

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Vice-Chairman Les Donovan at 10:30 A.M. on March 8, 2005 in Room 519-S of the Capitol.

All members were present except:

Barbara Allen- excused

Committee staff present:

Martha Dorsey, Kansas Legislative Research

Conferees appearing before the committee:

Dr. Lee Allison, Director/ Science & Energy Office/ Governor

Charles Benjamin, Sierra Club

Ron Gaches, Kansas Wind

Brad Harrelson, Kansas Farm Bureau

Jennifer States, J. W. Prairie Wind Power, Lawrence

Phil Duran, Krystal Energy, Lenexa

Alan Pollom, State Director, Nature Conservancy

Dr. Christopher Pflaum, Spectrum Economics, Inc., Overland Park, Kansas

John Hund, Tallgrass Ranchers, Paxico

Virgil Huseman, Ranchers in Smoky River Valley, Ellsworth County

Suzan Barnes, Flint Hills Tourism, Cottonwood Falls, KS

Phil Epp, Tall Grass Prairie Artists

Ron Klataske, Executive Director, Audubon of Kansas

Dan Ward, Kansas Wildlife Federation

Jackie Sundgren, Protect the Flint Hills

Margy Stewart, Geary County

Jane Link, Geary County

Written testimony

Rose Bacon, Council Grove

Peter Cohen, Alta Vista

Christine Crenshaw, Wabaunsee County

Glenn Schleede, Round Hill, VA

Allie Devine, Kansas Livestock Association

Others attending:

See attached list.

Hearing on:

**SB 280** - Income tax credits for production and sale of electricity generated by renewable energy and community wind energy facilities

Vice-Chairman Donovan standing in for Chairperson Allen opened the hearing on **SB 280**.

Chairman Donovan recognized Dr. Lee Allison, director of the Office of Science and Energy Policy for Governor Sebelius. Dr. Allison presented testimony in support of **SB 280**, stating if Kansas can develop more wind energy developments, the state can use them to attract manufacturing and add jobs for Kansas residents in this rapidly growing industry. He added that renewable energy is still an emerging technology, and incentives are necessary (Attachment 1).

Charles Benjamin, appearing on behalf of the Kansas Chapter of Sierra Club, gave testimony as a proponent on **SB 280**. Dr. Benjamin stated according to the 2005 Kansas Energy Report: "*Kansas' wind-energy potential ranks somewhere between first and third in the nation and is at least 10 times greater than the state's current electrical demand. Midwestern states, including the Great Plains, have enough potential in their windiest sites alone to meet the entire nation's electricity needs. Should Kansas or any of the Plains*

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*states choose, electricity from wind power could become another exportable resource, much like grain, beef, and airplanes". (Attachment 2).*

Testimony in support of **SB 280** was presented by Ron Gaches. Mr. Gaches spoke on behalf of the Kansas Wind Coalition, stating Kansas has the potential to be an important player in the emerging wind industry. According to the American Wind Energy Association, Kansas ranks number three for wind energy potential (Attachment 3).

Brad Harrelson provided testimony supporting **SB 280**. Mr. Harrelson is State Policy Director for the Kansas Farm Bureau Governmental Relations. Mr. Harrelson stated Kansas ranks high in wind velocity - third in the nation in total wind potential behind North Dakota and Texas. Those three states have the potential to supply enough energy to meet the needs of all of the lower 48 states (Attachment 4).

Jennifer States, Managing Director for J. W. Prairie Wind Power LLC, appeared before the Committee as a proponent on **SB 280**. Ms. States discussed the many benefits of wind energy (Attachment 5).

Phil Duran, Krystal Energy Corporation, spoke to the Committee as a proponent on **SB 280**. Mr Duran commented in the last few years, after decades of having been a net exporter of energy, the state of Kansas has become a net importer of energy as the sources for fossil fuels have matured and declined. In the absence of the passage **SB 280**, Kansas will continue to fall further behind other states as they develop their renewable energy facilities, and will continue to become an even larger importer of energy (Attachment 6).

There being no others to testify as a proponent on **SB 280**, Chairman Donovan asked for opponents to the bill.

Alan Pollom, State Director, The Nature Conservancy, testified in opposition of **SB 280**. Mr. Pollom stated the conservation community feels strongly that wind power generating facilities should be sited in a way that does not interfere with important wildlife movement corridors and staging areas, and should be located on lands that are already altered or cultivated rather than intact native habitats (Attachment 7).

Testimony in opposition of **SB 280** was presented by Dr. Christopher Pflaum, Overland Park, Kansas. Dr. Pflaum stated he believes this proposed legislation to be without merit (Attachment 8).

John Hund presented testimony, in opposition to **SB 280**, on behalf of the Tallgrass Ranchers. Mr. Hund's testimony included copies of the *Siting Guidelines for Windpower Projects in Kansas*, *Wind Power and Wildlife Issues in Kansas: the Position of the Kansas Department of Wildlife and Parks*, *the Assessment of the Economic and Tourism Impacts, Kansas Wind Energy*, *Wind Projects*, charts and etc (Attachment 9).

Virgil Huseman, Ellsworth County, presented testimony in opposition to **SB 280** (Attachment 10).

Testimony in opposition was presented by Suzan Barnes, Proprietor, Grand Central Hotel, Cottonwood Falls, Kansas. Ms. Barnes stated the state Travel and Tourism division have partnered with an agri-marketing company to help the state develop a sustainable agritourism plan. She stated Agri-tourism efforts are grounded in a community's pride in its history and traditions. Barnes said preserving the integrity of the landscape, local stories, and understanding of the area will define who Kansas is (Attachment 11).

Phill Epp, Tallgrass Prairie Artists, presented the Committee "*Homage to the Flint Hills*" *A Gathering of Art Inspired by the Tallgrass Prairie of Kansas*. Mr. Epp asked the Committee to draw a wind turbine on his painting to illustrate how the wind turbine would look against the landscape (Attachment 12).

Ron Klataske, Executive Director, Audubon of Kansas, presented testimony in opposition on **SB 280**. Mr. Klataske appeared on behalf of members of Audubon in Kansas and others that have worked very closely with it in recent years to protect the Flint Hills from destructive projects fueled with tax subsidizes and direct tax credits (Attachment 13).

Testimony in opposition to **SB 280**, was presented by Dan Ward, Kansas Wildlife Federation. Mr. Ward listed in his testimony five reasons for the state to not apply further governmental incentives for wind energy

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systems. He argued wind energy already enjoys both state and federal incentives (Attachment 14).

Jackie Sundgren, Rosalia, Kansas, presented testimony opposing **SB 280**. Ms. Sundgren stated **SB 280** will open a floodgate to wind companies destroying a one-of-a-kind area and ignoring the work Kansas residents have done generation after generation to protect the tallgrass prairie (Attachment 15).

Testimony presented in opposition on **SB 280** was given by Margy Stewart, Geary County. Ms. Stewart and her husband started an educational non-profit organization called Prairie Heritage through which youth and adults are invited to hike and camp on the land to learn about the tall grass prairie and the many peoples who have lived on it. Ms. Stewart believes **SB 280**, as written is very flawed. It would allow, even encourage, the defacement of the Flint Hills - as it contains the most pristine and characteristic Flint Hills landscape (Attachment 16).

Jayne Link presented testimony opposing **SB 280**. Ms. Link stated that there are more appropriate places to site industrial wind development than the Flint Hills of Kansas. (Attachment 17).

There being no others to testify as an opponent to **SB 280**, Chairman Donovan closed the hearing.

Written testimony was submitted by the following:

Rose Bacon, Council Grove, Kansas (Attachment 18)

Pete Cohen, Wabaunsee County (Attachment 19)

Christine Crenshaw, Wabaunsee County (Attachment 20)

Glen Schleede, Round Hill, VA (Attachment 21).

Allie Devine, VP and General Counsel, Kansas Livestock Association (Attachment 22).

Chairman Donovan asked for a motion to approve the minutes of January 20, February 17, 21, and 22. Senator Apple made a motion to approve the minutes. Senator Bruce seconded the motion. The motion carried.

The meeting adjourned at 12:05 p.m.