

MINUTES OF THE HOUSE UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on March 20, 2006 in Room 231-N of the Capitol.

All members were present except:

Judy Morrison- excused
Melody McCray-Miller- excused
Oletha Faust-Goudeau- excused
Jim Ward- excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Dennis Hodgins, Kansas Legislative Research
Mary Torrence, Revisor's Office
Heather Klaasen, Research Intern
Rena Hansen, Committee Secretary

Conferees appearing before the committee:

Others attending:
See attached list.

Chairman Holmes asked committee members to look at the set of minutes before them to be approved at a later time.

Action on:

SB 70 **Creating the Kansas petroleum education and marketing act.**

SB 93 **Eminent domain for wind energy projects.**

Representative Rob Olson presented an example of what could be used as a document for application for refund for assessment, (Attachment 1).

Representative Rob Olson moved to amend **SB 70**, page 5, section c, line 28, by adding "by the first purchaser", after the word paid. Seconded by Representative Mitch Holmes.

Questions were asked by Representatives: Tom Sloan and Forrest Knox.

Representative Rob Olson closed on the motion.

Motion carried.

Discussion on **SB 70** ensued by Representatives: Tom Sloan, Carl Krehbiel, Jason Watkins, and Lynne Oharah.

Representative Jason Watkins moved to strike on page 5, lines 27-29. Seconded by Representative Carl Krehbiel.

Discussion followed by Representatives: Carl Holmes, Josh Svaty, Tom Hawk, Rob Olson, Forrest Knox, and Jason Watkins.

Representative Watkins withdrew the amendment.

Representative Tom Sloan moved to add conceptual language "any producer may notify the Kansas Oil and Gas Resources Board and the first purchaser of their desire not to participate in the voluntary check off program, subsequent to such notification, first purchaser shall not withhold the check off" to SB 70. Seconded by Representative Carl Krehbiel.

CONTINUATION SHEET

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Discussion on the amendment was held by Representatives: Rob Olson, Josh Svaty, Tom Sloan, Carl Krehbiel, and Jason Watkins.

Representative Tom Sloan closed on the motion to amend.

Motion carried by a 9-6 vote.

Revisor Mary Torrence asked for a clarification on whether it replaced the refund or would the refund process continue to be intact. It was decided by committee members that both options of opting out of the check off education fund be available.

Representative Rob Olson moved to pass out the amended version of SB 70 into SB 93 and to the house floor. Seconded by Representative Forrest Knox.

Discussion was offered by Representatives: Carl Krehbiel, Forrest Knox, Josh Svaty, Peggy Mast, Carl Holmes, and Don Myers.

Representative Rob Olson closed on the motion to pass out amended **SB 70** as **SB 93**.

Motion passed.

Representative Rob Olson will carry **SB 93** on the house floor.

There was no more action on **SB70** and **SB 93**.

Action on:

SB 414 **Enacting the gas safety and reliability policy act.**

Representative Tom Sloan moved a conceptual amendment to SB 414, on page 4 lines 33 and 35 inserting the word “ annually” after the word increase on both lines. Seconded by Representative Annie Kuether.

Discussion followed by Representatives: Mitch Holmes, Carl Holmes, and Lynne Oharah.

Representative Tom Sloan closed on the amendment.

Motion to amend passed unanimously.

More discussion followed by Representatives: Tom Sloan, and Carl Krehbiel.

Representative Peggy Mast moved to remove, page 3, lines 20-23, of SB 414. Seconded by Representative Tom Hawk.

Comments were made by Representatives: Tom Sloan and Lynne Oharah.

Representative Peggy Mast closed on the amendment.

Motion failed.

Representative Tom Sloan moved to insert an “electric company” surcharge equal to what SB 414 would do with the Gas System Reliability Surcharge. Seconded by Representative Jason Watkins.

Representative Carl Krehbiel noted being uncomfortable doing something to an entire industry that did not get to present testimony in a hearing on the issue from their view point.

CONTINUATION SHEET

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Representative Tom Sloan closed on the amendment.

Motion failed.

Representative Annie Kuether moved to pass SB 414 to the House floor as amended. Seconded by Representative Lynne Oharah. Motion passed.

Representative Josh Svaty will carry **SB 414** on the House floor.

There was no more action on **SB 414**.

Chairman Carl Holmes explained the plan to amend **HB 2900-2904** into **SB 303** after stripping **SB 303** of its contents. Additionally, **HB 2723** would be amended into the now stripped out **SB 70**. The committee must wait for the committee reports from the tax committee for the bills to be read into the house journal before passing out the legislation.

Chairman Holmes and Researcher Mary Galligan explained that the House Taxation Committee put in a claw back provision into each of the bills only to the income tax credit portion and not the portions.

Action on:

HB 2900 **Oil refineries; tax incentives; K DFA bonds; permits.**

SB 303 **Natural gas service to consumer on gas gathering system; curtailment of service; corporation commission authority.**

Discussion on the amendments that were offered on HB 2900 in House Taxation ensued with comments and questions made by Representatives: Don Myers, Forrest Knox, Carl Holmes, Margaret Long, Tom Sloan, and Researcher Mary Galligan.

Representative Annie Kuether moved to strip the language from SB 303. Seconded by Representative Josh Svaty. Motion passed.

Representative Rob Olson made a motion to move HB 2900 in SB 303. Seconded by Representative Annie Kuether.

Comments were made and questions asked by Representatives: Forrest Knox and Carl Holmes.

Motion Passed.

There was no more discussion on **HB 2900**.

Action on:

HB 2901 **Crude oil pipelines; tax incentives; K DFA financing.**

Representative Tom Sloan moved to insert HB 2901 into SB 303. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2901**.

Action on:

HB 2902 **Integrated coal or coke gasification nitrogen fertilizer plants; tax incentives; K DFA bonds.**

CONTINUATION SHEET

MINUTES OF THE House Utilities Committee at 9:00 A.M. on March 20, 2006 in Room 231-N of the Capitol.

Chairman Holmes explained to the committee that in this bill the percentage of change was moved to 20 % from 10% as the company most affected by this provision already was planning to increase production by 15%.

Representative Tom Sloan moved to insert **HB 2902** in to **SB 303**. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2902**.

Action on:

HB 2903 **Cellulosic alcohol plants; tax incentives; K DFA financing.**

Chairman Holmes explained to the committee that in addition to the amendments made to the rest of the bills it added cellulosic alcohol co-products into HB 2903 to also gain the tax credits. Representative Tom Sloan explained just one of the co-products produced, lignon, by the production of cellulosic alcohol.

Representative Tom Sloan moved to insert **HB 2903** in to **SB 303**. Seconded by Representative Peggy Mast. Motion passed unanimously.

There was no more discussion on **HB 2903**.

Action on:

HB 2904 **Electric generation facilities; tax credits and exemptions; K DFA bonds; safety requirements.**

Chairman Holmes explained to the committee that in addition to the standard changes made to all of these bills the House Taxation added some nuclear tax credits for a second nuclear plant that might be built within five miles of an existing plant.

Questions were asked by Representative Tom Sloan and Revisor Mary Galligan explained where the wording in the bill pertained to the question asked.

Representative Peggy Mast moved to insert **HB 2904** in to **SB 303**. Seconded by Representative Rob Olson. Motion passed unanimously.

There was no more discussion on **HB 2904**.

Action on:

HB 2723 **Tax credit for electric public utility for certain amounts related to sale of renewable energy to the federal government.**

Representatives Carl Holmes, Tom Sloan, and Tom Hawk proceeded to explain to committee members what **HB 2723** contains. It is considered a hybrid bill for conservation legislation that gives a tax credit to non owner occupied homes that add certain conservation equipment to their rental units. Additionally, it gives an added accelerated depreciation incentive to those non- owner occupied homes. The bill also contains a sunset of three years with a report to be given back to the committee on its success or lack thereof. Representative Tom Sloan informed the committee that he would be offering approximately four amendments to **HB 2723**.

There was no more discussion on **HB 2723**.

Chairman Holmes indicated to the committee that we would be working **SB 303** and **HB 2723** tomorrow. With **HB 2723** being amended into **SB 70**.

CONTINUATION SHEET

MINUTES OF THE House Utilities Committee at 9:00 A.M. on March 20, 2006 in Room 231-N of the Capitol.

Representative Peggy Mast moved to approved the minutes for : January 27,30,31, February 1, March 1,2,3,9,10. Seconded by Representative Tom Sloan. Motion carried unanimously.

Chairman Holmes commended the committee on the debate that ensued in committee on Friday.

Representative Tom Sloan explained to the committee that he would be offering an amendment to **SB 449** on the house floor.

The next meeting is scheduled for March 21, 2006.

Meeting Adjourned.

HOUSE UTILITIES COMMITTEE GUEST LIST

DATE: March 20, 2006

NAME	REPRESENTING
Lindsey Douglas	Hein Law Firm
Ed Cross	KIOGA
SEAN MILLER	KS Dairy Assn
KEANNE Goodwin	City of Wichita
Phil WAGGS	KEPCO
LARRY BERG	MIDWEST ENERGY
Whitney Simon	KS Gas Service
Steve Johnson	Kansas Gas Service
Mark Schreiber	Westar Energy
Robert Randall	KCPL
DAVE HOLTHAUS	KEC
TOM DAY	KCC
Don Low	KCC

Name of Producer/Working Interest Owner: _____

Contact: _____

Address: _____

Phone No.: _____

Fax No.: _____

Email: _____

LEASE NAME and NUMBER: _____

HOUSE UTILITIES

3/20/06

DATE:

ATTACHMENT 1

Month of Production	A	B	C	D	E	F	TOTAL REFUND
	Gross Value (from check stub)	Applicant's Decimal Interest (to 8 places)	Net Value (A) x (B)	Rate 0.0005	(=) Assessment Paid (C) x (D)	Interest Due Factor	(E) x (F)
Jan				0.0005		1.0300	
Feb				0.0005		1.0275	
Mar				0.0005		1.0250	
Apr				0.0005		1.0225	
May				0.0005		1.0200	
Jun				0.0005		1.0175	
Jul				0.0005		1.0150	
Aug				0.0005		1.0125	
Sep				0.0005		1.0100	
Oct				0.0005		1.0075	
Nov				0.0005		1.0050	
Dec				0.0005		1.0025	
TOTALS							

INSTRUCTIONS FOR 2005 OIL ASSESSMENT REFUND

- I. A person or entity may request a refund only for net production owned by that person or entity. A person or entity that redistributes to a third party (or parties) may **NOT** claim a refund for or on behalf of any third party(s). **Any third party(s) must apply for their own refund.**
- II. **NAME OF APPLICANT** must be the name of the person or entity requesting a refund. In the event you are applying for an interest owned by a wholly owned subsidiary, you must provide proof of ownership and the date of purchase of the subsidiary.
- III. The refund period is production payments received by the person or entity between January 1 to December 31, 2005.
- IV. Complete the requested information on form KOGRB Refund Form on the reverse side of these instructions. **(If you have multiple leases complete a worksheet for each lease and calculate totals then transfer summary to one single KOGRB REFUND FORM).** In lieu of completing this worksheet, you may attach a computer printout of all leases for which the application is being made provided that each printout gives the same data and information as is requested by this form (form KOGRB Refund Form).
- V. Please attach copies of check stubs for runs received by applicant for each month of the calendar year where production is indicated. If no runs were received for a given month, please leave the month blank. Complete form(s) for month production payment was received.
- VI. **EACH LEASE must have a completed KOGRB Refund Form and supporting documentation.** A separate form is needed for each lease. Duplication of this form is permitted. **Only one signed affidavit form is required per applicant.**
- VII. Each application must be postmarked by March 31, 2006 and all supporting documentation must be included. **Any application received with a postmark date later than March 31, 2006 CANNOT BY LAW be honored.**
- VIII. In the event the KOGRB elects to conduct an audit of the information submitted, you will be notified. Thereafter you must contact KOGRB to schedule a mutually acceptable time period during which the audit may be conducted.
- IX. Compile the information requested on reverse side (KOGRB Refund Form). Mail KOGRB Refund Form, completed affidavit (**properly executed before a Notary Public**), and copies of applicable check stubs for the refund period January 1 to December 31, 2005 to the **Kansas Oil & gas Resources Board, P.O. Box XXX, Oil Town, Kansas xxxxx.**

NOTE: Interest is calculated by using the average U.S Treasury Bill rate for 2005 and prorated on a monthly basis (i.e. January is 12/12th, February 11/12th, etc.).

Refunds are only applicable to Kansas. Do not include assessment from other states.