

Approved: March 19, 2010

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 February 8, 2010, in Room 785 of the Docking State Office Building.

All members were present except:

Representative Dan Johnson- excused  
Representative Gail Finney - excused  
Representative Tom Moxley - excused  
Representative Connie O'Brien - excused  
Representative Mike Slattery - excused

Committee staff present:

Matt Sterling, Office of the Revisor of Statutes  
Cindy Lash, Kansas Legislative Research Department  
Iraida Orr, Kansas Legislative Research Department  
Renae Hansen, Committee Assistant

Conferees appearing before the Committee:

Representative Jeff Whitham  
Douglas Tank

Others attending:

Nine including the attached list.

Chairman Holmes noted a handout (Attachment 1) on clean air energy in China.

He noted that there was a copy of the committees's bill action index for the committee for each member.

Hearing on:

**HB 2558 - Adding charitable contribution solicitations by professional solicitors to the Kansas no-call act.**

Matt Sterling, Office of the Revisor of Statutes, (Attachment 2), presented a brief outline to the committee on **HB 2558**.

Proponents:

Representative Jeff Whitham, (Attachment 3), offered testimony in favor of **HB 2558**, and noted why a bill similar to this in 2009's session was not accepted by the House members.

Questions were asked and comments made by Representatives: Annie Kuether, Milack Talia, Vern Swanson, Tom Sloan, and Carl Holmes.

Douglas Tank, (Attachment 4), presented written testimony in support of **HB 2558**.

The hearing on **HB 2558** was closed.

The next meeting is scheduled for February 9, 2010.

The meeting was adjourned at 9:19 a.m.

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# HOUSE ENERGY AND UTILITIES COMMITTEE GUEST LIST

DATE: February 8, 2010

NAME	REPRESENTING
Kendra Hanson	Hein Law Firm
Tom Day	KCC
Mick Urban	ONEOK
Mike Huttles	Federal Ind. Telephone Co.
Matt Casey	GBA

**The New York Times**

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January 31, 2010

## China Leading Global Race to Make Clean Energy

By **KEITH BRADSHER**

TIANJIN, China — China vaulted past competitors in Denmark, Germany, Spain and the United States last year to become the world's largest maker of wind turbines, and is poised to expand even further this year.

China has also leapfrogged the West in the last two years to emerge as the world's largest manufacturer of solar panels. And the country is pushing equally hard to build nuclear reactors and the most efficient types of coal power plants.

These efforts to dominate renewable energy technologies raise the prospect that the West may someday trade its dependence on oil from the Mideast for a reliance on solar panels, wind turbines and other gear manufactured in China.

"Most of the energy equipment will carry a brass plate, 'Made in China,'" said K. K. Chan, the chief executive of Nature Elements Capital, a private equity fund in Beijing that focuses on renewable energy.

President Obama, in his State of the Union speech last week, sounded an alarm that the United States was falling behind other countries, especially China, on energy. "I do not accept a future where the jobs and industries of tomorrow take root beyond our borders — and I know you don't either," he told Congress.

The United States and other countries are offering incentives to develop their own renewable energy industries, and Mr. Obama called for redoubling American efforts. Yet many Western and Chinese executives expect China to prevail in the energy-technology race.

Multinational corporations are responding to the rapid growth of China's market by building big, state-of-the-art factories in China. Vestas of Denmark has just erected the world's biggest wind turbine manufacturing complex here in northeastern China, and transferred the technology to build the latest electronic controls and generators.

"You have to move fast with the market," said Jens Tommerup, the president of Vestas China. "Nobody has ever seen such fast development in a wind market."

Renewable energy industries here are adding jobs rapidly, reaching 1.12 million in 2008 and climbing by 100,000 a year, according to the government-backed Chinese Renewable Energy Industries Association.

Yet renewable energy may be doing more for China's economy than for the environment. Total power generation in China is on track to pass the United States in 2012 — and most of the added capacity will still be from coal.

China intends for wind, solar and biomass energy to represent 8 percent of its electricity generation

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capacity by 2020. That compares with less than 4 percent now in China and the United States. Coal will still represent two-thirds of China's capacity in 2020, and nuclear and hydropower most of the rest.

As China seeks to dominate energy-equipment exports, it has the advantage of being the world's largest market for power equipment. The government spends heavily to upgrade the electricity grid, committing \$45 billion in 2009 alone. State-owned banks provide generous financing.

China's top leaders are intensely focused on energy policy: on Wednesday, the government announced the creation of a National Energy Commission composed of cabinet ministers as a "superministry" led by Prime Minister Wen Jiabao himself.

Regulators have set mandates for power generation companies to use more renewable energy. Generous subsidies for consumers to install their own solar panels or solar water heaters have produced flurries of activity on rooftops across China.

China's biggest advantage may be its domestic demand for electricity, rising 15 percent a year. To meet demand in the coming decade, according to statistics from the International Energy Agency, China will need to add nearly nine times as much electricity generation capacity as the United States will.

So while Americans are used to thinking of themselves as having the world's largest market in many industries, China's market for power equipment dwarfs that of the United States, even though the American market is more mature. That means Chinese producers enjoy enormous efficiencies from large-scale production.

In the United States, power companies frequently face a choice between buying renewable energy equipment or continuing to operate fossil-fuel-fired power plants that have already been built and paid for. In China, power companies have to buy lots of new equipment anyway, and alternative energy, particularly wind and nuclear, is increasingly priced competitively.

Interest rates as low as 2 percent for bank loans — the result of a savings rate of 40 percent and a government policy of steering loans to renewable energy — have also made a big difference.

As in many other industries, China's low labor costs are an advantage in energy. Although Chinese wages have risen sharply in the last five years, Vestas still pays assembly line workers here only \$4,100 a year.

China's commitment to renewable energy is expensive. Although costs are falling steeply through mass production, wind energy is still 20 to 40 percent more expensive than coal-fired power. Solar power is still at least twice as expensive as coal.

The Chinese government charges a renewable energy fee to all electricity users. The fee increases residential electricity bills by 0.25 percent to 0.4 percent. For industrial users of electricity, the fee doubled in November to roughly 0.8 percent of the electricity bill.

The fee revenue goes to companies that operate the electricity grid, to make up the cost difference between renewable energy and coal-fired power.

Renewable energy fees are not yet high enough to affect China's competitiveness even in energy-intensive

industries, said the chairman of a Chinese industrial company, who asked not to be identified because of the political sensitivity of electricity rates in China.

Grid operators are unhappy. They are reimbursed for the extra cost of buying renewable energy instead of coal-fired power, but not for the formidable cost of building power lines to wind turbines and other renewable energy producers, many of them in remote, windswept areas. Transmission losses are high for sending power over long distances to cities, and nearly a third of China's wind turbines are not yet connected to the national grid.

Most of these turbines were built only in the last year, however, and grid construction has not caught up. Under legislation passed by the Chinese legislature on Dec. 26, a grid operator that does not connect a renewable energy operation to the grid must pay that operation twice the value of the electricity that cannot be distributed.

With prices tumbling, China's wind and solar industries are increasingly looking to sell equipment abroad — and facing complaints by Western companies that they have unfair advantages. When a Chinese company reached a deal in November to supply turbines for a big wind farm in Texas, there were calls in Congress to halt federal spending on imported equipment.

“Every country, including the United States and in Europe, wants a low cost of renewable energy,” said Ma Lingjuan, deputy managing director of China's renewable energy association. “Now China has reached that level, but it gets criticized by the rest of the world.”

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MEMORANDUM

To: Chairman Holmes and members of the House Committee on Energy and Utilities  
From: Matt Sterling, Assistant Revisor of Statutes  
Date: February 8, 2010  
Subject: House Bill No. 2558

HB 2558 would amend K.S.A. 17-1766 and 50-670 to expand the definition of a consumer telephone call and to increase the disclosure requirements for solicitations made by professional fund raisers and professional solicitors.

Section 1 of the bill amends K.S.A. 17-1766 to require all solicitations made by professional solicitors that are consumer telephone calls to disclose that the call is a solicitation, as defined in K.S.A. 50-670 and to make all other disclosures required pursuant to K.S.A. 50-670.

K.S.A. 50-670 defines "consumer telephone call" as call made by a telephone solicitor to the residence of a consumer for the purpose of soliciting a sale of any property or services to the person called, or for the purpose of soliciting an extension of credit for property or services to the person called, or for the purpose of obtaining information that will or may be used for the direct solicitation of a sale of property or services to the person called or an extension of credit for such purposes.

Section 2 of the bill amends K.S.A. 50-670 to define "consumer telephone call" as a call made by a professional fund raiser or professional solicitor, as defined in K.S.A. 17-1760, to the residence of a consumer for the purpose of soliciting a charitable contribution from the person called. The definition would exclude a call made by or on behalf of a 501(c)(3) charitable organization, unless such call is made by a professional fund raiser or professional solicitor.

K.S.A. 17-1760(d) defines "professional fund raiser" as any person, who is retained under contract or otherwise compensated by or on behalf of a charitable organization primarily for the purpose of soliciting funds. Professional fund raiser includes a person who plans, manages, advises, consults or prepares material for solicitations. Professional fund raiser does not include any bona fide employee of a charitable organization who receives regular compensation and is not primarily employed for the purpose of soliciting funds, or an attorney, investment counselor, or banker who in the conduct of such profession advises a client to make a contribution.

K.S.A. 17-1760(e) defines "professional solicitor" as any person who is employed or retained for compensation by a professional fund raiser to solicit contributions for charitable purposes from persons in this state.

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STATE OF KANSAS

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TOPEKA  
HOUSE OF  
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MEMBER: APPROPRIATIONS  
GENERAL GOVERNMENT BUDGET  
JOINT COMMITTEE ON PENSIONS,  
INVESTMENTS AND BENEFITS  
SELECT COMMITTEE ON KPERS

**Testimony in Support of House Bill 2558  
Presented to the House Energy and Utilities Committee  
by Representative Jeff Whitham**

**February 8, 2010**

Mr. Chairman, thank you for the opportunity to testify today in support of House Bill 2558.

Last year, the Senate approved legislation aimed at regulating professional telemarketers who solicit donations on behalf of charities. The Senate bill sought to require added disclosures when a telemarketer calls on behalf of charity. When the bill came to the House, however, in a conference committee report, we voted it down. I believe one of the concerns a majority in the House had was whether requiring disclosures would actually accomplish the intended goal.

It seems to me that a cleaner way to address the problem is to make professional telemarketers (actually, professional solicitors under the Charitable Organizations and Solicitation Act) who solicit for charities follow the same rules that other professional telemarketers must fall by respecting the do-not-call list.

Kansas has had a state do-not-call list since 2002. We have been part of the national do-not-call list for almost as long. That program works well and has been extremely popular with consumers. I like it because it puts individual Kansans in charge of their own telephones!

Under current law, however, the do-not-call list applies only to telemarketers regulated by the Kansas Consumer Protection Act. This bill would require professional telemarketers regulated by the Charitable Organizations and Solicitation Act to follow the same do-not-call rules.

This bill would NOT apply to local charities that do their own fundraising, rely on volunteers, or otherwise raise local money locally. It would only apply to professional solicitors who raise money on contract for charities. Those professional solicitors already are required to register with the Kansas Secretary of State and are subject to regulation.

This approach has been tried in other states and has withstood challenge in court. North Dakota has taken this same approach of requiring professional solicitors to respect the do-not-call list, and that law was upheld by the Eighth Circuit Court of Appeals.

Thank you for considering this proposal. It's an important step toward putting Kansans back in charge off their own dinner tables and living rooms.

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*HOUSE ENERGY AND UTILITIES*  
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ATTACHMENT 3

**DOUGLAS C. TANK**  
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**(620) 325-2093**  
**NeodeshaDoug@aim.com**

Monday, February 8, 2010  
House Energy and Utilities Committee  
Docking Room 785

Mr. Chairman and members of the committee, thank you for the opportunity to submit written testimony. This concerns my experiences with charity telephone solicitations the much too common unscrupulous practices of telephone solicitation.

One of my experiences involved the United States Deputy Sheriff's Association and began with a solicitation call, supposedly from this association, in late December several years ago. I was told about a young deputy sheriff from Kansas who was shot and killed. The solicitor claimed that this deputy would have survived if access to a bullet proof vest had been available to him, but, due to financial restraints, this deputy's department could not afford to supply such a vest. The solicitor also claimed that this deputy left behind a wife and two young children. I certainly felt that a donation was warranted and pledged to make one. A couple of days later I received a letter supposedly from the "UNITED STATES DEPUTY SHERIFF'S ASSOCIATION" thanking me for my pledge and asking me to "Please take a moment and mail your check today." I did so.

Less than a month later in January I received another solicitation call from the same solicitor asking for another donation for the United States Deputy Sheriff's Association. I informed him that I had just made such a donation and asked why he was soliciting another donation in such a short period of time. He flippantly said, "This is a new year. Your donation was made last year." I told him not to call me until December.

That episode raised a red flag, so I decided to research this association on the internet. I found that the United States Deputy Sheriff's Association was located in Houston, TX. I then did a search for the solicitation firm and found that it was located in Kansas City. On the third or fourth page of the solicitor's web site I was astounded when I found, in small print that a donation was distributed in the following manner: 12% of the donation is sent to the charity and 88% is retained by the solicitation firm for "Fundraising and Operating Expenses."

I assumed that this had to be an error, and I contacted the United States Deputy Sheriff's Association in Houston, TX. I spoke with a woman and asked her if what I had discovered could possibly be accurate. The woman nonchalantly answered, "Yeah, that's the deal we have with them." I asked her, "Do you condone stories about a deputy losing his life because his department cannot afford a bulletproof vest, and, more importantly, do you condone the fact that some telephone solicitation organization is retaining 88% of my donation?" She replied, "It's free money for us - we don't have to do anything, and we get a check once a month." Needless to say, I have never made another donation to any charity telephone solicitor.

I only wish that my story ended here, but I came home on July 19, 2007 and my 91 year old mother informed me that she had been contacted by the United States Deputy Sheriff's Association. She told me that she pledged \$25.00. I asked her to ignore the letter that was coming, but she told me that she had given her word and had every intention of sending the pledged donation. Not too long after that, I received another call from this solicitation firm. The solicitor asked to speak to my mother. I told him to remove my telephone number from his list and to cease calling my mother. I also told him that I knew about the 12% / 88% split and had no intention of providing him with an income. That's when he used several inappropriate and highly offensive terms towards me and hung up. He continued to call on a daily basis - sometimes more often than once a day. I finally added "Caller I.D." to my phone service at a cost of \$7.00 per month to end the aggravation.

(Over)

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I am encouraged that this issue is being discussed at the state level and hope that you will consider .

Sincerely,

Douglas C. Tank

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If you visit the following:

Following I have listed some results of my recent research. In one of these it states that only ½ penny of every dollar that was raised under the receiver's supervision went to ADSA.

- **<http://www.kscharitycheck.org/results.asp?solid=2313153>**  
You will find a disclosure of 35% to USDSA and 65% (plus their operating expenses) to the fund raising organization.
- **Phone calls for sheriffs' association arouse suspicions.**  
[http://www2.ljworld.com/news/2003/oct/06/phone\\_calls\\_for/](http://www2.ljworld.com/news/2003/oct/06/phone_calls_for/)
- **The American Deputy Sheriff's Association was, for years, America's best-known "badge scam."**
- **For every dollar ADSA raised under the receiver's supervision in 2005 and 2006, a half-penny actually went to charity. Telemarketing fees, overhead and the receiver's investigation swallowed the rest.**
- **Lewis inherited a contract with Charitable Resource Foundation, a Greenwood, Ind., telemarketer. The contract, which expires in 2011, gives the fundraiser nearly 90 cents of every dollar it raises in ADSA's name.**  
<http://www.ocregister.com/articles/adsa-lewis-ohio-1981132-charity-contract>
- **The records indicate that Gold's companies collected \$6.8 million between 1995 and 1997 on behalf of roughly a dozen charities, which received about 11% of the sum.**  
<http://articles.latimes.com/1999/may/16/news/mn-37915>
- **In March, the U.S. Federal Trade Commission announced an enforcement action naming Civic Development Group involving FTC charges that CDG misrepresented to consumers nationwide that contributions they were soliciting on behalf of a non-profit organization called the American Deputy Sheriffs' Association would benefit law enforcement in their own communities.**  
[http://www.iowaattorneygeneral.org/consumer/press\\_releases/disabled.html](http://www.iowaattorneygeneral.org/consumer/press_releases/disabled.html)
- **Civic Development Group is still in business.**  
<http://civicdevelopment.net/>