

Approved: April 29, 2005
Date

MINUTES OF THE SENATE COMMERCE COMMITTEE

The meeting was called to order by Chairperson Karin Brownlee at 8:45 A.M. on March 25, 2005 in Room 519S of the Capitol.

All members were present.

Committee staff present:

Susan Kannarr, Kansas Legislative Research Department
Helen Pedigo, Revisor of Statutes
Marry Galligan, Kansas Legislative Research Department
Jackie Lunn, Committee Secretary

Conferees appearing before the committee:

Lee Allison, Director of Science & Energy, Kansas Geological Survey
Charles Benjamin, Kansas Chapter Sierra Club
Bill Sneed, Kansas Speedway Corporation
Steve Kelly, Department of Commerce

Others attending:

See attached list.

Chairperson Brownlee opened the meeting by calling the attention of the Committee to the minutes waiting for approval for the following days: January 25th, 26th, 27th, 28th, March 3rd, March 11, and March 14. Senator Jordan made a motion to approve the minutes. Senator Emler seconded. Motion Carried.

Chairperson Brownlee opened from the floor for discussion on HB 2026. She called attention to the different amendments to the bill. One from Representative Watkins (Attachment 1), Verizon Wireless (Attachment 2) and the Brownlee Amendment (Attachment 3).

The Committee discussed the various amendments received on HB 2026 starting with Representative Watkins Amendment with Chairperson Brownlee conferring with Helen Pedigo, Revisor of Statutes regarding this amendment to explain what it would do. Next the Committee moved to the Verizon Wireless amendment and the discussion was brief. The Committee turned to the Brownlee Amendment and discussed the content. Chairperson Brownlee explained her amendment to the Committee. A discussion followed with Hal Gardner, Kan-Ed. He explained Kan-Win and Kan-Ren and the differences between the two. Stating these two might receive state General funds but indirectly.

Chairperson Brownlee recognized Senator Reitz. Senator Reitz stated his position is no matter what he wants Kan-ed to be funded and does not want any risk to Kan-ed at any time. He doesn't want it going to the general fund and have it subjected to the precocious nature of this Legislature in the future. He is not impressed with the way this Legislature used the vital instruments of education. He does not want it put in the hands of a body who thinks it is not important. He wants the Kan-ed funding to stay like it is. He believed Kan-ed is the way of the future and stated we need to be there. Senator Brownlee joined the discussion stating that Kan-ed is very beneficial to the state. Senator Elmer joined the discussion suggesting an amendment to address Senator Reitz's concerns. Senator Kelly entered the discussion asking what was the amount of the universal fee which goes to Kan-ed for funding. Senator Brownlee stated \$.40 per month to Kan-ed. Mr. Gardner joined in and stated that was correct and was approximately 17% of total cost. Senator Kelly asked what would happen to that \$.40 if they moved the funding to the state general fund. Senator Brownlee stated it would be dropped. Senator Kelly stated she agrees with Senator Reitz. Senator Wysong entered the discussion stating he liked Senator Emler's idea to add the language making Kan-ed funding as important as Educational funding.

Upon the conclusion of the discussion, Senator Wagle made a motion to accept the Brownlee amend on page 3 with a conceptional amendment from Senator Emler and move out favorably. Senator Wysong seconded.

A discussion followed regarding the year it would start coming out of the state general fund in the budget. It would be 2008. Senator Kelly is not sure that can be added to the education funding and stated that will probably have to be changed. Senator Reitz discussed changing the language from could to shall.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:45 A.M. on March 25, 2005 in Room 519S of the Capitol.

Upon the conclusion of the discussion, Chairperson Brownlee called for a vote on the motion. Motion carried with Senator Kelly, Senator Schodorf, and Senator Reitz voting against.

A discussion continued regarding the right place to receive the funding for Kan-ed. The committee would like for the funding for Kan-ed be as important as educational funding. Chairperson Brownlee called the attention of the Committee to page 4. An amendment to blend the networks, Kan-ed, Kan-ren and Kan-Win. Mr. Gardner entered the discussion stating the blending with Kan-ren would be doable because Kan-ed's relationship with Kan-ren is already in place. Blending with Kan-win would be a whole other issue and may take a great deal of time.

Senator Kelly made a motion to accept the amendment on Page 4. Senator Emler seconded. Motion carried

There was discussion on the section 3 which was removed from the bill yesterday in the Senate Commerce Committee meeting.

Senator Wagle made a motion to move HB 2026 out favorable as amended. Senator Emler seconded. Motion carried.

Chairperson Brownlee turn the Chair over to Senator Jordan. Chairperson Jordan opened the hearing on SB 304 by introducing Bill Sneed to give his testimony as proponent of SB 304. Mr. Sneed presented written testimony (Attachment 4) Mr. Sneed stated the state of Kansas is working diligently to put a package together in order to respond to an RFP in hopes of having the NASCAR Hall of Fame located near the Speedway. They believe the potential for procuring the Hall of Fame in Kansas will only strengthen Kansas as a destination center. In order to have all possible financial alternatives available, and after meeting with members of the KDFFA, they believe this technical amendment to be offered by Steve Weatherford, KDFFA is necessary in order to assure the maximum opportunity to procure the museum. In closing Mr. Sneed urged the Committee to vote in favor of SB 304 with the amendment.

Chairperson Jordan introduced Steve Kelly, Department of Commerce, to give his testimony as a proponent to SB 304. Mr. Kelly offered written testimony. (Attachment 5) Mr. Kelly stated the Department of Commerce is seeking legislative approval of an expansion of KDFFA authorization in K.S.A. 74-8905 to include issuance of bonds for, a hall of fame, museum or tourist destination of national significance as shall be determined by the Secretary of Commerce". Bonds issued by KDFFA on behalf of the NASCAR Hall of Fame at Kansas City, would not be a liability of the state nor would the state have any responsibility for the repayment of such bonds; rather the debt would/could be retired be a variety of streams of revenue available to the Hall of Fame. In closing Mr. Kelly urged the Committee to support SB 304.

Chairperson Jordan introduced Steve Weatherford , KDFFA to give his testimony as a proponent and to offer KDFFA's amendment. Mr. Wetherford offered an amendment to SB 304. (Attachment 6) This amendment would change th language to include a hall of fame, a museum or tourist facilities to be determined by the Secretary of Commerce.

A discussion followed Mr. Weatherford's testimony. Senator Reitz raised the question what would happen if it failed and turned out to be a disaster. Mr. Sneed stated the debt bond holders would be first in line for the collateral. There would be no liability to the state. Senator Brownlee entered the discussion asking where it would be located. Mr. Kelly stated they were considering several sites but thought the site at I-70 and 435 by Cabela's sign would probably be the final decision. Senator Brownlee wanted to know if the museum would buy the land. Mr. Sneed is not sure how that would work. Senator Brownlee stated this would be a separate entity. The discussion continued regarding the land and if it was still a possibility they would use STAR bonds. The estimate of the \$100 million dollar range was given for the museum.

With no further discussion or conferees, Chairperson Jordan closed the hearing on SB 304.

Senator Wysong made a motion to move SB 304 out favorably as amended by Steve Weatherford, KDFFA. Senator Reitz seconded. Motion carried.

CONTINUATION SHEET

MINUTES OF THE Senate Commerce Committee at 8:45 A.M. on March 25, 2005 in Room 519S of the Capitol.

Chairperson Jordan opened the hearing on SB 284 by introducing Lee Allison, Director of Science and Energy office, Kansas Geological Survey, to give his testimony as a proponent of SB 284. Mr. Allison offered written testimony. (Attachment 7) He stated this bill simply would allow the Kansas Development Finance Authority to issue revenue bonds to finance Kansas energy projects. This would include facilities that generate energy, including electricity or energy fuels, from any source including renewable energy. In closing he urged the Committee to pass this bill out favorably.

Chairperson Jordan introduced Charles Benjamin testifying as an opponent of SB 284. Mr. Benjamin is representing Brooks Albery, Chair, Energy Committee, Kansas Chapter of Sierra Club, Overland Park. Mr. Benjamin offered written testimony of Mr. Albery. (Attachment 8) Mr. Benjamin stated that the Sierra Club could not support this bill. He stated the bill was overly broad in its inclusion of all sources of electricity generation. As currently written, this bill could be used by utilities to fund fossil fuel and nuclear powered electricity and is unwarranted and unnecessary.

Upon the completion of Mr. Benjamin's testimony a discussion followed with the Committee. The consensus of the Committee was more time was needed. Chairperson Jordan stated this bill was a big bill and he did not sense the committee was ready to do anything on this bill.

Meeting adjourned at 9:30 a.m. with no other meetings scheduled for this session.

Senate Commerce Committee

Guest List

Date: March 25, 2005

MEL CHASTAIN	K-STATE
Jennifer Findley	KHA
Brent Larson	R+G
Jessica Ruffata	Keamey & Assoc.
Paul Johnson	PACK
Jim Garkner	SB
Ken Seiber	
MIKE TAYLOR	UG
George Wenzel	Puffin Company
Bill Sneed	Ks Speedway
John Bollinger	Ks Speedway
Hal Gardner	Kan ed, BOR
Dick Under	Results Technology group
Mark Schreiber	Westar Energy
TOM DAY	KCC
Jo Coch	Rep Carl Holmes
Don Murgay	Federico Consulting
Steve Kelly	Kansas Commerce
Matt Jordan	Commerce
Lee Alkner	Ks Energy Council
Charles Bryman	KS Sierra Club
Marty Kennedy	KDOA
Kevin BARONE	KTUA
Jon Edward	KASB
Doug Smith	SITA
Stephanie Buchanan	Budget

Rep Watkins

FAH2026s4 50E

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend HB 2026, as amended by House Committee, on page 3, in line 7, by striking "the following" and inserting "\$10,000,000"; by striking all in lines 9 through 11 and inserting "in fiscal year 2006."; in line 13, by striking "2010" and inserting "2006 unless extended by a ^{majority} vote of ~~2/3~~ of the members of the house of representatives and a ^{majority} _^ vote of ~~2/3~~ of the members of the senate"; in line 25, by striking all after "in"; in line 26, by striking all before "shall" and inserting "the year 2006"

District.

Senate Commerce Committee

3-25-05

Attachment 1-1



March 23, 2005

HB2026

Thank you Chairman and members of the Committee.

Verizon Wireless recognizes that the KAN-ED program is an important initiative for Kansas schools, hospitals and libraries. The problem, however, is the way it's funded.

It's commonly understood that the KUSF was established to provide funds to facilitate basic telephone service to underserved areas of Kansas at affordable rates by subsidizing telephone companies to serve those areas. We don't believe that the KUSF was established with the legislative intent to fund programs like KAN-ED.

We are also concerned that the diversion of funds to KAN-ED will encourage other social programs to likewise seek KUSF funding in the future.

We are here to support an amendment that will phase out the use of KUSF to fund KAN-ED, and instead fund KAN-ED with general revenue money over a three-year time period. Five years are simply not needed for the funding shift.

KUSF was never intended to fund KAN-ED, and telecommunication customers should not have to continue to support a program, although a good one, for which their tax support was not intended. We can do it in less time and be fair to every telecommunication customer in Kansas. It is possible and fairer to sunset this improper funding in three years, not five.

This solution serves two purposes: It enables a worthy program to continue to provide opportunities for students and it ensures - rightly - that telecommunication customers are not the long-term source of funding for the program.

Our goal is simple. We are committed to defending the best interests of our wireless customers. Shifting the KUSF funding of KAN-ED to the state's general revenue fund over the next three years ensures the continued existence of this important program while providing a fairer funding mechanism and correcting the obligation that has been placed on wireless and landline phone customers.

Thank you,

Dina Fisk

13106 Walmer
Overland Park, KS 66209
(913) 269-6915

Senate Commerce Committee

3-25-05

Attachment 2-1

1 be made after all payments required by K.S.A. 66-2008, and amendments
2 thereto, for the month are made from the KUSF.

3 (3) ~~Amounts appropriated to be expended from the KAN-ED fund
4 for the fiscal year ending June 30, 2003, shall be based on a budget for
5 only six months' operations. Amounts appropriated thereafter shall be
6 based on a budget for 12 months' operations.~~

5 (4) Not more than \$10,000,000 **the following** shall be paid from the
8 KUSF to the state treasurer pursuant to this subsection (f) in any one
9 fiscal year: **In fiscal year 2006, \$10,000,000; in fiscal year 2007,**
10 **\$8,000,000; in fiscal year 2008, \$7,000,000; in fiscal year 2009,**
11 **\$6,500,000; and in fiscal year 2010, \$5,500,000.**

12 ~~(5)~~ (4) The provisions of this subsection (f) shall expire on June 30,
13 ~~2005 2008~~ **2010**. Thereafter, state general fund moneys shall be used to
14 fund the KAN-ED network.

15 Sec. 2. K.S.A. 2004 Supp. 75-7226 is hereby amended to read
16 as follows: 75-7226. (a) On or before January 15 of each year, the
17 board shall publish an annual report and shall present the report
18 to the legislature, governor and department of education. The report
19 shall set forth in detail the operations and transactions conducted
20 by the board pursuant to this act. The annual report shall
21 specifically account for the ways in which the purpose of this act
22 have been carried out, and the recommendations shall specifically
23 note what changes are necessary to better address the purposes
24 described in this act.

25 (b) *The report required pursuant to this section in years 2006, 2007,*
26 *2008 and 2009 shall include a statement of the costs of and savings realized*
27 *by implementation of the network and a plan for funding the network.*

28 New Sec. 3. (a) As used in this section:

29 (1) "VoIP provider" means any provider of voice over internet
30 protocol service (hereafter referred to as VoIP) other than a business
31 which: (1) does not provide such service to customers outside
32 its business organization; or (2) provides VoIP service as a customer
33 product secondary to the primary product sold by the
34 business.

35 (2) "Local collection point administrator" and "PSAP" have the
36 meanings provided in the wireless enhanced 911 act.

37 (b) Any VoIP provider providing services to persons who are
38 primarily residents of Kansas shall notify the local collection point
39 administrator to receive a list of telephone numbers for PSAP's in
40 this state. Upon receipt of an emergency 911 call, a VoIP provider
41 shall call the appropriate PSAP and relay the customer's name,
42 residence address and any other relevant information recorded in
43 the VoIP provider's records.

Comment: LINES 9 THRU 11
INSERT:
IN FISCAL YEAR 2006,
\$10 MILLION;
IN FISCAL YEAR 2007,
\$7.5 MILLION;
IN FISCAL YEAR 2008,
\$5.5 MILLION.

Comment: LINE 13 INSERT:
2008, WITHOUT EXCEPTION.

As Amended by House Committee

Session of 2005

HOUSE BILL No. 2026

By Legislative Educational Planning Committee

12-30

PROPOSED AMENDMENT
SENATOR BROWNLEE
March 23, 2005

10 AN ACT concerning the ~~Kansas universal service fund, relating to KAN-~~
11 ~~ED, amending K.S.A. 66-2010 and repealing the existing section tel-~~
12 ~~ecomunications; relating to the KAN-ED and its funding; con-~~
13 ~~cerning emergency 911 telecommunications services; amending~~
14 ~~K.S.A. 66-2010 and K.S.A. 2004 Supp. 75-7226 and repealing~~
15 ~~the existing sections.~~

16
17 *Be it enacted by the Legislature of the State of Kansas:*

18 Section 1. K.S.A. 66-2010 is hereby amended to read as follows: 66-
19 2010. (a) The commission shall utilize a competitive bidding process to
20 select a neutral, competent and bonded third party to administer the
21 KUSF.

22 (b) The administrator shall be responsible for: (1) Collecting and au-
23 diting all relevant information from all qualifying telecommunications
24 public utilities, telecommunications carriers or wireless telecommuni-
25 cations service providers receiving funds from or providing funds to the
26 KUSF; (2) verifying, based on the calculations of each qualifying telecom-
27 munications carrier, telecommunications public utility or wireless tele-
28 communications service provider, the obligation of each such qualifying
29 carrier, utility or provider to generate the funds required by the KUSF;
30 (3) collecting all moneys due to the KUSF from all telecommunications
31 public utilities, telecommunications carriers and wireless telecommuni-
32 cations service providers in the state; and (4) distributing amounts on a
33 monthly basis due to qualifying telecommunications public utilities, wire-
34 less telecommunications service providers and telecommunications car-
35 riers receiving KUSF funding.

36 (c) Any information made available or received by the administrator
37 from carriers, utilities or providers receiving funds from or providing
38 funds to the KUSF shall not be subject to any provisions of the Kansas
39 open records act and shall be considered confidential and proprietary.

40 (d) The administrator shall be authorized to maintain an action to
41 collect any funds owed by any telecommunications carrier, public utility
42 or wireless telecommunications provider in the district court in the county
43 of the registered office of such carrier, utility or provider or, if such car-

Senate Commerce Committee

3-29-05

2-1

Attachment

1 be made after all payments required by K.S.A. 66-2008, and amendments
2 thereto, for the month are made from the KUSF.

3 (3) ~~Amounts appropriated to be expended from the KAN-ED fund~~
4 ~~for the fiscal year ending June 30, 2003, shall be based on a budget for~~
5 ~~only six months' operations. Amounts appropriated thereafter shall be~~
6 ~~based on a budget for 12 months' operations.~~

7 ~~(4) Not more than \$10,000,000 the following shall be paid from the~~
8 ~~KUSF to the state treasurer pursuant to this subsection (f) in any one~~
9 ~~fiscal year: In fiscal year 2006, \$10,000,000; in fiscal year 2007,~~
10 ~~\$8,000,000; in fiscal year 2008, \$7,000,000; in fiscal year 2009,~~
11 ~~\$6,500,000; and in fiscal year 2010, \$5,500,000.~~

12 ~~(5) (4) The provisions of this subsection (f) shall expire on June 30,~~
13 ~~2005 2008 2010. Thereafter, state general fund moneys shall be used to~~
14 ~~fund the KAN-ED network.~~

15 **Sec. 2. K.S.A. 2004 Supp. 75-7226 is hereby amended to read**
16 **as follows: 75-7226. (a) On or before January 15 of each year, the**
17 **board shall publish an annual report and shall present the report**
18 **to the legislature, governor and department of education. The re-**
19 **port shall set forth in detail the operations and transactions con-**
20 **ducted by the board pursuant to this act. The annual report shall**
21 **specifically account for the ways in which the purpose of this act**
22 **have been carried out, and the recommendations shall specifically**
23 **note what changes are necessary to better address the purposes**
24 **described in this act.**

25 *(b) The report required pursuant to this section in years 2006 2007*
26 *2005 and 2009 shall include a statement of the costs of and savings real-*
27 *ized by implementation of the network and a plan for funding the network.*

28 **New Sec. 3. (a) As used in this section:**

29 (1) "VoIP provider" means any provider of voice over internet
30 protocol service (hereafter referred to as VoIP) other than a busi-
31 ness which: (1) does not provide such service to customers outside
32 its business organization; or (2) provides VoIP service as a cus-
33 tomer product secondary to the primary product sold by the
34 business.

35 (2) "Local collection point administrator" and "PSAP" have the
36 meanings provided in the wireless enhanced 911 act.

37 (b) Any VoIP provider providing services to persons who are
38 primarily residents of Kansas shall notify the local collection point
39 administrator to receive a list of telephone numbers for PSAP's in
40 this state. Upon receipt of an emergency 911 call, a VoIP provider
41 shall call the appropriate PSAP and relay the customer's name,
42 residence address and any other relevant information recorded in
43 the VoIP provider's records.

and
\$6,000,000
2008

and

1 (c) The local collection point administrator may require VoIP
2 providers to reimburse the administrator for costs associated with
3 developing, compiling, maintaining and providing the list of tele-
4 phone numbers of PSAP's in this state.

5 New Sec. 4. No public safety answering point other than a po-
6 litical subdivision of the state shall be eligible to receive moneys
7 distributed pursuant to the wireless enhanced 911 act.

8 ~~Sec. 5. K.S.A. 66-2010 is and K.S.A. 2004 Supp. 75-7226 are~~
9 hereby repealed.

10 ~~Sec. 6. This act shall take effect and be in force from and after its~~
11 publication in the statute book.

New Sec. 5. (a) By July 1, 2007, KAN-ED and Kan-Ren shall be integrated into one network. KAN-ED shall take the lead in organizing and integrating the two networks. On and after July 1, 2007, all powers and duties and functions of the Kan-Ren network shall be and hereby are transferred to and conferred and imposed upon the KAN-ED network.
(b) On or before January 13, 2006, the secretary of administration and the state board of regents shall submit to the senate standing committee on commerce and the house standing committee on utilities joint recommendations regarding:
(1) The manner in which the transfer provided for by subsection (a) may be accomplished; and
(2) the manner in which Kan-Win may be incorporated into the integrated network provided for by subsection (a).

Renumber remaining sections.

Memorandum

TO: THE HONORABLE KARIN BROWNLEE
CHAIR, SENATE COMMERCE COMMITTEE

FROM: WILLIAM W. SNEED, LEGISLATIVE COUNSEL
KANSAS SPEEDWAY CORPORATION

RE: S.B. 304

DATE: MARCH 25, 2005

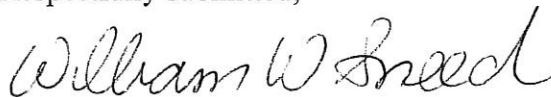
Madam Chair, Members of the Committee: My name is Bill Sneed and I represent the Kansas Speedway Corporation ("Speedway"). The Speedway operates the state-of-the-art raceway facility located in Kansas City, Kansas. We appreciate the opportunity to speak in favor of S.B. 304.

As the Committee will be briefed, the State of Kansas is working diligently to put a package together in order to respond to an RFP in hopes of having the NASCAR Hall of Fame located near the Speedway. Mr. Jeff Boerger, president of the Kansas Speedway Corporation, sits on the steering committee of the NASCAR Hall of Fame of Kansas City, Inc.

We believe the potential for procuring the Hall of Fame in Kansas will only strengthen Kansas as a destination center. In order to have all possible financial alternatives available, and after meeting with members of the KDFFA, we believe this technical amendment is necessary in order to assure the maximum opportunity to procure the museum.

Thus, on behalf of the Speedway, I respectfully request that you act favorably on S.B. 304. I am available for questions.

Respectfully submitted,



William W. Sneed

WWS:kjb

One AmVestors Place
555 Kansas Avenue, Suite 301
Senate Commerce Committee
3-25-05
Attachment 4-1



KANSAS

DEPARTMENT OF COMMERCE
HOWARD R. FRICKE, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

Testimony before the Senate Committee on Commerce
By Steve Kelly, Deputy Secretary
March 25, 2005

SB 304

Chairpersons Brownlee and Jordan, members of the committee. As you know, during the summer of 2001 our state took a quantum leap forward as an entertainment destination when the Kansas Speedway opened for its first season of motorsports racing. NASCAR, one of the true success stories in the sports and entertainment industry, is now considering Kansas City, along with several other cities, as a potential site for the NASCAR Hall of Fame; the first ever NASCAR Hall of Fame. This facility, which would likely be placed near the Speedway in Wyandotte County, represents an incredible opportunity for the region and Kansas to benefit from the estimated 1,000,000 visitors a year that would visit this tribute to both the history and the future of NASCAR. We believe a Kansas site also offers a tremendous opportunity for NASCAR; a crossroads location that provides exposure to legions of potential new fans throughout the country as NASCAR moves to project its brand to a national and international market far beyond the sport's origins and traditional base. A Kansas City location, in much the same way as it did during the days of expansion into the western frontier, provides NASCAR with a gateway to the West and a whole new world of opportunities.

Winning this prize for Kansas will not be an easy task. The competition we face, cities like Charlotte, Atlanta, Daytona, Detroit, among others, is formidable and will be very aggressive in their efforts to gain this prize for their areas. We must put together a winning site, a winning facility and a winning financial package to gain this prize. We have assembled a team with national credentials to identify the appropriate site, to design the building and exhibits it will contain and to construct the facility. They are hard at work and well on their way towards meeting the May 31, 2005 proposal submittal deadline. It is also critical that we identify the various funding tools/sources that can be employed to structure a financial package that can build the facility and allow it to operate successfully.

We are seeking legislative approval of an expansion of the KDFA authorization in K.S.A. 74-8905(c) to include issuance of bonds for, "a hall of fame, museum or tourist destination of national significance as shall be determined by the Secretary of Commerce...". Bonds issued by KDFA on behalf of the NASCAR Hall of Fame at Kansas City, would not be a liability of the state, nor would the state have any responsibility for the repayment of such bonds; rather the debt would/could be retired by a variety of streams of revenue available to the Hall of Fame. This expanded bonding authorization for KDFA would likely be one of several tools that would be employed to generate the funding for this facility which could cost as much as \$100 million.

We are asking today for your support of this effort to garner the NASCAR Hall of Fame for the state of Kansas and the region. If we are successful the positive impacts will be significant and far-reaching. The development and operation of the Kansas Speedway has garnered very favorable attention and interest in the racing world, as evidenced by the sold out events and positive media coverage. The NASCAR Hall of Fame provides yet another opportunity to put Kansas on the destination map. We ask that you support us in that quest through favorable action on this proposed legislation.

Thank you for your time. I will now stand for questions.

1000 S.W. Jackson Street, Suite 100, Topeka, Kans
Phone: (785) 296-3481 Fax: (785) 296-5055 e-mail: admi
TTY (Hearing Impaired): (785) 296-3487 www.kans

Senate Commerce Committee

3-25-05
Attachment 5-1

3/25/05
Steve Weatherford
KDFA Amendment

The authority may issue bonds for the purpose of financing industrial enterprises, transportation facilities, agricultural business enterprises, educational facilities, health care facilities, housing developments, **research facilities, or as shall be determined by the Secretary of Commerce, a hall of fame, a museum or tourist destination of national significance**," or any combination of such facilities and research facilities, or any interest in facilities, including without limitation leasehold interests in and mortgages on such facilities, whether located within or outside of Kansas.

Senate Commerce Committee

3-25-05

Attachment 6-1

**Testimony in support of SB284
Presented to the
Senate Commerce Committee
By Lee Allison
Chair, Kansas Energy Council
March 25, 2005**

Thank you, Madame Chair for holding this hearing on Senate Bill 284 and for allowing me to speak in support of this initiative. My name is Lee Allison, and I am Chair of the Kansas Energy Council.

The Kansas Energy Report for 2005 made recommendations for the Council itself to carry out, for state agencies to pursue, and proposed four legislative initiatives. Senate Bill 284 is one of the four recommendations from the Kansas Energy Council.

This bill simply allows the Kansas Development Finance Authority to issue revenue bonds to finance Kansas energy projects. This would include facilities that generate energy, including electricity or energy fuels, from any source, including renewable energy.

Currently, KDFA can issue bonds to finance only selected aspects of certain energy facilities. Last year, the Legislature approved changes to the KDFA statute to allow them to help finance certain types of new, "clean coal" power plants, such as the proposed FutureGen plant.

By broadening the scope of the type of energy projects eligible to use KDFA revenue bonds, we believe this will provide greater opportunities for economic development of Kansas resources, support a diversity of energy supplies to foster reliability and lower prices to consumers, offer a greater range of conservation and efficiency applications, and support efforts to reduce environmental impacts of energy production.

The Kansas Energy Council believes that by providing this funding option for Kansas energy projects, the state will be much better situated to take advantage of emerging opportunities and needs in supplying low-cost, reliable, and sustainable energy to the citizens of Kansas as well as expanding ways to use energy more effectively.

Projects funded with the proposed bonds would have to meet the same high standards required by KDFA for their other financing decisions. The bonds would not constitute an indebtedness of the State. The fiscal note on this bill shows that there will be no cost to the state. I also understand that there is a greater demand in the financial markets for Kansas bonds than are available. We have reviewed the language in SB284 with KDFA managers and they tell me it is appropriate and will accomplish what is intended.

I urge you to pass this bill out favorably. Thank you for your attention and I am pleased to stand for questions.

Senate Commerce Committee

3-25-05

Attachment 7-1

Testimony in Opposition to S.B. 284
Submitted to the Kansas Senate Assessment and Taxation Committee
March 25, 2005

Brooks Albery
Chair, Energy Committee
Kansas Chapter of Sierra Club
12536 Nieman Rd, Overland Park, Kansas 66213
913 484-4556
b.albery@opinari-research.com

Dear Chairman and Committee Members:

I am economist living in Kansas and have significant utility regulation experience. I am also the Chair of the Energy Committee of the Kansas Chapter of the Sierra Club. My bio is provided at the end of this document. I have read Senate Bill 284 and wish to provide some thoughts and perspectives in opposition to adoption of SB284.

The Sierra Club opposes this bill on the grounds that the bill is overly broad in its inclusion of all sources of electricity generation. As currently written, this bill could be used by utilities to fund fossil fuel and nuclear powered electricity generating facilities. Providing additional subsidies to construct new fossil fuel or nuclear facilities is unwarranted and unnecessary. First, there is no indication that additional incentives are needed by industry to build fossil fuel based power generation facilities. Second, a look at the history and current status of subsidies supporting electricity generation shows that renewable energy alternatives have been and remain significantly under supported relative to fossil fuel and nuclear powered generation technologies. Current efforts within the state of Kansas and within federal agencies is focused on leveling the playing field between renewable energy and fossil fuel based alternatives. Were this bill focused exclusively on renewable energy sources for electricity generation, the Kansas Chapter of the Sierra Club would be fully supportive.

It is very important at this time of renewable energy development to level the playing field with fossil fuel based technologies. Now is not the time to provide additional incentives for non-renewable based electricity generation. History shows that wind power and other sources of renewable energy have received an extremely small portion of state and federal support and that current subsidies still strongly support fossil fuels. Over the last 50 years, federal energy subsidies have totaled approximately \$150 billion. Of this amount, wind power has received \$1.3 billion: less than 1 percent of the total. Over the period of 1978 to 1999, wind power received only 2 percent of federal research and development subsidy funds for electricity generation technologies.

In addition to the relative lack of support on federal subsidies, fossil fuel based power production is subsidized by not being required to recognize the costs imposed on society through the pollution generated these technologies. The news today is full of articles on

Senate Commerce Committee

3-25-05

Attachment 8-1

the rise in mercury pollution generated by coal-based power plants. Yet the costs of mercury pollution are problematic to determine and are not reflected in the price consumers pay for electricity generated from coal plants. The state of California has recently implemented rules requiring utilities to recognize within their long range planning studies a carbon tax of between \$8 and \$25 per ton of CO2 emitted from electricity generating facilities.¹ This carbon tax is priced to reflect the mitigation costs associated with CO2 and has been implemented in anticipation of either federal or international carbon taxes associated with green house gas effects of CO2 emissions. California has shown considerable foresight in requiring utilities to reflect this cost of fossil fuels in the long ranging planning of its utilities in that California's ruling will ensure that the state does not get caught with significant cost consequences of building fossil fuel plants that prove to be uneconomic relative to alternatives due to the costs of CO2 emissions.

In recognition of the under representation of renewable energy sources in today's system of subsidies, the lack of any indication that utilities need additional subsidy support for building non-renewable based sources of electricity, and the overly broad construct of SB 284 to include all sources of electricity production, the Sierra Club urges the Committee to reject SB 284.

Thank you for your time and attention. I will make myself available for any questions or follow-up from the Committee and I can be reached via the contact information provided below.

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¹ California Public Utilities Commission Decision 04-12-048.

Senate Commerce Committee

3-25-05

Attachment 8-2

About Brooks Albery

Brooks Albery is a founding member of Opinari Research Associates and has nearly two-decades of experience in marketing, product management and development, and economic analysis of public policy issues. Prior to forming Opinari Research Associates, Mr. Albery held several officer-level marketing positions responsible for market management, product management, and product development at Sprint, where he was responsible for products that generated up to \$3.5 billion in annual revenue. He has also served as an economic expert in state regulatory and policy proceedings throughout the United States and has authored or co-authored articles that have appeared in such periodicals as the Antitrust Law Journal, Federal Communications Law Journal and Telecommunications Policy as well as numerous industry forums. He has also served as an adjunct professor of economics and statistics for Webster University's MBA program in St. Louis, Missouri and served on the board of directors for the ValleyNet consortium headquartered in Waynesboro, Virginia.

Mr. Albery holds a BA and M.A. in economics from the University of Michigan. He can be reached at (913) 484-4556.

Senate Commerce Committee

3-25-05

Attachment

8-3