

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 16, 2006 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Mark Schreiber - Westar Energy

Others attending:

See attached list.

Chairman Wilk said that the Committee would resume discussion on the Energy Bills, **HB 2900, HB 2901, HB 2902, HB 2903, HB 2904.**

Representative Carlson advised the Committee that a provision pertaining to consequences of being out of compliance was inadvertently left out of all five energy bills. He invited Richard Cram to explain a balloon which added that specific language to the bill (Attachment 1). Richard Cram explained that one of the items in the agreement was that they had to continually operate the facility during the ten years of tax credit claimed. If they do not comply the tax credits claimed for any tax year shall be forfeited. The provision of this balloon is referred to as the "claw back clause".

HB 2903 - Cellulosic alcohol plants

Martha Dorsey explained the proposed changes specific to the cellulosic alcohol plants.

- Include the production of co-products in the definition of "cellulosic alcohol plant," thus extending tax incentives to investments in certain additional related manufacturing capacity.

Representative Carlson made a motion to adopt the sub-committee report and the "claw back clause" and insert it into **HB 2903**. Representative Menghini seconded the motion. The motion carried.

Representative Menghini made the motion to pass out **HB 2903**, as amended. Representative Goico seconded the motion. The motion carried.

HB 2904 - Nuclear and integrated coal gasification electric generation plants

Martha Dorsey explained the proposed changes specific to the bill.

- Exclude transmission equipment and other real and personal property at the plant site from the property tax exemption.
- Remove the specific adjustment of the income tax credit by the amount of Kansas coal used at the plant.

Representative Carlson made a motion to adopt the sub-committee report and the "claw back clause" amendment, and insert it into **HB 2904**. Representative Goico seconded the motion. The motion carried

In response to a Committee question, Mark Scheiber, Westar Energy, provided an explanation regarding the process of an integrated coal gasification electric generation plants.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 16, 2006 in Room 519-S of the Capitol.

Representative Goico made the motion to pass out **HB 2904**, as amended. Representative Brunk seconded the motion. The motion carried.

*Representative Carlson moved to reconsider **HB 2900**. Representative Goico seconded the motion. The motion carried.

Representative Carlson made a motion to amend the balloon, prepared by Richard Cram, regarding the "claw back clause" into **HB 2900**. Seconded by Representative Menghini. The motion carried.

Representative Menghini made the motion to pass out, **HB 2900**, as further amended, favorable for passage. The motion was seconded by Representative Goico. The motion carried.

*Representative Carlson moved to reconsider **HB 2901**. Representative Owens seconded the motion. The motion carried.

Representative Goico made a motion to amend the balloon, prepared by Richard Cram, regarding the "claw back clause" into **HB 2901**. Seconded by Representative Menghini. The motion carried.

Representative Goico made the motion to pass out, **HB 2901**, as further amended, favorable for passage. The motion was seconded by Representative Carlson. The motion carried.

*Representative Carlson moved to reconsider **HB 2902**. Representative Owens seconded the motion. The motion carried.

Representative Goico made a motion to amend the balloon, prepared by Richard Cram, regarding the "claw back provision" into **HB 2902**. Seconded by Representative Owen. The motion carried.

Representative Goico made the motion to pass out, **HB 2902**, as further amended, out favorably for passage. The motion was seconded by Representative Carlson. The motion carried.

HB 2723 - Would create tax incentives for improvements of energy efficiency of non-owner occupied housing units.

The bill deals with tax credits for renewable energy purchases especially through the federal governments, for Armed Force Bases. The Committee proceeded with a "Gut and Go" process that striped the language from that bill and inserted contents of another bill which allowed for certain tax credits, of \$100 up to \$300, for non-owner occupied dwellings (Attachment 2).

Representative Carlson made a motion to adopt the sub-committee report and insert it into **Substitute HB 2723**. Representative Goico seconded the motion. The motion carried.

Representative Menghini made the motion to pass out **Substitute HB 2723**, as further amended. Representative Goico seconded the motion. The motion carried.

Discussion followed regarding similar federal programs, definitions of "standards", and benefits of a sunset provision. Although the actual numbers of qualified parties is unknown, Richard Cram estimated the fiscal impact of the bill would be \$2 to \$3 million.

Representative Wilk made the motion to amend a sunset clause of three years into **Substitute HB 2723**. Representative Kelley seconded the motion. The motion carried.

Representative Carlson made the motion that they move out **HB 2723**, as amended, favorable for passage. Representative Goico seconded the motion.

After discussion on the pros and cons of the bill, the Chairman conceded the floor to Representative Carlin.

CONTINUATION SHEET

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Representative Carlson moved his motion. The motion carried.

SB 384 - Checkoff: KS military emergency relief; Breast cancer research

Chairman Wilk briefed the Committee on the intent of the bill.

Representative Carlin made a motion to amend a balloon, to insert language on page 2, line 25, regarding the cancer research fund portion of the bill (Attachment 3). Representative Owens seconded the bill.

Discussion followed regarding definitions of *research institution* and *Midwest Cancer Alliance* and the appropriateness of the words "shall" and "may."

Representative Carlin closed her motion to amend the balloon into **SB 384**. The motion carried.

Representative Carlin made the motion to move out **SB384**, as amended, favorable for passage. Representative Owens seconded, The motion carried.

The meeting was adjourned at 10:30. The next meeting is March 17, 2006.