



Testimony of Kansas Electric Utilities Opposing HB2401 Before House Committee on Taxation March 18, 2015

Chairman Kleeb and members of the Committee: Thank you for the opportunity to express concerns regarding HB2401 and its impact on many of the state's utilities. The following utilities are jointly opposed to HB2401:

Empire District Electric
Kansas City Board of Public Utilities
Kansas Power Pool
KCP&L
Kansas Electric Cooperatives
KEPCo
Sunflower Electric Power Corp.
Westar Energy

HB2401 applies a new tax on all electricity generated from renewable resources. This sets a precedent for taxing electric generation in Kansas, which we oppose because it places another cost increase on our customers. Whether you place this excise tax on the utility or the renewable developer, those costs eventually end up being borne by the citizens of this state.

In addition, these cost increases could reduce development of renewable generation at a time when anticipated federal rules on carbon emission standards make the need for renewable generation a component of meeting state standards for carbon reduction.

As you may know, there are currently two other bills under consideration in the legislature that would impose a state sales tax on residential electric customers and reduce the property tax exemption on renewable resources. If any of these proposed bills were to become law, our customers would see their electric bills go up due solely to tax increases.

Although we are sensitive to the state's need to identify new sources of revenue, we oppose relying so strongly on Kansas utility customers to provide that new revenue stream. In addition, by setting the precedent for an excise tax, the legislature is merely building a short bridge to applying an excise tax on any source of generation --- coal, natural gas, nuclear -- which the state's utilities would also oppose.

Again, we appreciate your consideration of these comments as you discuss HB2401. -
Respectfully submitted by Laura Maag Lutz, Westar Energy, Government Affairs Manager