

MINUTES OF THE SENATE AGRICULTURE COMMITTEE

The meeting was called to order by Chairman Mark Taddiken at 8:43 a.m. on March 20, 2007 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research  
Art Griggs, Office of Revisor of Statutes  
Judy Seitz, Committee Assistant

Conferees appearing before the Committee:

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas)

Others attending:

See attached list.

Chairman Taddiken noted that minutes of the March 13 and 14 meeting were distributed to Committee members. Minutes of today's meeting will be distributed electronically since there are no other meetings scheduled.

Senator Francisco moved to approved the minutes of the March 13 and 14 meetings, seconded by Senator Pine. Motion carried.

Chairman Taddiken said that the March 13 issue of *Grass & Grain* features Vice Chairman Pine and his wife, Sue, on the front page. They have recently been honored as recipients of the 2006 Kansas Master Farmer and Master Farm Homemaker award. Chairman Taddiken congratulated Senator Pine on this honor.

Chairman Taddiken said that there has been much interest in water issues and asked if the Committee would be comfortable in writing a letter to the Legislative Coordinating Council (LCC) requesting an interim study of the Intensive Groundwater Use Control Area (IGUCA). A motion was made by Senator Pine, seconded by Senator Lee that the Agriculture Committee submit a request to the LCC for an interim study of the IGUCA. Motion passed.

The discussion continued on **HB 2145 – Redefining “dispensing device” to include vehicle tank meters.** Chairman Taddiken said that a motion by Senator Francisco on an amendment was tabled and affected the first \$250,000 collected in the Petroleum Inspection Fee Fund (PIFF). The motion would have reduced the amount to go into the State General Fund (SGF) by \$50,000. Chairman Taddiken stated that **HB 2127 - Electric generation facilities, parallel generation contracts** is in the Utilities Committee. This bill passed in the House and was assigned to the Senate Utilities Committee. He said that Cloud County Community College (CCCC) has taken on an initiative to become the wind energy education center of excellence in Kansas. Its goal is to train people in the installation, operation and maintenance of wind turbines. CCCC would like to install a large scale wind generator (1.5 megawatt) at an approximate cost of \$2M. Their plan was to ask the federal government for \$1.3M and request \$700,000 from the state.

Chairman Taddiken said that **HB 2127** would allow non-commercial people to increase the size of their generators and they could install wind turbines and sell the excess electricity back to the utility company at 150% of the cost of the energy (currently at 100%). The House also included a provision that would give every school (regents, vocational technical or community colleges) the ability to put in a 1.5 megawatt generator and sell the excess electricity back to the utility

A copy of the proposed **Substitute HB 2145** was distributed to Committee members (Attachment 1). The Chairman also handed out bullet points on **Substitute HB 2145** (Attachment 2). He said that this proposal would double the amount of capacity irrigators can generate and sell to utilities. This would change the definition of schools and make it a pilot project with one school, CCCC, specifically. This bill would allow the use of KDFA bonds for purchase and installation of equipment. It would allow the school to sell excess energy at 100% of avoided costs. The funds received from the sale of the energy would be used to pay off

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture Committee at 8:43 a.m. on March 20, 2007 in Room 423-S of the Capitol.

the bonds. After the bonds are paid off, the funds would remain with the school. Chairman Taddiken said that from the \$250,000 received, \$50,000 would go into a wind generation education pilot project fund; \$50,000 would go into State General Fund (SGF); and all other funds would go into the Petroleum Inspection Fee Fund (PIFF).

Committee discussion was held on the proposed Substitute **HB 2145**.

Dave Holthaus, Director of Government Relations, KEC answered questions from Committee members.

Chairman Taddiken said that a representative from the Kansas Department of Revenue (KDOR) appeared before the Senate Agriculture Committee and said it costs the KDOR \$24,300 per year to operate the Petroleum Inspection Fee Fund (PIFF).

Tom Palace, Executive Director, Petroleum Marketers and Convenience Store Association of Kansas (PMCA of Kansas), stated that the intent of the original **HB 2145** was to leave the money in the PIFF because it would be needed in the future for additional inspections.

Senator Schmidt made a substitute motion to amend **HB 2145** in the manner prescribed in the proposed **Senate Substitute for HB 2145**, seconded by Senator Bruce. There was Committee discussion of the motion. Motion carried.

Senator Bruce moved to remove the new section 10, pages 6 - 9, seconded by Senator Lee. Motion was discussed. Motion passed.

Senator Bruce moved to make the following change on page 4, Sec. 8, (B) (2), in the next to last sentence, change 150% to "100% of the utility's monthly average cost," seconded by Senator Lee. Motion passed.

Senator Huelskamp moved to include Dodge City Community College in the bill as far as the use of the bonds, seconded by Chairman Taddiken. Motion passed.

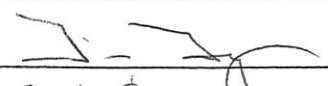
Senator Lee made a motion to pass Senate Substitute for **HB 2145** out of Committee favorably, seconded by Senator Schmidt. Motion passed.

Meeting was adjourned at 9:32 a.m.

Chairman Taddiken thanked the Committee for its work this Session and this concludes the meetings of the Senate Agriculture Committee for the 2007 Session.

SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 20, 2007

NAME	REPRESENTING
	KDA
CV Cotsoyadis	KDA
Dave Hotchkous	KEC
Tom Palace	PMCA of Kansas
John Coen	Sen Schmidt's office

## Proposed SENATE Substitute for HOUSE BILL NO. 2145

By Committee on Agriculture

AN ACT relating to energy; relating to petroleum products; concerning electric generation facilities; relating to contracts for parallel generation services, providing for the issuance of bonds; authorizing a wind generation education pilot project and providing funding therefor; amending K.S.A. 55-422, 55-426, 55-427, 66-1,184, 83-221 and 83-401 and K.S.A. 2006 Supp. 79-201 and repealing the existing sections.

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

Section 1. K.S.A. 55-422 is hereby amended to read as follows: 55-422. K.S.A. 55-422 ~~through--55-445~~ et seq., and amendments thereto, may be cited as the petroleum products inspection law. As used in the petroleum products inspection law:

(a) "Director" means the director of taxation of the Kansas department of revenue, or the director's duly authorized deputy, agent, or representative.

(b) "Secretary" means the secretary of agriculture or the secretary's authorized representative.

(c) "Person" means an individual, firm, association, organization, partnership, business trust, joint stock company, company, corporation, or other legal entity.

(d) "Motor fuel" means any refined or blended motor fuel products, including gasoline, diesel fuel, aviation fuel, oxygenated fuel, or any other fuel used for generation of power in an internal combustion engine as specified by the secretary by rules and regulations adopted under the petroleum products inspection law.

(e) "Petroleum product" includes gasoline, kerosene, motor-fuels and such other products as defined by rules and regulations adopted pursuant to the petroleum products inspection law.

(f) The terms "manufacturer", "distributor" and "importer" shall have the meanings ascribed to them in the motor-fuel tax law.

(g) "Dispensing device" means a motor-vehicle fuel or liquid fuel dispensing pump, meter or other similar measuring device and shall include any device which dispenses refined or blended gasoline or diesel fuel product. This definition shall not include liquefied petroleum meters.

Sec. 2. K.S.A. 55-426 is hereby amended to read as follows: 55-426. (a) The director of taxation is entitled to demand and receive from the manufacturer, importer, exporter or distributor first selling, offering for sale, using or delivering gasoline or diesel including government sales, the sum of \$.015 per barrel. For the purposes of this section {50 gallons is to be considered and counted as a barrel}.

(b) The secretary is hereby authorized and empowered to reduce the fees and charges provided by subsection (a) for any period deemed justified whenever the secretary shall determine that such fees and charges being paid into the state treasury as required by law are yielding more revenue than is required for the purposes to which such fees and charges are devoted by law. In the event that the secretary determines that sufficient revenues are not being produced by such reduced fees and charges, the secretary is hereby authorized and empowered to restore the fees and charges in full or in part to a rate not exceeding that provided in subsection (a) that will in the secretary's judgment produce sufficient revenue for the purposes to which such fees and charges are devoted by law.

Sec. 3. K.S.A. 83-221 is hereby amended to read as follows: 83-221. All inspections and tests to inspect, test and seal, certify or reject any dispensing device, as defined in K.S.A. 83-401, and amendments thereto, or the capacity of any vehicle tank used in the transportation of liquefied petroleum gas, motor-vehicle fuels or liquid fuels shall be made in compliance with the provisions of chapter 83 of the Kansas Statutes

Senate Agriculture Committee  
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Attachment |

Annotated, and amendments thereto, and the rules and regulations promulgated thereunder.

Sec. 4. K.S.A. 83-401 is hereby amended to read as follows: 83-401. As used in K.S.A. 83-401 ~~to 83-410~~ et seq. and 83-501 and ~~K.S.A. 1997-Supp. 55-447~~ et seq., and amendments thereto, inclusive:

(a) "Dispensing device" means a motor-vehicle fuel or liquid fuel dispensing pump, meter or other similar measuring device and shall include any device which dispenses refined or blended gasoline or diesel fuel product. This definition shall not include ~~vehicle-tank-meters-or~~ liquefied petroleum meters;

(b) "person" means any individual, agent, technical representative, partnership, association, corporation or governmental agency but does not include the secretary;

(c) "secretary" means the secretary of agriculture, the secretary's authorized representative or the secretary's authorized inspector;

(d) "place of business" means any location from which a testing service, or one or more representatives or employees thereof, sell and perform services for the purpose of testing, repairing, adjusting, measuring or calibrating dispensing devices;

(e) "technical representative" means an individual who is responsible for the proper installation, repair, adjustment or calibration and certification of the accuracy of such dispensing devices; and

(f) "service company" means a company which is in the business of examining, calibrating, testing, repairing and adjusting of dispensing devices but such term does not include a technical representative unless the technical representative is the owner of such service company.

Sec. 5. K.S.A. 55-427 is hereby amended to read as follows: 55-427. (a) Every manufacturer, importer, or distributor of any of the above-named petroleum products subject to inspection and liable for the payment of fees as provided in the petroleum products inspection law, shall report in full and detail before the 25th day of every month at the office of the director of taxation, on blanks prepared, furnished and approved by the director of taxation, the quantity of each of the above-named petroleum products sold in the state of Kansas during the preceding calendar month, and shall, at the time of forwarding such report, compute and pay to the director of taxation at the director's office, the amount of fees due the state on all petroleum products subject to inspection during the preceding month.

(b) All fees imposed under the provisions of the petroleum products inspection law and not paid on or before the 25th day of the month succeeding the calendar month in which such petroleum products were sold or offered for sale shall be deemed delinquent and shall bear interest at the rate of 1% a month, or fraction thereof, from such due date until paid. In addition, there is hereby imposed upon all amounts of such fees remaining due and unpaid after such due date a penalty in the amount of 5%. Such penalty shall be added to and collected as part of the fees by the director of taxation. The fees, including penalty and interest shall be remitted by the director of taxation to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and credit the same in accordance with subsections (c) and (d).

(c) There is hereby created in the state treasury the petroleum inspection fee fund which shall be administered by the secretary of agriculture. All moneys credited to the petroleum inspection fee fund shall be used for: (1) The expenses incurred for the performance of the duties and functions of the secretary of agriculture and the Kansas department of agriculture prescribed by K.S.A. 55-422 through 55-446, and amendments thereto, and K.S.A. 83-501, and amendments thereto, or any rules and regulations adopted thereunder, relating to the regulation of

the quality of petroleum products, and for the expenses incurred for the performance of the duties and functions of the secretary of agriculture and the Kansas department of agriculture prescribed by K.S.A. 83-401 through 83-410, and amendments thereto, or any rules and regulations adopted thereunder, and K.S.A. 83-501, and amendments thereto, or any rules and regulations adopted thereunder, relating to the regulation of motor fuel dispensing devices, as defined by K.S.A. 83-401, and amendments thereto; and (2) for the wind generation education pilot project authorized by section 7, and amendments thereto. All expenditures from the petroleum inspection fee fund shall be made in accordance with the provisions of appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary of agriculture or by a person or persons designated by the secretary.

(d) All moneys received for the fee imposed by K.S.A. 55-426, and amendments thereto, or for interest or penalties imposed by K.S.A. 55-427, and amendments thereto, shall be remitted to the state treasurer in accordance with the provisions of K.S.A. 75-4215, and amendments thereto. Upon receipt of each such remittance, the state treasurer shall deposit the entire amount in the state treasury and such moneys shall be credited in accordance with the following:

(1) For the period from July 1, 2007 through June 30, 2021, each fiscal year the first \$50,000 collected shall be credited to the wind generation education pilot project fund; thereafter the remainder each fiscal year shall be credited as provided in subsections (2) and (3);

~~(1)~~ (2) ~~On and after July 1 of~~ Each fiscal year, 2/3 of each such deposit remaining shall be credited to the state general fund and the balance of each such deposit shall be credited to the petroleum inspection fee fund until the aggregate of all amounts credited to the state general fund under this subsection (d) ~~(1)~~ (2) equals ~~\$250,000~~ \$50,000; and

~~(2)~~ (3) after ~~\$250,000~~ \$50,000 has been credited to the state general fund under subsection ~~(d)~~ (d) (2) for any fiscal year, the entire amount of each amount deposited thereafter for such fiscal year shall be credited to the petroleum inspection fee fund.

New Sec. 6. There is hereby created in the state treasury the wind generation education pilot project fund which shall be administered by the state corporation commission. Moneys in such fund shall be used to pay for the financing of the wind generation education pilot project authorized by section 7, and amendments thereto. The state corporation commission and Cloud county community college are authorized to enter into agreements relating to use of money in the fund and the pilot project. The maximum amount of money available to the college shall be \$50,000 annually through 2021. The agreement also shall provide that moneys received from the sale of the wind generated electricity by the school shall first be utilized to make debt service payments relating to the project. After such debt service has been paid, the amount received for such sale of electricity shall be retained by the school.

New Sec. 7. The Cloud county community college is hereby authorized to establish a wind generation education pilot project and to utilize money in the wind generation education pilot project fund pursuant to agreements entered in accordance with section 6, and amendments thereto.

Sec. 8. K.S.A. 66-1,184 is hereby amended to read as follows: 66-1,184. (a) Except as provided in subsection (b), every public utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, upon request of such customer, whereby such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the public utility's system or

equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation on such customer's monthly bill for energy supplied to the utility by such customer.

(b) (1) For purposes of this subsection:

(A) "Utility" means an electric public utility, as defined by K.S.A. 66-101a, and amendments thereto, any cooperative, as defined by K.S.A. 17-4603, and amendments thereto, or a nonstock member-owned electric cooperative corporation incorporated in this state, or a municipally owned or operated electric utility;

(B) "school" means Cloud county community college.

(2) Every utility which provides retail electric services in this state shall enter into a contract for parallel generation service with any person who is a customer of such utility, if such customer is a residential customer of the utility and owns a renewable generator with a capacity of 25 kilowatts or less, or is a commercial customer of the utility and owns a renewable generator with a capacity of ~~100~~ 200 kilowatts or less or is a school and owns a renewable generator with a capacity of 1.5 megawatts or less. Such generator shall be appropriately sized for such customer's anticipated electric load. A commercial customer who uses the operation of a renewable generator in connection with irrigation pumps shall not request more than 10 irrigation pumps connected to renewable generators be attached or connected to the utility's system. Such At the customer's delivery point on the customer's side of the retail meter such customer may attach or connect to the utility's delivery and metering system an apparatus or device for the purpose of feeding excess electrical power which is generated by such customer's energy producing system into the utility's system. No such apparatus or device shall either cause damage to the utility's system or equipment or present an undue hazard to utility personnel. Every such contract shall include, but need not be limited to, provisions relating to fair and equitable compensation for energy supplied to the utility by such customer. Such compensation shall be not less than 150% of the utility's monthly system average cost of energy per kilowatt hour, except that in the case of schools such compensation shall be not less than 100% of the utility's monthly system average cost of energy per kilowatt hour. A utility may credit such compensation to the customer's account or pay such compensation to the customer at least annually or when the total compensation due equals \$25 or more.

(c) The following terms and conditions shall apply to contracts entered into under subsection (a) or (b):

(1) The utility will supply, own, and maintain all necessary meters and associated equipment utilized for billing. In addition, and for the purposes of monitoring customer generation and load, the utility may install at its expense, load research metering. The customer shall supply, at no expense to the utility, a suitable location for meters and associated equipment used for billing and for load research;

(2) for the purposes of insuring the safety and quality of utility system power, the utility shall have the right to require the customer, at certain times and as electrical operating conditions warrant, to limit the production of electrical energy from the generating facility to an amount no greater than the load at the customer's facility of which the generating facility is a part;

(3) the customer shall furnish, install, operate, and maintain in good order and repair and without cost to the utility, such relays, locks and seals, breakers, automatic synchronizer, and other control and protective apparatus as shall be designated by the utility as being required as suitable for the operation of the generator in parallel with the utility's system. In any case where the customer and the utility cannot agree to terms and conditions of any such contract, the state corporation commission shall establish the terms and conditions for such contract. In addition, the utility may install, own, and

maintain a disconnecting device located near the electric meter or meters. Interconnection facilities between the customer's and the utility's equipment shall be accessible at all reasonable times to utility personnel. Upon notification by the customer of the customer's intent to construct and install parallel generation, the utility shall provide the customer a written estimate of all costs that will be incurred by the utility and billed to the customer to accommodate the interconnection. The customer may be required to reimburse the utility for any equipment or facilities required as a result of the installation by the customer of generation in parallel with the utility's service. The customer shall notify the utility prior to the initial energizing and start-up testing of the customer-owned generator, and the utility shall have the right to have a representative present at such test; and

(4) the utility may require a special agreement for conditions related to technical and safety aspects of parallel generation; and

(5) the utility may limit the number and size of renewable generators to be connected to the utility's system due to the capacity of the distribution line to which such renewable generator would be connected, and in no case shall the utility be obligated to purchase an amount greater than 4% of such utility's peak power requirements.

(d) Service under any contract entered into under subsection (a) or (b) shall be subject to either the utility's rules and regulations on file with the state corporation commission, which shall include a standard interconnection process and requirements for such utility's system, or the current federal energy regulatory commission interconnection procedures and regulations.

(e) In any case where the owner of the renewable generator and the utility cannot agree to terms and conditions of any contract provided for by this section, the state corporation commission shall establish the terms and conditions for such contract.

(f) The governing body of any school desiring to proceed under this section shall, prior to taking any action permitted by this section, make a finding that either: (1) Net energy cost savings will accrue to the school from such renewable generation over a 20-year period; or (2) that such renewable generation is a science project being conducted for educational purposes and that such project may not recoup the expenses of the project through energy cost savings. Any school proceeding under this section may contract or enter into a finance, pledge, loan or lease-purchase agreement with the Kansas development finance authority as a means of financing the cost of such renewable generation.

(g) For the purpose of meeting the governor's stated goal of producing 10% of the state's electricity by wind power by 2010 and 20% by 2020, the parallel generation of electricity provided for in this section shall be included as part of the state's energy generation by wind power.

New Sec. 9. (a) For the purpose of financing the construction and installation of a renewable generator to be used by a school for parallel generation in accordance with K.S.A. 66-1,184, and amendments thereto, the Kansas development finance authority is hereby authorized to issue revenue bonds in amounts sufficient to pay the costs of such construction and installation, including any required interest on the bonds during construction and installation, plus all amounts required for costs of the bond issuance and for any required reserves on the bonds. The bonds, and interest thereon, issued pursuant to this section shall be payable from revenues derived from sales of electricity generated by the renewable generator pursuant to K.S.A. 66-1,184, and amendments thereto, or from any other revenues available to be pledged by the Kansas development finance authority for such purpose.

(b) The provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, shall not prohibit the issuance of bonds by the Kansas development finance authority for the purposes of this section and any such issuance of bonds is exempt from the



provisions of subsection (a) of K.S.A. 74-8905, and amendments thereto, which would operate to preclude such issuance.

(c) Revenue bonds, including refunding revenue bonds, issued hereunder shall not constitute an indebtedness of the state of Kansas, nor shall they constitute indebtedness within the meaning of any constitutional or statutory provision limiting the incurring of indebtedness.

(d) Revenue bonds, including refunding revenue bonds, issued hereunder and the income derived therefrom are and shall be exempt from all state, county and municipal taxation in the state of Kansas, except Kansas estate taxes.

Sec. 10. K.S.A. 2006 Supp. 79-201 is hereby amended to read as follows: 79-201. The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All buildings used exclusively as places of public worship and all buildings used exclusively by school districts and school district interlocal cooperatives organized under the laws of this state, with the furniture and books therein contained and used exclusively for the accommodation of religious meetings or for school district or school district interlocal cooperative purposes, whichever is applicable, together with the grounds owned thereby if not leased or otherwise used for the realization of profit, except that: (a) (1) Any school building, or portion thereof, together with the grounds upon which the building is located, shall be considered to be used exclusively by the school district for the purposes of this section when leased by the school district to any political or taxing subdivision of the state, including a school district interlocal cooperative, or to any association, organization or nonprofit corporation entitled to tax exemption with respect to such property; and (2) any school building, together with the grounds upon which the building is located, shall be considered to be used exclusively by a school district interlocal cooperative for the purposes of this section when being acquired pursuant to a lease-purchase agreement; and (b) any building, or portion thereof, used as a place of worship, together with the grounds upon which the building is located, shall be considered to be used exclusively for the religious purposes of this section when used as a not-for-profit day care center for children which is licensed pursuant to K.S.A. 65-501 et seq., and amendments thereto, or when used to house an area where the congregation of a church society and others may purchase tracts, books and other items relating to the promulgation of the church society's religious doctrines.

Second. All real property, and all tangible personal property, actually and regularly used exclusively for literary, educational, scientific, religious, benevolent or charitable purposes, including property used exclusively for such purposes by more than one agency or organization for one or more of such exempt purposes. Except with regard to real property which is owned by a religious organization, is to be used exclusively for religious purposes and is not used for a nonexempt purpose prior to its exclusive use for religious purposes which property shall be deemed to be actually and regularly used exclusively for religious purposes for the purposes of this paragraph, this exemption shall not apply to such property, not actually used or occupied for the purposes set forth herein, nor to such property held or used as an investment even though the income or rentals received therefrom is used wholly for such literary, educational, scientific, religious, benevolent or charitable purposes. In the event any such property which has been exempted pursuant to the preceding sentence is not used for religious purposes prior to its conveyance which results in its use for nonreligious purposes, there shall be a recoupment of property taxes in an amount equal to the tax which would have been levied upon such property except for such exemption for all taxable years for which such exemption was in effect. Such recoupment tax shall become due and payable in such year as provided by K.S.A.

79-2004, and amendments thereto. A lien for such taxes shall attach to the real property subject to the same on November 1 in the year such taxes become due and all such taxes remaining due and unpaid after the date prescribed for the payment thereof shall be collected in the manner provided by law for the collection of delinquent taxes. Moneys collected from the recoupment tax hereunder shall be credited by the county treasurer to the several taxing subdivisions within which such real property is located in the proportion that the total tangible property tax levies made in the preceding year for each such taxing subdivision bear to the total of all such levies made in that year by all such taxing subdivisions. Such moneys shall be credited to the general fund of the taxing subdivision or if such taxing subdivision is making no property tax levy for the support of a general fund such moneys may be credited to any other tangible property tax fund of general application of such subdivision. This exemption shall not be deemed inapplicable to property which would otherwise be exempt pursuant to this paragraph because an agency or organization: (a) Is reimbursed for the provision of services accomplishing the purposes enumerated in this paragraph based upon the ability to pay by the recipient of such services; or (b) is reimbursed for the actual expense of using such property for purposes enumerated in this paragraph; or (c) uses such property for a nonexempt purpose which is minimal in scope and insubstantial in nature if such use is incidental to the exempt purposes of this paragraph; or (d) charges a reasonable fee for admission to cultural or educational activities or permits the use of its property for such activities by a related agency or organization, if any such activity is in furtherance of the purposes of this paragraph.

Third. All moneys and credits belonging exclusively to universities, colleges, academies or other public schools of any kind, or to religious, literary, scientific or benevolent and charitable institutions or associations, appropriated solely to sustain such institutions or associations, not exceeding in amount or in income arising therefrom the limit prescribed by the charter of such institution or association.

Fourth. The reserve or emergency funds of fraternal benefit societies authorized to do business under the laws of the state of Kansas.

Fifth. All buildings of private nonprofit universities or colleges which are owned and operated by such universities and colleges as student union buildings, presidents' homes and student dormitories.

Sixth. All real and tangible personal property actually and regularly used exclusively by the alumni association associated by its articles of incorporation with any public or nonprofit Kansas college or university approved by the Kansas board of regents to confer academic degrees or with any community college approved by its board of trustees to grant certificates of completion of courses or curriculum, to provide accommodations and services to such college or university or to the alumni, staff or faculty thereof.

Seventh. All parsonages owned by a church society and actually and regularly occupied and used predominantly as a residence by a minister or other clergyman of such church society who is actually and regularly engaged in conducting the services and religious ministrations of such society, and the land upon which such parsonage is located to the extent necessary for the accommodation of such parsonage.

Eighth. All real property, all buildings located on such property and all personal property contained therein, actually and regularly used exclusively by any individually chartered organization of honorably discharged military veterans of the United States armed forces or auxiliary of any such organization, which is exempt from federal income taxation pursuant to section 501(c)(19) of the federal internal revenue code of 1986, for clubhouse, place of meeting or memorial hall purposes, and real property to the extent of not more than two acres, and all buildings located on such property, actually and regularly used

exclusively by any such veterans' organization or its auxiliary as a memorial park.

Ninth. All real property and tangible personal property actually and regularly used by a community service organization for the predominant purpose of providing humanitarian services, which is owned and operated by a corporation organized not for profit under the laws of the state of Kansas or by a corporation organized not for profit under the laws of another state and duly admitted to engage in business in this state as a foreign not-for-profit corporation if: (a) The directors of such corporation serve without pay for such services; (b) the corporation is operated in a manner which does not result in the accrual of distributable profits, realization of private gain resulting from the payment of compensation in excess of a reasonable allowance for salary or other compensation for services rendered or the realization of any other form of private gain; (c) no officer, director or member of such corporation has any pecuniary interest in the property for which exemption is claimed; (d) the corporation is organized for the purpose of providing humanitarian services; (e) the actual use of property for which an exemption is claimed must be substantially and predominantly related to the purpose of providing humanitarian services, except that, the use of such property for a nonexempt purpose which is minimal in scope and insubstantial in nature shall not result in the loss of exemption if such use is incidental to the purpose of providing humanitarian services by the corporation; (f) the corporation is exempt from federal income taxation pursuant to section 501(c)(3) of the internal revenue code of 1986 and; (g) contributions to the corporation are deductible under the Kansas income tax act. As used in this clause, "humanitarian services" means the conduct of activities which substantially and predominantly meet a demonstrated community need and which improve the physical, mental, social, cultural or spiritual welfare of others or the relief, comfort or assistance of persons in distress or any combination thereof including but not limited to health and recreation services, child care, individual and family counseling, employment and training programs for handicapped persons and meals or feeding programs. Notwithstanding any other provision of this clause, motor vehicles shall not be exempt hereunder unless such vehicles are exclusively used for the purposes described therein, except that the use of any such vehicle for the purpose of participating in a coordinated transit district in accordance with the provisions of K.S.A. 75-5032 through 75-5037, and amendments thereto, or K.S.A. 75-5051 through 75-5058, and amendments thereto, shall be deemed as exclusive use.

Tenth. For all taxable years commencing after December 31, 1986, any building, and the land upon which such building is located to the extent necessary for the accommodation of such building, owned by a church or nonprofit religious society or order which is exempt from federal income taxation pursuant to section 501(c)(3) of the federal internal revenue code of 1986, and actually and regularly occupied and used exclusively for residential and religious purposes by a community of persons who are bound by vows to a religious life and who conduct or assist in the conduct of religious services and actually and regularly engage in religious, benevolent, charitable or educational ministrations or the performance of health care services.

Eleventh. For all taxable years commencing after December 31, 1998, all property actually and regularly used predominantly to produce and generate electricity utilizing renewable energy resources or technologies. For purposes of this section, "renewable energy resources or technologies" shall include wind, solar, ~~thermal~~, photovoltaic, biomass, hydropower, geothermal and landfill gas resources or technologies.

Twelfth. For all taxable years commencing after December 31, 2001, all personal property actually and regularly used predominantly to collect, refine or treat landfill gas or to transport landfill gas from a landfill to a transmission pipeline, and the landfill gas produced therefrom.

Thirteenth. For all taxable years commencing after December 31, 2006, all property actually and regularly used predominantly for the storage of electrical power generated by a renewable generator under K.S.A. 66-1,184, and amendments thereto.

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

Sec. 11. K.S.A. 55-422, 55-426, 55-427, 66-1,184, 83-221 and 83-401 and K.S.A. 2006 Supp. 79-201 are hereby repealed.

Sec. 12. This act shall take effect and be in force from and after its publication in the statute book.

Bullet Points on Substitute for HB 2145

CONTAINS AMENDED VERSION OF HB 2127

1. Doubles amount of capacity irrigators can generate and sell to utilities. Increases price of excess energy sold from 100% to 150% of avoided (energy) costs.
2. Creates a wind energy education pilot project at Cloud County Community College.
  - A. Allows the use of KDFA bonds for purchase and installation of equipment.
  - B. Allows excess energy to be sold at 100% of avoided costs. Funds received would be used to pay off the bonds. After bonds are paid off funds would remain with school.
  - C. School would receive \$50 thousand per year from the Wind Energy Education Trust Fund for 14 years, to pay off bonds.

CONTAINS HB 2145

Provisions the same except the \$250 thousand currently going into SGF would be split.

\$50 thousand into SGF

\$50 thousand into the Wind Energy Education Trust Fund for 14 years

\$150 thousand into the Petroleum Inspection Fee Fund

*Senate Agriculture Committee  
3-20-07  
Attachment 2*