

## MINUTES

### SPECIAL COMMITTEE ON ENERGY, NATURAL RESOURCES, AND ENVIRONMENT

December 4, 2007  
Room 241-N—Statehouse

#### Members Present

Representative Carl Holmes, Chairperson  
Senator Jay Emler, Vice-Chairperson  
Senator Marci Francisco  
Senator Carolyn McGinn  
Representative Terry McLachlan  
Representative Ty Masterson  
Representative Larry Powell  
Representative Gene Rardin  
Representative Don Schroeder

#### Staff Present

Hank Avila, Kansas Legislative Research Department  
Mary Galligan, Kansas Legislative Research Department  
Raney Gilliland, Kansas Legislative Research Department  
Cindy Lash, Kansas Legislative Research Department  
Mike Corrigan, Office of the Revisor of Statutes  
Jason Thompson, Office of the Revisor of Statutes  
Matt Todd, Office of the Revisor of Statutes  
Renaë Hansen, Committee Assistant

Chairperson Carl Holmes called the meeting to order at approximately 10:00 a.m.

*Representative Powell moved to approve minutes of the November 7-8, 2007 meeting. The motion was seconded by Senator Emler. The motion carried.*

#### Distribution and Transportation of Gasoline, Biofuels, and Diesel

Hank Avila, Kansas Legislative Research Department, presented the draft report on distribution and transportation of gasoline, biofuels, and diesel to the Committee (Attachment 1).

Senator Francisco suggested adding the term “products” at the end of the second-to-last recommendation.

Representative Powell asked for an explanation on the third recommendation. Senator Francisco clarified that it was to encourage an appointment time for trucker drivers, to reduce the amount of time they spend waiting.

*Senator Emler made a motion to adopt the report with the suggested changes, and subject to changes suggested by the end of the meeting. The motion was seconded by Representative Schroeder. The motion carried.*

Mary Galligan, Kansas Legislative Research Department, presented a staff memorandum on the safety rules that govern production of biodiesel (Attachment 2).

Corey Mohn, Agribusiness Development Specialist, Kansas Department of Commerce, presented information on the requirements for air quality permits for ethanol plants (Attachment 3). He provided a list of state government contacts for renewable fuels (Attachment 4), and a map showing ethanol and biodiesel plants in Kansas (Attachment 5). He stated that a plant is added to the map when it requests an air quality permit from the Kansas Department of Health and Environment (KDHE). This means small projects are not shown on the map, because they are not required to obtain an air quality permit from KDHE.

A discussion of checks and balances ensued. Senator McGinn expressed concern about using the application for an air quality permit as a trigger for tracking ethanol and biodiesel plants. She noted that the plant in Sedgwick is not picked up using that criteria. Committee members verified that the Kansas Department of Revenue notifies the Department of Commerce when a plant applies for tax credits for renewable fuels, and expressed concern that there do not appear to be any controls in place to ensure that companies that regularly receive tax credits continue to comply with state operating requirements. Senator Emler asked whether the Department of Revenue has the authority not to award tax credits if the working group thinks they should not be awarded.

Committee members suggested that the list of state government contacts for renewable fuels, which is on the website of the Kansas Energy Office, also be available at and distributed by each of the contact entities on the list. Members also encouraged a concerted effort to coordinate the activities of state agencies and other appropriate agencies, including county and local governments.

*Senator McGinn moved to include the information from this discussion into the recommendations. The motion was seconded by Senator Emler. The motion carried.*

## **Intensive Groundwater Use Control Areas**

Jason Thompson, Office of the Revisor of Statutes, presented a proposed bill for Intensive Groundwater Use Control Areas (IGUCA's) (Attachment 6).

Senator Emler suggested modifying the language regarding membership of the IGUCA review committee, by adding the word "additional," to clarify that in some circumstances the Chief Engineer will appoint three of the members. Representative Powell noted that current law, KSA82a-1036, should be clear that only groundwater management districts (GMDs) may initiate IGUCA proceedings within the GMD, but that the suggested legislation does not clarify that issue.

*Representative Powell made a motion that the bill include language clarifying that only a GMD can recommend initiating an IGUCA within the GMD. The motion was seconded by Representative Masterson. The motion carried.*

Senator McGinn questioned whether the review process created by this bill would interfere with the process in areas that currently review their IGUCAs annually. Staff of the Office of the Revisor of Statutes clarified that the bill does not pre-empt existing activities. It was noted that a small number of IGUCAs are reviewed every year, while others are reviewed every five years by the Chief Engineer. The bill would ensure that IGUCAs are reviewed by an oversight committee at regular intervals.

Senator Francisco noted that four members of the review committee would be appointed by the majority body, and suggested that at least one member be appointed by the minority party.

*Senator Francisco moved to change new section 1(b)(2)(A) to require that two members be appointed by the President of Senate, one by the Speaker of the House, and one by the Minority Leader of the House. The motion was seconded by Representative Rardin. The motion failed.*

*Representative Powell moved to pass the proposed legislation, as amended, out of Committee. The motion was seconded by Representative Masterson. The motion carried.*

Raney Gilliland, Kansas Legislative Research Department, presented draft conclusions and recommendations for the Committee report on IGUCAs (Attachment 7). The report will be updated to incorporate the changes made to the bill.

*Representative Powell moved to adopt the report, with changes to be incorporated. The motion was second by Representative Schroeder. The motion carried.*

## **Energy Efficiency of State and Local Government Buildings**

Mike Corrigan, Office of the Revisor of Statutes, presented a proposed bill concerning energy efficiency for certain state agencies and public schools (Attachment 8).

Committee members discussed provisions in the bill related to school districts. They agreed to leave all of the rule and regulation authority related to this topic with the Secretary of Administration. As a result, Section 8 of the bill was deemed unnecessary.

Committee members also pointed out that some state agencies and school districts could find it difficult to comply with the water reduction standards because the bill contained two levels of reduction: 35 percent for outdoor consumption and 20 percent for indoor consumption. They noted that facilities with only one water meter might have to add another meter.

*Senator Francisco moved to adopt a water reduction level of 25 percent for both inside and outside usage. The motion was seconded by Senator Emler. The motion carried.*

The Committee took up the report on Energy Efficiency of State and Local Government Buildings. Cindy Lash, Kansas Legislative Research Department, presented the draft report. She summarized the charge to the Committee, the Governor's Executive Directive on energy efficiency, and the Committee's activities. She presented conclusions and recommendations previously discussed by the Committee, as well as recommendations offered by conferees (Attachment 9).

The Committee continued discussion on the proposed bill. Senator McGinn questioned what it will cost schools to meet the efficiency requirements. In addition, she noted that the Wichita school district already has made a 50 percent decrease in energy use, and may not be able to make further reductions. Representative Masterson noted that the bill calls for decreases relative to certain standards, and that some schools already may have met the target. He also noted that the bill

applies only to new construction and remodeling activities. Members pointed out that the efficiency standards apply only if the improvements will be cost effective over the life of the project.

*Representative Masterson moved to pass the bill out of Committee as amended. The motion was seconded by Senator Francisco. The motion carried.*

By consensus, the Committee agreed to make the following changes to the report.

- Strike the section entitled "Policy Recommendations made by Conferees."
- Include as a Committee recommendation a suggestion from the community colleges to provide funds to cover the costs of an investment grade audit.
- Include as a Committee recommendation a Board of Regents' suggestion amending the definition of "project."
- Note that the Committee learned that school districts are able to use capital improvement funds for energy efficiency projects.

*Senator Emler moved to adopt the report as amended. The motion was seconded by Senator Francisco. The motion carried.*

## **Universal Service Fund**

Mary Galligan, Kansas Legislative Research Department, presented the draft report on Topic 4 – Universal Service Fund. She addressed the background of the topic and described Committee activity. She listed four options for a Committee recommendation on this topic ([Attachment 10](#)).

*Representative Masterson moved to recommend the second option. The motion was seconded by Representative Powell. The motion carried.*

The second option listed was "Introduction and favorable recommendation of a bill that would provide AT&T with additional pricing flexibility and that would direct the KCC to certify expenditures of high-cost universal service fund support made by competitive ETCs in AT&T's service area."

*Senator Emler moved to adopt the amended report. The motion was seconded by Representative McLachlan. The motion carried.*

Chairperson Holmes thanked the staff for their work with this Committee. He stated that the minutes from this meeting would be distributed to members, and will be considered approved subject to notation or correction.

The meeting adjourned at approximately 1:00 p.m.

Prepared by Renae Hansen  
Edited by Cindy Lash

Approved by Committee on:

January 7, 2008

(Date)