

HOUSE BILL No. 2429

By Committee on Energy and Utilities

2-7

9 AN ACT concerning energy and reclamation research; creating the Kan-
10 sas energy enhancement and environmental reclamation fund; provid-
11 ing for funding of research in and development of reclamation tech-
12 nologies and practices and energy production technologies.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) There is hereby created in the state treasury the Kansas
16 energy enhancement and environmental reclamation fund. On or before
17 January 15 of each year the secretary of revenue shall estimate and certify
18 to the state treasurer the amounts collected by the state during the pre-
19 ceding calendar year from retailers' sales tax imposed by K.S.A. 79-3603,
20 and amendments thereto, and income tax imposed pursuant to the Kansas
21 income tax act attributable to exploration, development and production
22 of oil, natural gas, methane, biofuels and other energy resources. On
23 receipt of the certification, the state treasurer shall transfer to the Kansas
24 energy enhancement and environmental reclamation fund an amount
25 equal to the amount certified, but in no case less than \$1,000,000 nor
26 more than \$2,000,000.

27 (b) Moneys in the Kansas energy enhancement and environmental
28 reclamation fund shall be expended only for the purposes provided by
29 this act.

30 (c) On or before the 10th of each month, the director of accounts
31 and reports shall transfer from the state general fund to the Kansas energy
32 enhancement and environmental reclamation fund interest earnings
33 based on:

34 (1) The average daily balance of moneys in the Kansas energy en-
35 hancement and environmental reclamation fund for the preceding month;
36 and

37 (2) the net earnings rate for the pooled money investment portfolio
38 for the preceding month.

39 (d) All expenditures from the Kansas energy enhancement and en-
40 vironmental reclamation fund shall be made in accordance with appro-
41 priation acts upon warrants of the director of accounts and reports issued
42 pursuant to vouchers approved by the state geologist.

43 Sec. 2. (a) Moneys credited to the Kansas energy enhancement and

1 environmental reclamation fund shall be expended only as follows:

2 (1) Fifteen percent shall be provided to the Kansas biological survey
3 to research, develop and promote technologies and practices to: (A) Re-
4 claim water recovered during the production of oil, natural gas, coal-bed
5 methane and other hydrocarbons; and (B) reclaim land scarred by hydro-
6 carbons, saline water and other products and by-products associated with
7 the production of oil, natural gas, coal-bed methane and other hydrocar-
8 bons, including refined petroleum products. As used in this paragraph,
9 “reclaim” means treat to a standard suitable for use in agricultural
10 practices.

11 (2) Fifteen percent shall be used to fund competitive grants to Kansas
12 entrepreneurs and public and private sector researchers to research, de-
13 velop and promote technologies which: (A) Increase the energy efficiency
14 of hydrocarbon-fueled engines; (B) increase the effectiveness of convert-
15 ing agricultural products, by-products and wastes to energy; and (C) in-
16 crease the efficiency of solar, wind, hydro, hydrogen, electric, hybrid and
17 other generators.

18 (3) Sixty percent shall be utilized by the Kansas geological survey to:
19 (A) Research, develop and promote technologies to extend the productive
20 lives of Kansas’ oil, natural gas, coal-bed methane and hydrogen wells;
21 (B) provide state matching funds for federal, industry, private sector and
22 other research grants; and (C) partner with Kansas oil, natural gas, coal-
23 bed methane and hydrogen producers to implement research and best
24 production practices to extend the productive lives of Kansas energy re-
25 serves; (D) partner with Kansas entrepreneurs and businesses to research,
26 develop and market by-products resulting from the extraction, processing
27 and transformation of hydrocarbons, especially those which result in re-
28 duced demand for oil, natural gas and coal-bed methane hydrocarbons
29 by creating alternative fuels and feedstocks; (E) research, develop and
30 promote carbon sequestration and other technologies that reduce the
31 environmental impact of energy production including reduction in green-
32 house gas emissions; and (F) research, develop and promote such other
33 technologies as the Kansas geological survey identifies as being in the best
34 interests of the state of Kansas and its energy producers.

35 (4) Ten percent shall be used for an energy conservation practices
36 public education program using broadcast and print media, in cooperation
37 with the Kansas energy council and the state corporation commission.

38 (5) No more than 10% of the money allocated pursuant to any of the
39 above paragraphs shall be used for administrative purposes.

40 (b) The energy enhancement advisory board shall be created to ad-
41 vise the Kansas geological survey on projects in which to invest, subject
42 areas in which to research and the administration of the grant program
43 established by subsection (a) of section 2, and amendments thereto. The

1 board shall be chaired by the state geologist or designee and shall be
2 comprised of two persons recommended by the Kansas independent oil
3 and gas association, one person recommended by the eastern Kansas oil
4 and gas association, one person selected by the state board of regents,
5 one person representing alternative energy research, one person recom-
6 mended by the association of ethanol producers representing non-fossil
7 fuel energy production, two members of the Kansas energy council, one
8 member of the faculty at the Kansas geological survey, one member of
9 the Kansas biological survey and one person representing the general
10 public.

11 The state biologist and the state geologist shall appoint the persons
12 from their respective agencies; the chairperson of the Kansas energy
13 council shall appoint the members from that body; the chairperson of the
14 state board of regents shall appoint the regents' representative; the gov-
15 ernor shall appoint the person representing the general public and the
16 alternative energy research representative; and the governor shall select
17 the remaining advisory board members from lists submitted by the Kansas
18 independent oil and gas association, eastern Kansas oil and gas association
19 and the Kansas association of ethanol producers.

20 (c) Commencing January 1, 2010, the Kansas geological survey and
21 the state corporation commission shall annually determine how much
22 increased production of oil, natural gas, methane gas, hydrogen and en-
23 ergy from other sources has occurred in Kansas as a result of this act.
24 Such information shall be provided the governor and legislature.

25 Sec. 3. This act shall take effect and be in force from and after its
26 publication in the statute book.