

## HOUSE BILL No. 2251

By Committee on Energy and Utilities

2-4

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9 AN ACT creating the energy technology research initiative; amending  
10 K.S.A. 2008 Supp. 79-4227 and repealing the existing section.

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

13 Section 1. (a) There is hereby created the energy technology re-  
14 search initiative governing committee. The committee shall sponsor re-  
15 search that results in:

16 (1) Commercial opportunities to increase energy efficiency of en-  
17 gines, processes and technologies;

18 (2) reduction of greenhouse gas emissions from mobile and static  
19 sources; and

20 (3) development of alternative power technologies.

21 (b) The committee shall consist of the following members or mem-  
22 bers' designee:

23 (1) The director of the Kansas geological survey;

24 (2) the secretary of commerce;

25 (3) the dean of the school of engineering at the University of Kansas;

26 (4) the dean of the college of engineering at Kansas state university;

27 (5) the dean of the college of agriculture at Kansas state university;

28 (6) the president of the Kansas technology enterprise corporation;

29 (7) the executive director of the transportation center of Kansas  
30 university;

31 (8) the director of aviation research at Wichita state university;

32 (9) the president of the Lawrence technology association;

33 (10) the president of the national institute for strategic technology  
34 acquisition and commercialization; and

35 (11) a non-university research scientist or engineer appointed by the  
36 governor.

37 (c) The charges of the committee shall include, but are not limited  
38 to, the following:

39 (1) Evaluate proposed technologies or grant proposals;

40 (2) provide grants to fund research projects; and

41 (3) assist in the commercialization of research developments and  
42 technologies.

43 Grants given pursuant to paragraph (2) shall be made for no greater

1 than three years. The committee shall review grants yearly and may ter-  
2minate a grant during any of the yearly reviews for lack of progress. Re-  
3searchers who have grants terminated may apply for a renewal of the  
4grant upon showing promising technological research efforts, but renewal  
5applications shall not take priority over new applications.

6 (d) Kansas-based researchers shall receive priority in grants for re-  
7search projects. Funding granted for non-Kansas projects shall be as fol-  
8lows, or as the committee may determine: All recipients of research fund-  
9ing shall sign a contract with the energy technology research initiative,  
10establishing that 10% of all revenue streams resulting from the commer-  
11cialization of the technology or invention and production of any equip-  
12ment shall return to the energy technology research initiative fund, if the  
13energy technology research initiative is the sole funding agency or a pro-  
14rated share of all revenue streams based on the financial support of all  
15investors. The committee shall require signed contracts establishing that  
16any production or other facilities to be developed as a result of the com-  
17mercialization of funded projects shall be located in Kansas, unless the  
18committee waives this requirement and documents the reasons for the  
19waiver.

20 (e) (1) There is hereby established in the state treasury the energy  
21technology research initiative fund administered by the state corporation  
22commission in accordance with this act. The commission shall remit all  
23moneys received by it or for it in revenue. All expenditures from the  
24energy technology research initiative fund shall be made in accordance  
25with appropriation acts upon warrants of the director of accounts and  
26reports issued pursuant to vouchers approved by the chairperson of the  
27energy technology research initiative governing committee or by the per-  
28son or persons designated by the chairperson.

29 (2) No more than 10% of the revenue of the energy technology re-  
30search initiative shall be used for operating expenses.

31 (3) Funding in the energy technology research initiative fund not  
32awarded for grants shall be retained in the fund until the governing com-  
33mittee identifies a suitable project. Funding is subject to a cap of  
34\$5,000,000 in the energy technology research initiative fund reserve  
35account.

36 (f) (1) The funding mechanism for the energy technology research  
37initiative fund shall be as follows:

38 (A) On July 1, 2009, and on each July 1 thereafter, the director of  
39accounts and reports shall transfer \$3,600,000 from the state highway  
40fund to the energy technology research initiative fund;

41 (B) one percent of one cent charge per kilowatt hour of electricity;

42 (C) ten percent of one cent per million cubic feet of natural gas pur-  
43chased by retail customers; and

1 (D) one-tenth of one percent of severance tax collections, according  
2 to K.S.A. 79-4227, and amendments thereto.

3 Funding from paragraph (A) shall be used primarily to fund research  
4 on transportation fuels and technologies, including those for stationary  
5 and small engines. Funding from paragraphs (B) and (C) shall be used  
6 primarily to fund research on energy conservation, energy efficiency, im-  
7 proved operations and technologies related to the production, transmis-  
8 sion or transportation and distribution or delivery of energy. Funding  
9 from severance tax collections in paragraph (D) shall be used for research  
10 to extend the productive lives of existing oil and gas wells.

11 (2) The energy technology research initiative fund may also be  
12 funded with state appropriations, federal grants or other public or private  
13 funding, and with returns from investments in funded research  
14 technologies.

15 (3) Money not awarded for grants each year shall be retained in the  
16 energy technology research initiative fund until suitable projects are  
17 identified.

18 (g) The terms of membership of the committee shall continue so long  
19 as the person holds their office or position or the appointing authority  
20 approves.

21 (1) The director of the Kansas geological survey shall call the first  
22 meeting, at which time the members shall elect the executive board of  
23 the committee. These terms shall last for a period of two years, and mem-  
24 bers may be re-elected to hold the same officer position.

25 (2) Members shall be reimbursed for travel expenses to meetings and  
26 per diem for meals and lodging.

27 (3) Members shall not vote to fund any project associated with their  
28 affiliation or appointing authority.

29 (h) The initiative shall prepare a written annual report disclosing  
30 funding received, grants awarded, research progress by persons receiving  
31 grants and such other information as the committee members find ben-  
32 eficial to the governor, legislature, public and research community.

33 Sec. 2. K.S.A. 2008 Supp. 79-4227 is hereby amended to read as  
34 follows: 79-4227. (a) All revenue collected or received by the director  
35 from the tax imposed by this act shall be remitted to the state treasurer  
36 in accordance with the provisions of K.S.A. 75-4215, and amendments  
37 thereto. Upon receipt of each such remittance, the state treasurer shall  
38 deposit the entire amount in the state treasury. The state treasurer shall  
39 first credit such amount as the director shall order to the mineral pro-  
40 duction tax refund fund created under subsection (b) of this section. Ex-  
41 cept as otherwise provided by this section, the state treasurer shall credit  
42 the remainder of such amounts as follows: (1) Seven percent to the special  
43 county mineral production tax fund created under subsection (c) of this

1 section; and (2) the remainder shall be credited to the state general fund.  
2 On and after July 1, 2008, and thereafter, the state treasurer shall credit  
3 the remainder of such amounts for oil and gas for any county which in  
4 fiscal year 2005 or any fiscal year thereafter had \$100,000 or more in  
5 receipts of the excise tax upon the severance and production of oil and  
6 gas as follows: (1) Seven percent to the special county mineral production  
7 tax fund created under subsection (c); (2) 4.96% from July 1, 2008,  
8 through June 30, 2009, to the oil and gas valuation depletion trust fund;  
9 7.44% from July 1, 2009, through June 30, 2010, to the oil and gas val-  
10 uation depletion trust fund; 9.93% from July 1, 2010, to June 30, 2011,  
11 to the oil and gas valuation depletion trust fund; ~~and~~ 12.41% from July  
12 1, 2011, and thereafter, to the oil and gas valuation depletion trust fund;  
13 and *0.1% from July 1, 2009, and thereafter, to the energy technology*  
14 *research initiative fund created under section 1, and amendments thereto;*  
15 *and* (3) the remainder shall be credited to the state general fund.

16 (b) A refund fund designated as “mineral production tax refund fund”  
17 not to exceed \$50,000 is hereby created for the prompt payment of all  
18 tax refunds. The mineral production tax refund fund shall be in such  
19 amount, within the limit set by this section, as the director shall determine  
20 is necessary to meet current refunding requirements under this act.

21 (c) There is hereby created a special county mineral production tax  
22 fund. On December 1, 1983, and quarterly thereafter, the director of  
23 taxation shall distribute all moneys credited to such fund to the county  
24 treasurers of all counties in which taxes were levied under K.S.A. 79-  
25 4217, and amendments thereto, for the severing and producing of coal,  
26 oil or gas from property within the county, in the proportion that the taxes  
27 levied upon production in each county bears to the total of all of such  
28 taxes levied in all of such counties. Such distribution shall be based on  
29 returns filed, with any adjustments or corrections thereto made by the  
30 director of taxation.

31 (d) The secretary of revenue shall make provision for the determi-  
32 nation of the counties within which taxes are levied under K.S.A. 79-4217,  
33 and amendments thereto, for the severance of coal, oil or gas and shall  
34 certify the same to the director of accounts and reports.

35 (e) The director of accounts and reports shall draw warrants on the  
36 state treasurer payable to the county treasurer of each county entitled to  
37 payment from the special county mineral production tax fund upon  
38 vouchers approved by the director of taxation. Upon receipt of such war-  
39 rant, each county treasurer shall credit 50% of the amount thereof to the  
40 county general fund and shall distribute the remaining 50% thereof to  
41 the treasurer of each school district all or any portion of which is located  
42 within the county in the proportion that the assessed value of coal, oil  
43 and gas properties within each district bears to the total of the assessed

1 value of all coal, oil and gas properties within the county. Such assessed  
2 valuation shall be determined upon the basis of the most recent Novem-  
3 ber 1 tax roll. The treasurer of each school district shall credit the entire  
4 amount of the moneys so received to the general fund of the school  
5 district.

6 Sec. 3. K.S.A. 2008 Supp. 79-4227 is hereby repealed.

7 Sec. 4. This act shall take effect and be in force from and after its  
8 publication in the statute book.