

SESSION OF 2004

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2703**

As Amended by Senate Committee on  
Utilities

**Brief\***

HB 2703 amends a statute that authorizes the Kansas Development Finance Authority to issue revenue bonds for the construction, renovation, repair, and related costs of one or more facilities that generate electricity solely by the use of hydropower and which have a capacity of more than two, but less than 25, megawatts. The amendment adds a second type of facility to those for which bonds may be issued. The type of facilities added to the statute are those facilities or portions thereof that generate electricity, are a prototype for the generation of electricity and hydrogen with limited emissions, for research in connection with related technologies, and that include a research or teaching component involving one or more postsecondary educational institutions or faculty members of such institutions. The bonds are to be payable from revenues arising from the generation of electricity or from other revenues available to be pledged by the Kansas Development Finance Authority.

**Background**

The Senate Committee amendment deletes the original subject matter of HB 2703 and substitutes an amendment to KSA 74-8939.

The amendment was requested by the Chair of the Kansas Energy Council who explained the need to have a funding source to offer as a part of the Kansas bid for an experimental coal-fired electric generation facility and carbon dioxide sequestration project that would qualify under the proposed U.S. Department of Energy sponsored project known as FutureGen. The Committee was told that in order to be competitive, a funding source that could be made available to a

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

consortium of coal producers and electric generating companies that will actually build the facility needs to be authorized. The authority provided by HB 2703 as amended would create that funding source. The bill authorizes the issuance of revenue bonds and would not create an obligation on the part of the state. It was noted that Kansas is already involved with tertiary oil recovery through carbon dioxide injection, is centrally located, is considered neutral in that it has no major coal production to promote, and has large oil fields available for the sequestration of carbon dioxide. Therefore, Kansas could be competitive on a national level for this project.