

MINUTES OF THE SENATE AGRICULTURE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on February 21, 2006 in Room 423-S of the Capitol.

All members were present except:
Tim Huelskamp- excused

Committee staff present:
Raney Gilliland, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statutes
Judy Seitz, Committee Secretary

Conferees appearing before the Committee:

Others attending:
See attached list.

Chairman Taddiken noted the minutes for February 13, 14 and 15 meetings were distributed and which will be acted upon later.

Chairman Taddiken said that **SB 393--Tax exemptions and credits for production of biodiesel fuel** - has been sent to an exempt committee so that it could have continued work done on it.

Discussion on **SB 389--Concerning income taxation; relating to credits; biofuels mixing facility** was held.

A balloon for **SB 389 (Attachment 1)** was distributed to Committee members. Chairman Taddiken asked Jere White, Kansas Corn Growers Association, to give a definition of biodiesel. Mr. White said the definition of ethanol is denatured fuel ethanol that meets ASTM 4806-99. Senator Bruce made a motion to adopt the definition of ethanol and make it a separate subsection in the bill. Motion seconded by Senator Pine. Motion passed.

Senator Lee moved on page 1 Sec. 1 (a) to go back to the original language, but in line 19 delete \$160,000 and add \$200,000 not to exceed \$2,000,000 in a fiscal year; add a definition for ethanol and biodiesel, make the bill apply to only new tanks and on page 2, Sec. 1 (d)(2) line 9 add after engines "prior to delivery to a retail facility." The sections would be renumbered accordingly. Senator Francisco seconded the motion. Motion passed.

Senator Schmidt moved to adopt the full balloon to SB 389. Senator Pine seconded the motion. Motion passed.

Senator Schmidt moved to pass SB 389 with all amendments, seconded by Senator Pine. Motion passed.

SB 389 will be reported as be passed with amendments.

SB 542--Creation of equine industry research and promotion board was discussed.

Chairman Taddiken asked Chris Wilson, Kansas Horse Council, to review suggested amendments to the bill (Attachment 2).

Jo Turner, Kansas Horse Council, answered questions from the Committee.

Further discussion was held.

Staff said the bill would need a technical clean-up.

Senator Pine moved a change in Page 4, Sec. 7, lines 15 and 16 as follows: "The board shall report annually to their respective equine industry members, the secretary and house and senate agriculture committees of

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture at 8:30 a.m. on February 21, 2006 in Room 423-S of the Capitol.

the Kansas legislature. Such annual report shall include details of commission projects, programs and supported research including expenditures and the results of an annual audit performed by a person or entity that is a certified public accountant.” Senator Ostmeyer seconded the motion; motion passed.

Chairman Taddiken moved that staff have authority to do a technical cleanup on the balloon and to strike the definition of qualified industry organization on page 1, lines 21 and 23. Motion seconded by Senator Schmidt. Motion passed.

Senator Schmidt made a motion to strike Sec. 6, (a) from the bill. Senator Pine seconded the motion. Motion passed.

Senator Schmidt moved to strike “the board may establish an alternative means of collecting the assessment if another means is found to be more effective and efficient” on page 4, Sec. 6 (b) lines 10 and 11; strike “shall” and replace with may in line 12; staff will make technical changes necessary for the remaining language in the bill to reflect the assessment not applying to manufacturers producing less than 188 tons of commercial feeding stuff. Seconded by Senator Pine. Motion passed.

Senator Morris moved the adoption of the remainder of the balloon that has not been adopted previously. Senator Bruce seconded the motion. Motion passed.

Further discussion on **SB 542** was held.

Senator Schmidt moved that “rules and regulations” be deleted and changed to “procedures.” Motion seconded by Senator Morris. Motion passed.

Senator Bruce made a motion to pass the bill out without recommendation. Motion was seconded by Senator Morris. Motion passed.

Senator Schmidt made a motion to approve the minutes of the February 14, 15, and 15 (at the rail.) Senator Pine seconded the motion. Motion passed.

Meeting adjourned at 9:30 a.m.

The next meeting will be held on March 1.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: February 21, 2006

NAME	REPRESENTING
Carole Jordan	KDA
Jo DeWuer	KS Horse Council
Mary Lou Stankiewicz	KARA
Leslie Kaufman	Ks Coop Council
Kenton Johannes	Kansas Soybean Assoc.
Jere White	KOGA - KGSPA
Sandra Braden	Auto Alliance Manufacturers

SENATE BILL No. 389

By Committee on Agriculture
(By request of Select Joint Committee on Energy)

1-18

10 AN ACT concerning income taxation; relating to credits; biofuels mixing
11 facility.

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

14 Section 1. (a) Any taxpayer who makes expenditures for a qualified
15 biofuels mixing facility located in Kansas [and placed in service on and
16 after January 1, 2006.] shall be allowed a credit against the income tax
17 imposed by article 32 of chapter 79 of the Kansas Statutes Annotated [an
18 amount equal to 40% of the total amount expended for each qualified
19 biofuels mixing facility, but not to exceed \$160,000 for each mixing
20 facility]

21 (b) The tax credit under subsection (a) shall be deducted from the
22 taxpayer's income tax liability for the taxable year in which the expendi-
23 tures are made by the taxpayer. If the amount of the tax credit exceeds
24 the taxpayer's income tax liability for the taxable year, the amount which
25 exceeds the tax liability may be carried over for deduction from the tax-
26 payer's income tax liability in the next succeeding taxable year or years
27 until the total amount of the tax credit has been deducted from tax li-
28 bility, except that no such tax credits shall be carried over for deduction
29 after the third taxable year succeeding the taxable year in which the ex-
30 penditures are made.

31 (c) Any person, hereinafter designated the assignor, may sell, assign,
32 convey or otherwise transfer tax credits allowed and earned pursuant to
33 subsection (a). The taxpayer acquiring credits, hereinafter designated the
34 assignee, may use the amount of the acquired credits to offset up to 100%
35 of its income, privilege or premiums tax liability for the taxable year in
36 which such acquisition was made. Unused credit amounts claimed by the
37 assignee may be carried forward for up to five years, except that all such
38 amounts shall be claimed within 10 years following the tax year in which
39 the qualified credits were allowed. The assignor shall enter into a written
40 agreement with the assignee establishing the terms and conditions of the
41 agreement and shall perfect such transfer by notifying the department of
42 revenue in writing within 90 calendar days following the effective date of
43 the transfer and shall provide any information as may be required by the

as follows:

- (1) For any qualified biofuels mixing facility, which has been retrofitted on and after January 1, 2006, an amount equal to 40% of the total amount expended for each qualified biofuels mixing facility, but not to exceed \$160,00 for each mixing facility;
- (2) For any new qualified biofuels mixing facility placed in service on and after January 1, 2006, an amount not to exceed 40% of the total amount expended for each qualified mixing facility, but not to exceed \$200,000 for each mixing facility.

In no event shall the total amount of credits allowed under this section exceed \$2,000,000 for any one fiscal year.

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1 department of revenue and carry out the provisions of this section. The
2 amount received by the assignor of such tax credit shall be taxable as
3 income of the assignor, and the excess of the value of such credit over
4 the amount paid by the assignee for such credit shall be taxable as income
5 of the assignee.

6 (d) As used in this section:

7 (1) "Biofuels mixing facility" means the property which is directly
8 related to the blending of biofuels with petroleum-based fuels resulting
9 in a product intended for use or offered for sale as a fuel for engines;

10 (2) "biofuels" shall include, but not limited to, ethanol and biodiesel;

11 (3) "taxpayer" means any person who makes expenditures for a qual-
12 ified biofuels mixing facility;

13 (4) "person" means every natural person, association, partnership,
14 limited liability company, limited partnership or corporation.

15 (e) The provisions of this section shall apply to all taxable years com-
16 mencing after December 31, 2005.

17 Sec. 2. This act shall take effect and be in force from and after its
18 publication in the statute book.

prior to delivery to a retail facility. Each biofuels facility shall
have two tanks per facility. One tank shall be for ethanol and the
other tank shall be for biodiesel

(3) "biodiesel" means mono-alkyl esters derived from vegetable
oil, recycled cooking oil or animal fat and shall conform with
the specification D6751-02, issued March 2002, by the
American society of testing and materials or a later version as
adopted by rules and regulations of the secretary;

Renumber sections accordingly.

SENATE BILL No. 542

By Committee on Agriculture

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9 AN ACT concerning the equine industry; creating the equine industry
10 research and promotion board.

11

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

13 Section 1. As used in this act:

14 (a) "Board" means the Kansas equine industry research and promo-
15 tion board;

16 (b) "commercial equine feed" means manufactured feed, supple-
17 ment or premix intended or labeled for equine use;

18 (c) "manufactured feed" means grains, seeds or forage that are
19 ground, mixed, supplemented or otherwise altered for the purpose of
20 consumption;

21 (d) "qualified industry organization" means the Kansas horse council
22 or successor organization that represents the entire spectrum of the Kan-
23 sas equine industry;

24 (e) "sale" or "sold" means a transaction in which commercial horse
25 feed is transferred from the seller to a purchaser for full or partial
26 consideration;

27 (f) "Secretary" means the Kansas secretary of agriculture; and

28 (g) "seller" means any private entity or corporation that sells com-
29 mercial horse feed.

30 Sec. 2. (a) There is hereby created the Kansas equine industry re-
31 search and promotion board.

32 (b) The board shall consist of seven members who will be elected at
33 the annual meeting of the Kansas horse council. The board of directors
34 of the Kansas horse council shall act as interim board members until
35 board members can be elected and qualified. In selecting members, the
36 Kansas horse council shall give due regard to selecting a board that is
37 representative of the diverse geographical regions of the state and the
38 equine industry. Each board member appointed on and after the effective
39 date of this act shall be elected for a term of four years except that three
40 of the board members first elected on and after the effective date of this
41 act shall be elected for a term of two years. No member may serve more
42 than two consecutive terms. Upon the expiration of a term of a member
43 of the board, such member shall continue to serve as a member of the

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1 board until a successor to such member is elected and qualified.

2 (c) Members of the board shall be residents of this state and currently
3 be equine owners. The elections will be held at an open session to all
4 equine owners at the annual meeting of the qualified industry
5 ~~organization.~~

6 (d) The dean of the college of agriculture of Kansas state university
7 or the dean's representative and the secretary or the secretary's designee
8 shall serve as ex officio nonvoting members of the board.

9 (e) The board shall annually elect a chairperson from its membership.

10 (f) A member of the board may cease to hold such member's position
11 on the board for any of the following reasons, at the discretion of a ma-
12 jority of the board, upon resolution duly adopted by the board dismissing
13 such member:

14 (1) Failure to attend two or more regular meetings of the board, if
15 unexcused; or

16 (2) ceasing to be an equine owner.

17 (g) Members of the board attending meetings of such board, or at-
18 tending a subcommittee meeting authorized by such board, may be paid
19 compensation and other expenses.

20 (h) The board shall meet at least once every calendar quarter regu-
21 larly and hold an annual meeting which shall be open to the public. The
22 day, time and place of each meeting shall be determined by the board.
23 The chairperson or any three members of the board may call special
24 meetings of the board upon such notice as may be prescribed by the duly
25 adopted rules and regulations of the board.

26 Sec. 3. In the administration of this act, the board shall have the
27 following duties, authorities and powers:

28 (a) To conduct a campaign of equine industry development, through
29 research, education and information;

30 (b) to accept grants and donations;

31 (c) ~~to sue and be sued;~~

32 (d) to enter into such contracts as may be necessary or advisable for
33 the purpose of this act;

34 (e) to appoint an administrator who is knowledgeable about the
35 equine industry and fix the compensation. With the approval of the board,
36 the administrator may appoint such other personnel as is needed;

37 (f) to cooperate or contract with any local, state or national organi-
38 zation or agency, whether voluntary or created by the law of any state, or
39 by national law, engaged in work or activities similar to the work and
40 activities of the board and to enter into contracts and agreements with
41 such organizations or agencies for carrying on a joint campaign of re-
42 search, education and promotion;

43 (g) to establish an office of the administrator at any place in this state

Equine Industry Research and Promotion Board

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1 the board may select;

2 (h) to adopt, rescind, modify and amend all necessary and proper
3 orders, resolutions and ~~rules and regulations~~ for the procedure and
4 exercise of its powers and the performance of its duties; and

5 (i) to approve an annual budget and establish a reserve. Each project
6 budgeted and approved by the board shall include a stated objective and
7 anticipated results. In the board's annual report to the industry, the board
8 shall include those objectives and actual results.

9 Sec. 4. (a) The board shall set the assessment at \$2 per ton or 5 cents
10 per 50-pound bag of commercial equine feed. The assessed amount shall
11 apply to all manufacturers of commercial equine feed when the feed is
12 sold or imported for sale in Kansas. The assessment when assessed by
13 the manufacturer to the retail seller shall be listed as a separate line on
14 the bill labeled "Kansas equine research and promotion assessment". As-
15 sessments collected are due to the board on the 25th day of each quarter
16 and shall include the total collected for the previous calendar quarter.

17 (b) The administrator shall furnish to every manufacturer receipt
18 forms which shall be provided by such manufacturer to each retail seller
19 who pays such assessment. The form shall indicate thereon the procedure
20 by which the retail purchaser may obtain a refund of any such assessment,
21 except a refund shall not be issued unless the amount of the refund is \$5
22 or more. Within one year after any and all sales during such period the
23 retail purchaser, upon submission of a request therefor to the adminis-
24 trator, may obtain such refund in the amount of the assessment charged
25 by the retail seller. Such request shall be accompanied by evidence of the
26 payment of the assessment which need not be verified.

27 (c) The board shall keep complete records of all refunds made under
28 the provisions of this section. Records of refunds may be destroyed two
29 years after the refund is made. All funds expended in the administration
30 of this act and for the payment of all claims whatsoever growing out of
31 the performance of any duties or activities pursuant to this act shall be
32 paid from the proceeds derived from such act.

33 Sec. 5. (a) The board shall negotiate and contract with a person or
34 persons to collect and disburse the assessments pursuant to this act.

35 (b) The person or persons shall issue a receipt to the purchaser there-
36 fore and shall remit all moneys received in payment of such assessment
37 to a bank account at least monthly;

38 (c) Each bank account for use in operating and conducting the
39 board's duties shall be secured by pledge of securities in the manner
40 prescribed for state bank accounts under K.S.A. 75-4218, and amend-
41 ments thereto, or if such bank account is in an institution outside the state
42 of Kansas, the institution shall be licensed by a state or the federal
43 government.



(i) to establish guidelines that include but are not limited to the issuance of grants for research and development; education and scholarships; tourism and event promotion equine trail development and maintenance; therapeutic programs; and equine rescue.

,except that the assessment shall not apply to manufacturers producing less than 188 tons of commercial feeding stuffs pursuant to K.S.A. 2-1001 et. seq.

semi-annually, according to the schedule for submission of the feeding stuffs tonnage report pursuant to K.S.A. 2-1004.

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1 (d) All money collected pursuant to K.S.A. 47-2304, and amendments
2 thereto, shall be expended in the administration of this act, and for the
3 payment of claims based upon obligations incurred in the performance
4 of the activities and functions set forth in this act and for no other purpose.

5 Sec. 6. (a) Any person who violates any of the provisions of this act
6 shall be guilty of a misdemeanor, and upon conviction shall be punished
7 by a fine of not less than \$25 nor more than \$500 or by imprisonment in
8 the county jail for not less than 30 nor more than 90 days, or by both
9 such fine and imprisonment.

10 (b) The board may establish an alternative means of collecting the
11 assessment if another means is found to be more effective and efficient.
12 The board shall assess any charges incurred in conjunction with action to
13 secure compliance with this act by any person who fails to remit any
14 amount due the board under this act.

15 ~~Sec. 7.~~ This act shall take effect and be in force from and after its
16 publication in the statute book.

Sec. 7. The Equine Industry Research and Promotion Board shall prepare and submit
an annual report to the Senate Agriculture Committee and the House Agriculture
Committee of the Kansas Legislature by February 1 of each year.