHES	GBBA
Amy Link	Lee Intern
Ron Seebor	Howland Firm

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STATE OF KANSAS

Senator Tim Huelskamp

### Committee Assignm

Information Technology, Chairman  
Agriculture, Vice Chairman  
Kansas Legislative Education  
& Research, President  
Elections & Local Government  
Medicaid Reform Task Force  
Natural Resources  
Natural Resources Legacy Alliance

January 21, 2004

TO: Senator David Corbin, Chair  
Senate Taxation & Assessment Committee

FROM: Senator Tim Huelskamp

SUBJECT: SB 85

Enclosed is a memo from enXco's Midwest Project Director, Paul White, regarding wind energy taxes. EnXco is pursuing the development of a large wind farm near Spearville in Ford County.

His comments in this memo are representative of the feelings of my constituents and myself. We do not support SB 85. While your committee discusses SB 85 today, please take into consideration the contents of the memo and the negative impact SB 85 will have on the community of Spearville and Ford County.

Thank you.

A handwritten signature in black ink, appearing to read "Tim", with a stylized flourish at the end.

TH:dja  
Enclosure

Senate Assessment & Taxation  
1-21-04  
Attachment 1

January 20, 2004

Senator Tim Huelskamp (fax#: 810 821 2712)

Re: Senate Taxation & Assessment Committee exemption of wind energy taxes

Dear Senator Huelskamp,

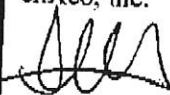
It has come to our attention that there is an effort underway to repeal the property tax exemption for wind energy in order to deter development of wind energy resources in the Flint Hills region of Kansas. There are numerous wind energy projects in development outside of the Flint Hills that could likely be harmed by this effort. We ask for your help in contacting Senator David Corbin (Chairman) and other members of the Senate Taxation and Assessment Committee to relay out concerns. Here are some facts:

- enXco, inc. is in development of the Spearville wind plant north of Spearville, Kansas. enXco has invested a great deal of time, energy, and funds to acquire this site, obtain permits, study and plan for electrical interconnection, and initiate power sales negotiations with utility customers. The community of Spearville is greatly in favor of the project. All of this investment has been made under the current laws that exempt the project from property taxes. We are afraid that reinstating property taxes at this late date could have a destabilizing impact on the Spearville project as we attempt to finalize power sales and project construction plans.
- Wind energy is close to becoming cost-competitive in Kansas and this repeal may significantly harm wind development in the state. One anecdote on this subject of price sensitivity—we have had the prior experience of competing for a wind energy project elsewhere in Kansas where we believe that the project was not developed due to a price differential of approximately 1/10<sup>th</sup> to 2/10<sup>th</sup> cent per kWh.
- Other wind energy companies are attempting to develop similar projects in other areas of Kansas that could be harmed by this repeal of property tax exemption.

While we feel strongly that the proposed change in tax treatment of wind energy could prove destabilizing for all wind projects in the state, we reassure you that we are sensitive to local environmental concerns, including those in the Flint Hills region. We are also mindful, as we are sure you are, of the economic development opportunities from wind energy in economically depressed areas. In Spearville, enXco has investigated a number of ways that the wind project can benefit the local community, including but not limited to contracting for local services, long-term employment of persons from local community, and direct funding of local initiatives. enXco plans to follow through on those efforts as the Spearville project progresses, however, should the legislature choose to reinstate taxes on wind energy those benefits may be lost for the Spearville, KS, area.

Thank you for your help on this issue. Please do not hesitate to contact me at your convenience if you have any questions or concerns (612 331 1486 x306).

Sincerely,  
enXco, inc.



Paul White, Midwest Project Director

enXco

35 19th avenue  
box 5810A3  
palm springs  
ca 92268  
329.1437  
329.1503

JAN 20 2004

# Grant County

## Economic Development

To: Senator Corbin  
Senate Assessment and Taxation Committee

From: Gene Pflughoft  
Executive Director  
Grant County Economic Development, Inc.

Subject: Senate Bill 85

### PLEASE DISTRIBUTE THIS AS WRITTEN TESTIMONY

Recently I attended the Kansas Renewable Energy Conference in Wichita, Kansas. We were told that for the first time, Kansas is now an importer of energy. We are a great state. We have renewable resources. Two of these resources are wind and biomass.

Kansas is being considered by several companies because they see the future and realize that energy cost will be a major concern in the future.

Wind farms have given Kansas recognition in major publications. Wind farms have generated revenue to Kansas. Wind farms have created jobs. Wind farms take advantage of the major renewable resource.

Outside our state, energy companies are looking at Kansas as a place to invest. Any road blocks placed in their way, such as a tax, will simply direct them to Oklahoma, Nebraska, or some other state.

I know that as a committee, you are looking for additional ways to generate revenue. Repealing this tax would be killing the goose that is laying and continue laying the golden egg.

As you make your decision, may you have the wisdom not to hinder the future growth of our wonderful state. Thank you for your consideration.

*Senate Assessment & Taxation  
1-21-04  
Attachment 2*



**From:** "Chamber" <ecodevo@pld.com>  
**To:** "Dave Corbin" <corbin@senate.state.ks.us>, "Les Donovan" <donovan@senate.state.ks.us>, "Barbara Allen" <allen@senate.state.ks.us>, "Mark Buhler" <buhler@senate.state.ks.us>, "David Haley" <haley@senate.state.ks.us>, "Greta Goodwin" <goodwin@senate.state.ks.us>, "Phil Journey" <journey@senate.state.ks.us>, "Lana Oleen" <oleen@senate.state.ks.us>, "Edward Pugh" <pugh@senate.state.ks.us>, "Mark Taddiken" <taddiken@senate.state.ks.us>, "Janis Lee" <lee@senate.state.ks.us>  
**Date:** Tue, Jan 20, 2004 3:07 PM  
**Subject:** Repeal of Property Tax Exemption for Wind Farms

Dear Senators,

The members of the Stevens County Economic Development Board ask that you keep the property tax exemption for wind farms in place. We believe this incentive gives Kansas an advantage over neighboring states in the development of this renewable energy source. We further believe that elimination of this exemption could deal a death blow to this fledgling industry, therefore adding no new taxes to the state coffers. We have been working on a project in our county and repeal of the exemption would probably reduce any potential profit to the point that the project would no longer be competitive or feasible.

There may be places in the state that don't want wind farms, but we certainly want and need this type of project in our county. The rural counties of Western Kansas need a diverse mix of industries to sustain our economies. We hope that you will assist us in our efforts and keep this much needed incentive intact.

Thank you for your consideration,  
Neal R. Gillespie  
Stevens County Economic Development Director  
Mayor of Hugoton  
630 S. Main  
Hugoton, KS 67951  
620-544-4440

**CC:** "Steve Morris" <morris@senate.state.ks.us>, "Jeff Crawford" <yardmast@pld.com>, "Gary Gold" <ggold@oznet.ksu.edu>, "Jeff Schlichting" <jeff@hmrresources.com>, "Gary Baker" <glbh2o@pld.com>, "Dave Bozone" <shirleyb@pld.com>, "Sharla Krenzel" <wced@wbsnet.org>

793-311-3119



BOARD OF COUNTY COMMISSION  
FORD COUNTY  
100 GUNSMOKE  
DODGE CITY, KS 67801  
PHONE: 620-227-4550

January 20, 2004

Senator Dave Corbin, Chairman  
Senate Assessment & Taxation Committee  
Room 143-N, State Capitol  
10<sup>th</sup> & Jackson  
Topeka, KS 66612

RE: Senate Bill 85

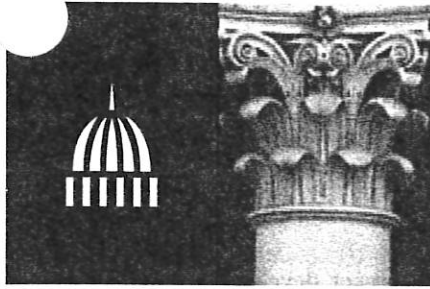
Dear Honorable Senator Dave Corbin and Committee Members:

The Board of County Commissioners of Ford County, Kansas respectfully wishes to make known our opinion in regards to the issue of repealing the tax exemption on wind energy. In an effort to seek and attract energy resource companies to Kansas, tax exemption is of considerable impact. Kansas, especially Western Kansas, has potentially enough wind energy to rank third in the nation to supply electrical needs. This issue should remain paramount in consideration for your committee; therefore, we do not support repealing the tax exemption for wind energy.

Respectfully,

A handwritten signature in cursive script that reads "T. Kim Goodnight".

T. Kim Goodnight, Chairman  
Board of County Commission  
Ford County, Kansas



## Tax and Landowner Revenue from Wind Projects

By Leslie Kaas Pollock and Troy Gagliano

*The wind power industry is growing tremendously.*

*Many wind projects are generating tax revenue for counties, school districts and townships.*

The wind power industry is experiencing a tremendous surge in growth. The amount of wind-generated electricity doubled over the past five years in the United States, reaching nearly 4,700 megawatts (MW) at the end of 2002. That's enough to power more than 1.4 million average American homes. State policymakers are becoming more interested in wind power because it is a domestic source that can help states diversify their energy portfolios and protect consumers from volatile electricity prices. The expansion of wind power also is translating into significant economic development opportunities for many rural communities.

**Local tax revenue.** Many wind projects are generating tax revenue for counties, school districts and townships. Since the strongest winds are found mostly in rural areas, these often economically depressed locations are reaping the benefits. Local revenue takes many forms, from property and sales taxes to construction and maintenance jobs.

The largest source of local revenue from wind farms is property taxes, and the biggest beneficiary of this revenue is usually local school districts. Texas rural school districts have been infused with large amounts of money since commercial-scale wind development took off in West Texas in 1999. Upton County, home to two wind projects totaling 353 MW, received \$3.6 million in revenue in 2002; 95 percent went to the McCamey School District. Two school districts in Pecos County received \$4.7 million in 2002 from three different wind projects totaling 402.5 MW.

In Oregon, the Vansycle Ridge project and the Stateline Wind Energy Center (108 MW combined) paid \$893,098 in taxes to Umatilla County in 2002. Of this total, approximately 60 percent goes to school districts, 20 percent to the county and local towns, and the remainder to small local districts, such as fire protection. Revenue is split similarly in Lincoln County, Minn., where 155 MW of wind from four different projects generated \$471,822 in 2003. This money is split evenly (45 percent each) between the county and the school districts, with the remainder distributed to local municipalities.

Revenue from wind farms can provide a significant boost to the local tax base. The 80 MW of

### County Property Tax Revenue from Wind Projects (2002)

Buena Vista, Iowa	\$212,490
Gray, Kansas	330,000
Lincoln, Minnesota	471,822
Fenner (town), New York	150,000
Umatilla, Oregon	893,098
Upton, Texas	3,600,000
Pecos, Texas	4,700,000
Walla Walla, Washington	1,500,000
Carbon, Wyoming	373,535

*Kansas and New York are payments in lieu of taxes. Iowa's amount increases to \$1.3 million in 2007. Minnesota's amount is for 2003.*

wind power produced in Worth County, Iowa, will generate approximately \$500,000 in property taxes—an amount which adds approximately 9 percent to the total tax base of the county. In addition, the Prowers County, Colo., assessor estimates that property taxes paid on the 162 MW Lamar Wind Farm will increase county revenue by 13.5 percent annually.

*Revenue from wind farms can provide a significant boost to the local tax base.*

### State Action

**Creative Incentives.** Counties and states are working to attract large-scale wind power development in a number of ways, including reducing or exempting renewable energy projects from property taxes. For example, a state law exempts the Kansas Gray County Wind Farm from paying property taxes. In a good faith agreement, the project owner agreed to make annual payments of \$330,000 to Gray County in lieu of taxes. Similarly, the Fenner Wind Project in upstate New York benefits from a full property tax exemption. In order to help the town of Fenner cover costs associated with maintaining the project, the developer is paying \$150,000 annually—an amount equal to one third of the town's tax revenue.

Rather than pay a lump sum to a local entity, some tax-exempt projects are spreading revenue around. One developer of a publicly owned (and thus tax-exempt) project in Washington paid a total of \$511,000 to the state in 2003, which was redistributed throughout Benton County. Included in this amount was an annual wildlife mitigation fee paid to the state Department of Fish and Wildlife that was used to offset the harmful effects of the wind farms on local sagebrush habitat. In 2002, the year the project was built, the developer paid \$1.2 million in taxes associated with the cost of construction.

**Landowner Revenue.** Wind projects also produce income for landowners who lease their land to developers. Landowners generally receive annual lease payments between \$2,000 to \$4,000 per turbine. The turbines are generally compatible with farming and ranching activities, occupying less than one acre each. Given that farmland in certain windy areas of Minnesota annually grosses approximately \$300 an acre for corn and soybeans, it is easy to see how large scale projects can benefit rural landowners in areas with strong winds.

*Wind projects also produce income for landowners.*

Payments to landowners take various forms. Many developers begin by paying landowners during the initial phase of project development in order to reserve the use of their land. Developers also may offer minimum guaranteed payments to landowners. These minimums range from \$750 per turbine per year at Storm Lake I in Iowa to \$4,000 per turbine per year at Nine Canyon in Washington. Per-turbine payments have been rising over the past few years and should continue to rise as more efficient and larger capacity turbines become more common.

Wind power is generating significant economic benefits for rural communities across the country at a time when it is greatly needed. Tax and landowner revenue associated with wind power development is breathing new life into these areas. For those states with lots of wind, legislators have it within their power to help attract new development to rural areas that have otherwise been hurt by recent economic downturns.

*Wind power is generating significant economic benefits for rural communities.*

### Selected Reference

Taylor, Michael, Alan Fox and Jill Chilton. *Assessing the Economic Development Impacts of Wind Power. Final Report.* Washington, D.C.: National Wind Coordinating Committee, 2003. [www.nationalwind.org](http://www.nationalwind.org)

### Contacts for More Information

Troy Gagliano and Matthew Brown  
NCSL—Denver  
(303) 364-7700 ext. 1404 and 1359  
[troy.gagliano@ncsl.org](mailto:troy.gagliano@ncsl.org)

Kevin Bryan  
National Wind Coordinating Committee  
(202) 965-6209  
[kbryan@resolv.org](mailto:kbryan@resolv.org)



SENATE BILL No. 85

By Senator Corbin

1-28

9 AN ACT concerning property taxation; eliminating wind energy re-
10 sources property exemptions; amending K.S.A. 2002 Supp. 79-201 and
11 repealing the existing section.

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

14 Section 1. K.S.A. 2002 Supp. 79-201 is hereby amended to read as
15 follows: 79-201. The following described property, to the extent herein
16 specified, shall be and is hereby exempt from all property or ad valorem
17 taxes levied under the laws of the state of Kansas:

18 *First.* All buildings used exclusively as places of public worship and all
19 buildings used exclusively by school districts and school district interlocal
20 cooperatives organized under the laws of this state, with the furniture and
21 books therein contained and used exclusively for the accommodation of
22 religious meetings or for school district or school district interlocal co-
23 operative purposes, whichever is applicable, together with the grounds
24 owned thereby if not leased or otherwise used for the realization of profit,
25 except that: (a) (1) Any school building, or portion thereof, together with
26 the grounds upon which the building is located, shall be considered to be
27 used exclusively by the school district for the purposes of this section
28 when leased by the school district to any political or taxing subdivision of
29 the state, including a school district interlocal cooperative, or to any as-
30 sociation, organization or nonprofit corporation entitled to tax exemption
31 with respect to such property; and (2) any school building, together with
32 the grounds upon which the building is located, shall be considered to be
33 used exclusively by a school district interlocal cooperative for the purposes
34 of this section when being acquired pursuant to a lease-purchase agree-
35 ment; and (b) any building, or portion thereof, used as a place of worship,
36 together with the grounds upon which the building is located, shall be
37 considered to be used exclusively for the religious purposes of this section
38 when used as a not-for-profit day care center for children which is li-
39 censed pursuant to K.S.A. 65-501 *et seq.*, and amendments thereto, or
40 when used to house an area where the congregation of a church society
41 and others may purchase tracts, books and other items relating to the
42 promulgation of the church society's religious doctrines.

43 *Second.* All real property, and all tangible personal property, actually

PROPOSED AMENDMENTS

(Gordon Self)
Revisor of Statutes

Senate Assessment + Taxation
1-21-04
Attachment B

1 health care services.

2 *Eleventh.* For all taxable years commencing after December 31, 1998,  
3 all property actually and regularly used predominantly to produce and  
4 generate electricity utilizing renewable energy resources or technologies.  
5 For purposes of this section, "renewable energy resources or technolo-  
6 gies" shall include ~~wind, solar, thermal, photovoltaic, biomass, hydro-~~  
7 ~~power, geothermal and landfill gas resources or technologies~~ *[but, com-*  
8 *mencing in tax year 2003 and all tax years thereafter, shall not include*  
9 *wind resources or technologies.]*

10 The provisions of this section, except as otherwise more specifically  
11 provided, shall apply to all taxable years commencing after December 31,  
12 1995.

13 Sec. 2. K.S.A. 2002 Supp. 79-201 is hereby repealed.

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

, except that for all taxable years commencing after December 31, 2002, there shall be no exemption granted pursuant to this paragraph for wind resources or technologies unless the taxpayer claiming such exemption has entered into a contract for the payment of service charges in lieu of taxes, authorized pursuant to K.S.A. 12-147, and amendments thereto, with the board of county commissioners of the county in which the property for which the exemption is to be granted is located. If such payment of service charges in lieu of taxes is not made by the taxpayer claiming such exemption in accordance with the provisions of the contract, such taxpayer shall no longer be entitled to the exemption

wind,