

Approved: : March 28, 2007

Date

MINUTES OF THE HOUSE ENERGY AND UTILITIES COMMITTEE

The meeting was called to order by Chairman Carl Holmes at 9:00 A.M. on March 23, 2007 in Room 241-N of the Capitol.

All members were present except:

Vaughn Flora-excused
Forrest Knox-excused
Don Myers-excused

Committee staff present:

Mary Galligan, Kansas Legislative Research
Renaehansen, Committee Assistant

Others attending:

Fourteen including the attached list.

The committee was provided a copy of the average rates from Westar Energy, Inc. (Attachment 1) for residential, commercial, and industrial customers.

SB 327 **Renewable fuels; income tax credits.**

Representative Bill Light moved to amend SB 327 using the amended language offered by Senator Terry Bruce March 22, 2007. Seconded by Representative Cindy Neighbor.

Questions were asked and comments made by Representatives: Tom Sloan, Bill Light, Rob Olson, and Carl Holmes.

Motion to amend SB 327 carried.

Representative Bill Light moved to amend SB 327 (Attachment 2). Seconded by Representative Tom Hawk. Motion carried.

Representative Tom Sloan offered language to potentially amend into **SB 327**, (Attachment 3).

Representative Tom Sloan moved to amend SB 327 using the language on his attached amendment Section 1 (a) (3) redefining "renewable fuels" replacing section 1 (f) of the existing bill. Seconded by Representative Terry McLachlan.

Discussion ensued by Representatives: Annie Kuether, Tom Sloan, Vern Swanson, Rob Olson, Terry McLachlan.

Motion to amend carried 9-8.

Representative Tom Sloan moved to amend SB 327 using the language in the first sentence of Section 1 a 4 b. Seconded by Representative Annie Kuether. Motion carried.

Representative Tom Sloan moved to amend SB 327, using the language Section 1 a 4 b sentence 2 "The tax rebate shall be an amount equal to 6 ½ cents for each gallon of renewable fuel sold by the retailer from a Kansas manufacturer. Seconded by Representative Annie Kuether. Motion carried

Representative Tom Sloan moved to amend SB327 using the language in section 1 a 4 b continuing with that sentence "For which a retailer reduces the price per gallon by 6 ½ cents" Seconded by Rep Rob Olson.

CONTINUATION SHEET

MINUTES OF THE House Energy and Utilities Committee at 9:00 A.M. on March 23, 2007 in Room 241-N of the Capitol.

Questions were asked and comments made by Representatives: Tom Hawk, Tom Sloan, Rob Olson, Vern Swanson, Bill Light, Annie Kuether, Carl Holmes, and Tom Moxley.

Motion to amend failed.

Representative Tom Sloan moved to adopt the sunset language on page 2 section 4(d) with a sunset of July 1, 2012. Seconded by Representative Terry McLachlan.

Discussion continued by Representatives: Josh Svaty, Tom Hawk, and Tom Sloan.

Representative Tom Sloan closed on the motion.

Motion to amend passed.

Representative Peggy Mast moved to recommend **SB 327** as amended favorable for passage. Seconded by Representative Tom Sloan.

Discussion continued by Representative: Richard Proehl.

Motion passed 9-8.

Representative Tom Sloan will carry **SB 327** on the House floor.

Chairman Carl Holmes announced there might be a further meeting pending action taken in the Senate.

Meeting adjourned.

HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

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NAME	REPRESENTING
Lindsey Douglas	Hein Law Firm

Westar Energy Inc.
Average Rates (cents per kwh)
March 22, 2007

North	Actual 2006
Residential	7.364
Commercial	5.894
Industrial	5.012
Total retail	6.254

South	Actual 2006
Residential	7.719
Commercial	6.384
Industrial	4.357
Total retail	6.039

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ATTACHMENT |

Sec. 5. (a) The retail dealer shall file
r the incentive for selling or dispensing
of renewable fuels or biodiesel beginning
January 1, 2009, and quarterly thereafter, on
~~a form furnished by the department of~~
revenue. ~~The form shall require the retail~~
dealer ~~to file such information as the~~
secretary of revenue may require by rules and
regulations, but shall include the total
number of gallons of renewable fuels or
biodiesel fuels sold.

electronically

in the manner required

shall

(b) The secretary of revenue may adopt
rules and regulations necessary to administer
the provisions of this act, including the
development of a procedure for the payment of
the incentive.

on a pro rata basis

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ATTACHMENT 2

KDOR balloon to SB 327

- 1) Requires retailers to file electronically to keep KDOR's fiscal note to a minimum
- 2) Allows KDOR to pro rate the incentive payment in any quarter that the amount in the fund is insufficient to pay all of the incentives.

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HOUSE Substitute for SENATE BILL NO. 327

By Committee on Energy and Utilities

AN ACT relating to renewable fuels; providing for certain tax rebates.

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

Section 1. (a) As used in this act:

(1) "Department" means the department of revenue;

(2) "Kansas manufacturer" means any person, firm, partnership or corporation engaged in the business of transforming, refining or combining materials and labor to convert tangible personal property from one form to another including packaging, and which is located in this state;

(3) "renewable fuels" means the flexible motor vehicle fuels E-85, B-5 and B-10;

(4) "retailer" means any person, firm, partnership or corporation subject to income taxation pursuant to article 32 of chapter 79 of the Kansas Statutes Annotated, and who is engaged in the business of selling renewable fuels to purchasers for use by such purchaser.

[(b) Any retailer who sells renewable fuels ^{from} to a Kansas manufacturer shall be entitled to a tax rebate if such retailer meets the requirements of this act. [The tax rebate shall be an amount equal to 6 1/2 cents for each gallon of renewable fuel sold by the retailer ^{from} to a Kansas manufacturer] for which the retailer reduces the price per gallon by 6 1/2 cents.] To qualify for the tax rebate the retailer must submit an application to the department of revenue on forms provided by the department. Upon acceptance of the application the retailer must submit records of such retailer's sales of renewable fuels to the department on a quarterly basis. Such records shall include the date on which such sales were made, the corresponding price per gallon for the renewable fuels sold on such dates, the corresponding amount in gallons of renewable fuels sold on such dates, and any other information required by the department. The tax rebates shall be paid out of the state general fund on a quarterly basis in such amounts as determined by the department based on the records

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ATTACHMENT 3-1

submitted by the retailer.

(c) The secretary of revenue is hereby authorized to adopt rules and regulations to implement and administer the provisions of this act.

(d) The provisions of this act shall expire on and after July 1, 2012.

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