

MINUTES OF THE SENATE COMMITTEE ON ENERGY AND NATURAL RESOURCES.

The meeting was called to order by Chairperson Senator David Corbin at 8:00 a.m. on March 22, 2000 in 245-N of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research Department
Mary Ann Torrence, Revisor of Statutes Office
Lila McClafin, Committee Secretary

Conferees appearing before the committee:

Jack Glaves, Panhandle Eastern Pipe Line Company
George Barbee, Northern Natural Gas Company

Others attending:

See attached list.

With a motion from Senator Stephens and a second from Senator Vratil the minutes of March 16, 2000 were approved as written.

Chairperson Corbin opened the discussion on **Sub. For HB 2144**. He reminded the committee that there was a motion on the floor from the March 21 meeting. The motion was to adopt the amendments presented by Margaret Fast from the Kansas Water Office. The amendments would redefine the term "multipurpose small lake project" to include certain recreation features, and it would allow the state to participate with up to 50 percent of the engineering and renovation costs of Class I and II multipurpose small lakes if it is determined that this is the most cost effective alternative for a public water supply source.

The committee discussed the motion, and a senator expressed concern that the amendment would expand the program too much. Senator Vratil pointed out some technical corrections needed to be made to the amendment. Senator Biggs moved to offer a substitute motion to include the technical corrections in his motion, the motion was seconded by Senator Stephens. Motion carried. Senator Vratil moved that **Sub. For HB 2144** be passed as amended. Senator Biggs seconded the motion. Motion carried.

Chairperson Corbin announced that **SB 469-MTBE** bill had been tabled in the House Environment Committee.

Chairperson Corbin referred to **SB 571**-Natural gas producer ad valorem tax refund. He said Senator Morris had staff prepare a proposed **Substitute for SB 571** that would address the questions raised when we heard the original bill whether it would stand up to the legal challenge. It was his intent to let any member of the audience that wanted to comment on the substitute proposal after they heard it reviewed.

Staff was called on to explain the proposed substitute bill (Attachment 1).

Senator Morris briefly described the changes in the bill and gave the history of the situation with the ad valorem tax and why he felt some legislation should be enacted to relieve the royalty owners and consumers of the burden placed on them by FERC.

Senator Morris moved to clean up the language in Section 2 and **Substitute for SB 571** as amended be adopted. The motion was seconded by Senator Huelskamp. The motion carried. A lengthy discussion followed. The consensus of the committee seemed to be it was time for the issue to be settled, and it was suggested that an interim committee study the issue. If something is not done by the 2001 Session the legislature should move to pass legislation on the issue.

Jack Glaves said he thought the consensus of the committee seemed to be that they should study it during the interim. He didn't think it was right to pass the substitute bill without extensive study and one that

CONTINUATION SHEET

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puts KCC right in the middle to adjudicate.

George Barbee said he was of the opinion that the committee was not ready to put the proposed legislation into law. It is a very complex questions with lots of legal questions. If their natural gas prices would be increased they would not be competitive with out of state pipelines. He was of the opinion it needed some very deep study.

Chairperson Corbin said that he thought an interim committee should be requested and this issue should be one of the top priorities for study. He would hope that an interim study committee would develop recommendations to present to the 2001 legislature. He said he planned that this would be the final meeting of the session, and he thanked members of the committee for their work and support this session. The committee adjourned at 9:00 a.m.