

Approved: March 7, 1994  
Date

MINUTES OF THE SENATE COMMITTEE ON TRANSPORTATION AND UTILITIES

The Chairman called for a meeting around the rail upon adjournment of the morning session at 11:00 a.m. on March 1, 1994.

All members were present except:

Senator Brady - Excused  
Senator Rock - Excused  
Senator Harris - Excused

Committee staff present:

Hank Avila, Legislative Research Department  
Bruce Kinzie, Revisor of Statutes  
Martha Ozias, Secretary

The Committee met to take action on two bills.

**SB 644 - Kansas Underground Utility Damage Prevention Act**

The Revisor briefed the Committee on the amendment to the bill which would delete the words "gas gathering lines", Section 1, (e), lines 36 and 37. (Attachment 1)

A copy of a letter from W. C. Krawczyk, President of Kansas One-Call, explaining the annual fee is attached. (Attachment 2)

**SB 799 - Relating to motor vehicle fuels;**

The Revisor briefed the Committee on the amendments to this bill which would define the term "alternative fuel" and direct the State Corporation Commission to "coordinate and facilitate communication with other state agencies concerning alternative fuels". The Commission shall communicate and cooperate with the secretary of agriculture or the secretary's designee. (Attachment 3)

A motion was made by Senator Burke and seconded by Senator Papay to accept the amendments of the Sub-Committee on SB 644 and take off "Table" as well as to accept the amendments for SB 799. Motion carried.

A motion was then made by Senator Jones to recommend SB 799 favorable for passage. This was seconded by Senator Papay. Motion carried.

A motion was made by Senator Papay and seconded by Senator Emert to recommend SB 644 favorable for passage. Motion carried.

The meeting was adjourned by the Chairman.

B2  
FASSED

Adopted

# SENATE BILL No. 644

By Committee on Transportation and Utilities

2-2

8 AN ACT amending the Kansas underground utility damage preven-  
9 tion act; concerning certain definitions; amending K.S.A. 1993  
10 Supp. 66-1802 and repealing the existing section.  
11

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

13 Section 1. K.S.A. 1993 Supp. 66-1802 is hereby amended to read  
14 as follows: 66-1802. As used in this act:

15 (a) "Damage" means any impact or contact with an underground  
16 facility, its appurtenances or its protective coating, or any weakening  
17 of the support for the facility or protective housing which requires  
18 repair.

19 (b) "Emergency" means any condition constituting a clear and  
20 present danger to life, health or property, or a customer service  
21 outage.

22 (c) "Excavation" means any operation in which earth, rock or  
23 other material below the surface is moved or otherwise displaced  
24 by any means, except tilling the soil, or railroad or road and ditch  
25 maintenance that does not change the existing railroad grade, road  
26 grade and/or ditch flowline, or operations related to exploration and  
27 drilling production of crude oil or natural gas, or both.

28 (d) "Excavator" means any person who engages directly in ex-  
29 cavation activities within the state of Kansas, but shall not include  
30 any occupant of a dwelling who: (1) Uses such dwelling as a primary  
31 residence; and (2) excavates on the premises of such dwelling.

32 (e) "Facility" means any underground line, system or structure  
33 used for ~~producing, gathering, storing, conveying, transmitting or~~  
34 ~~distributing gas, electricity, communication, crude oil, refined or~~  
35 ~~processed petroleum, petroleum products or hazardous liquids; fa-~~  
36 ~~cility shall not include, any production petroleum lead lines, gas~~  
37 ~~gathering lines, salt water disposal lines or injection lines, which~~  
38 ~~are located on unplatted land or outside the corporate limits of any~~  
39 ~~city.~~

40 (f) "Marking" means the use of stakes, paint or other clearly  
41 identifiable materials to show the field location of underground fa-  
42 cilities, in accordance with the resolution adopted August, 1984, by  
43 the utility location coordination council of the American public work

SEN. TRANS. 3/1/94

ATTACHMENT A

A



800-344-7233  
(DIG-SAFE)

687-2470  
LOCAL WICHITA

(316) 687-3753  
FAX

February 28, 1994

Senator Paul "Bud" Burke, Jr.  
President of the Senate  
Room 359-E  
State Capitol  
Topeka, Kansas 66612

Dear Senator Burke:

This correspondence is in response to a concern expressed by the oil and gas producers of Kansas regarding the Kansas One-Call System, Inc. fee structure. It is my understanding from our executive director Don Elliott that he has verbally communicated with you our revised fee structure which would be used for oil and gas producers when they become members of KOC. This letter will confirm that discussion and by copy will provide notification to the KOC staff of this commitment.

We are hopeful that the annual fee of \$25 and the \$1 per outbound call that each operator receives, will encourage oil and gas producers to join and to use the One-Call System. We have discussed the new fee structure with both industry and regulatory authority and have received their concurrence with it. Our experience with the Utility Underground Damage Prevention law has been good in its present form; and as we testified on February 15, amendments such as the one proposed would only weaken the law and place additional underground facilities and personnel at greater risk.

In a recent meeting on February 2, 1994, the board asked the operating committee to begin a review of the entire fee structure for Kansas One-Call. This review is, in part, a result of the significant increase in membership resulting from the One-Call legislation. The board wants to ensure that the costs of operating the One-Call Center are being shared equitably and proportionately by all members.

We appreciate very much your concern and assistance in this matter. Should you have questions or if we can help in any way, please contact us.

Sincerely,

W. C. Krawczyk, President  
Board of Directors

WCK/DE/mlh  
cc: Glen Smith

# SENATE BILL No. 799

By Committee on Transportation and Utilities

2-16

8 AN ACT relating to motor vehicle fuels; concerning alternative fuels;  
9 ~~[establishing certain programs; providing certain tax credits]~~

10  
11 *Be it enacted by the Legislature of the State of Kansas:*

12 Section 1. (a) ~~[There is hereby established the commission on~~  
13 ~~motor vehicle alternative fuel program which shall consist of six~~  
14 ~~members as follows:]~~

- 15 (1) The secretary of transportation or the secretary's designee;  
16 (2) the secretary of administration or the secretary's designee;  
17 (3) the secretary of revenue or the secretary's designee;  
18 (4) the secretary of health and environment or the secretary's  
19 designee;

20 (5) a designee of the state board of education who has experience  
21 with, or knowledge about, school bus transportation; and

22 ~~(6) [a designee of the state corporation commission who has knowl-~~  
23 ~~edge about alternative fuel issues]~~

24 ~~(b) The chairperson of the commission shall be selected by the~~  
25 ~~commission. The commission shall meet at least once each calendar~~  
26 ~~quarter and at such other times as may be required on call of the~~  
27 ~~chairperson or any three members thereof.~~

28 (c) A quorum of the commission shall be three. All actions of  
29 the commission shall be taken by a majority of all of the members  
30 of the commission.

31 (d) Members of the commission attending meetings of such com-  
32 mission, or attending a subcommittee meeting thereof authorized by  
33 such commission, shall be paid subsistence allowances, mileage and  
34 other expenses as provided in K.S.A. 75-3223, and amendments  
35 thereto.

36 ~~(e) The commission shall:~~

37 (1) Develop a time table for the conversion of motor vehicles  
38 from conventional fuels to alternative fuels for the state of Kansas;

39 (2) develop criteria for which motor vehicles can or should be  
40 converted to alternative fuels;

41 (3) determine locales throughout the state with sufficient number  
42 of state-owned motor vehicles or fleet motor vehicles to make feasible  
43 appropriate refueling systems;

"alternative fuel" means any fuel defined as  
as alternative fuel by section 301(2) of  
the energy policy act of 1992.

prescribing certain duties on the state  
corporation commission

(a) For the purpose of this section:  
(1) "commission" means the state corporation  
commission;

(2) (b) the commission shall coordinate and  
facilitate communication with other state  
agencies concerning alternative fuels and the  
duties provided for in this section. The  
commission shall specifically communicate and  
cooperate with:

the secretary of agriculture or the secretary's  
designee

(c)

SEN. TRAVERS. 3/1/94

ATTACHMENT 3

34

1 (4) identify problems that need to be overcome and possible  
2 solutions for implementing programs promoting alternative fueled  
3 motor vehicles;

4 (5) coordinate with the federal government, cities, counties,  
5 school districts and private motor vehicle fleet owners regarding co-  
6 op fueling stations, co-opted conversion functions and other alter-  
7 native fuel matters to enable a cooperative atmosphere among such  
8 entities.

9 (6) develop a statewide plan and program for alternative fueled  
10 motor vehicles.

11 ~~(f)~~ The commission may invite private sector representatives of  
12 energy production industry, motor vehicle manufacturing industry,  
13 public utility industry or such other persons who can provide in-  
14 formation on alternative fueled motor vehicles to testify to or par-  
15 ticipate with the commission in exercising its duties.

16 ~~(g)~~ The commission shall make a report to the governor and the  
17 legislature on or before the first day of the regular legislative session  
18 of 1995. Such report shall include a report on the progress in ob-  
19 taining the goals established in subsection ~~(e)~~. The commission shall  
20 make its final report and recommendations to the governor and the  
21 legislature on or before the first day of the regular legislative session  
22 in 1996.

23 ~~(h) The commission shall be and is hereby abolished on July 1,~~  
24 ~~1996.~~

25 Sec. 2. The following percentages of new motor vehicles pur-  
26 chased or leased by any state agency, as defined by K.S.A. 75-3701,  
27 and amendments thereto, shall be alternative fueled motor vehicles:

28 (a) 20% of the motor vehicles acquired in model years 1997, 1998  
29 and 1999;

30 (b) 30% of the motor vehicles acquired in model year 2000;

31 (c) 40% of the motor vehicles acquired in model year 2001;

32 (d) 50% of the motor vehicles acquired in model year 2002;

33 (e) 60% of the motor vehicles acquired in model year 2003;

34 (f) 70% of the motor vehicles acquired in model year 2004.

35 Sec. 3. The legislature finds and declares that:

36 (a) Motor vehicles that operate on conventional gasoline and die-  
37 sel fuels are responsible for emissions of large amounts of harmful  
38 pollutants into the air, resulting in substantial damage to the quality  
39 of the environment of the state and harm to the health and welfare  
40 of our citizens.

41 (b) it is in the state's best interest to encourage the expanded  
42 use of alternative fuel vehicles and the construction of a fueling  
43 infrastructure to serve those vehicles in order to reduce motor vehicle

(d)

(e)

(c)



1 emissions of harmful pollutants and to improve the state's air quality.

2 (c) The establishment of an alternative fuels loan program will  
3 provide incentives to public and private motor vehicle operators to  
4 purchase new alternative fuels vehicles, convert existing gasoline and  
5 diesel-fueled vehicles to operate on alternative fuels, and construct  
6 alternative fuel fueling facilities in the state.

7 Sec. 4. As used in sections 3 through 7:

8 (a) "Secretary" means the secretary of the department of admin-  
9 istration;

10 (b) "alternative fuel" includes compressed natural gas, liquified  
11 petroleum gas, liquified natural gas, methanol, "M-85" which is a  
12 mixture of methanol and gasoline containing at least 85% methanol,  
13 and electricity;

14 (c) "alternative fuel vehicle" means a vehicle that operates on an  
15 alternative fuel and that meets or exceeds the clean fuel vehicle  
16 standards in the federal clean air act amendments of 1990, Title II;

17 (d) "government agency" means an agency of the state, a county,  
18 a city, a school district, or other governmental unit, including a  
19 public transit agency;

20 (e) "government fleet" means a fleet of 10 or more motor vehicles  
21 owned and operated by the state, a county, a city, a school district,  
22 or other governmental units, including public transit agencies;

23 (f) "fueling station" means the property which is directly related  
24 to the delivery of compressed natural gas, liquified natural gas, li-  
25 quified petroleum gas, methanol, or "M-85" which is a mixture of  
26 methanol and gasoline containing at least 85% methanol into the fuel  
27 tank of a motor vehicle propelled by such fuel including the com-  
28 pression equipment and storage vessels for such fuel at the point  
29 where such fuel is delivered.

30 Sec. 5. (a) There is hereby established the alternative fuels loan  
31 program for the purpose of making loans to government agencies  
32 who own and operate motor vehicles to assist them to do the fol-  
33 lowing:

34 (1) Purchase new motor vehicles designed to operate on alter-  
35 native fuels;

36 (2) convert existing motor vehicles which operate on gasoline and  
37 diesel fuel to operate on alternative fuels; or

38 (3) construct motor vehicle fueling facilities to serve alternative  
39 fuel vehicles.

40 (b) The alternative fuels loan program shall be administered by  
41 the secretary. The secretary shall administer this program to en-  
42 courage government agency fleet operators and private sector motor  
43 vehicle operators to convert their fleets and vehicles to use alter-

1 native fuels. The secretary shall promulgate rules and regulations  
2 establishing procedures, criteria and conditions for making loans from  
3 these funds and such other rules and regulations as are necessary  
4 to operate the alternative fuels loan program.

5 Sec. 6. (a) There is hereby established the Kansas alternative  
6 fuels government fleet loan fund in the state treasury. All moneys  
7 in the Kansas alternative fuels government fleet loan fund shall be  
8 used for loans in accordance with section 7 and the provisions of  
9 appropriations acts. Such fund shall consist of:

10 (1) Amounts appropriated by the legislature for the purposes of  
11 such fund;

12 (2) amounts of repayments made by government agencies of loans  
13 received under sections 3 through 7, together with payments of  
14 interest thereon, in accordance with agreements entered into by  
15 such government agencies and the secretary; and

16 (3) amounts contributed or otherwise made available by any pub-  
17 lic or private entity for use in effectuating the purposes of such fund.

18 (b) All moneys received as principal and interest payments under  
19 loan agreements entered into pursuant to section 7 shall be remitted  
20 to the state treasurer at least monthly. Upon the receipt of each  
21 such remittance, the state treasurer shall deposit the entire amount  
22 thereof in the state treasury to the credit of the Kansas alternative  
23 fuels government fleet loan fund.

24 (c) All expenditures from the Kansas alternative fuels government  
25 fleet loan fund shall be made in accordance with sections 3 through  
26 7 and the provisions of appropriations acts upon warrants of the  
27 director of accounts and reports issued pursuant to vouchers ap-  
28 proved by the secretary or by a person designated by the secretary.

29 Sec. 7. (a) In accordance with the provisions of this section, the  
30 secretary is hereby authorized to enter into loan agreements with  
31 government agencies for the purposes stated in section 5 and to loan  
32 moneys in the Kansas alternative fuels government fleet loan fund  
33 in accordance with such agreements.

34 (b) Loans made from the Kansas alternative fuels government  
35 fleet loan fund may be for the following amounts:

36 (1) (A) A maximum of \$2,000 per vehicle for vehicles having a  
37 gross vehicle weight of 10,000 lbs. or less; (B) a maximum of \$5,000  
38 per vehicle for vehicles having a gross weight of more than 10,000  
39 lbs. but not less than 26,000 lbs.; and (C) a maximum of \$50,000  
40 for vehicles having a gross vehicle weight of 26,000 lbs. or more for  
41 the incremental cost of purchasing a new alternative fuel vehicle.  
42 "Incremental cost" means the cost that results from subtracting the  
43 manufacturer's list price of the vehicle operating on conventional

1 gasoline or diesel fuel from the manufacturer's list price of the same  
2 model vehicle designed to operate on an alternate fuel;

3 (2) (A) a maximum of \$2,000 per vehicle for vehicles having a  
4 gross vehicle weight of 10,000 lbs. or less; (B) a maximum of \$5,000  
5 per vehicle for vehicles having a gross weight of more than 10,000  
6 lbs. but not less than 26,000 lbs.; and (C) a maximum of \$50,000  
7 for vehicles having a gross vehicle weight of 26,000 lbs. or more for  
8 the conversion of a new or used vehicle designed to operate on  
9 conventional gasoline or diesel fuel to operate on an alternative fuel;

10 (3) a maximum of \$100,000 for the construction of alternative fuel  
11 fueling stations;

12 (4) no government agency shall be entitled to receive more than  
13 \$100,000 in loans for new alternative fuel vehicle purchases or vehicle  
14 conversions in any fiscal year, nor shall any government agency be  
15 entitled to receive more than \$100,000 in loans for construction of  
16 alternative fuel fueling stations in any fiscal year.

17 (c) Government agencies receiving loans from the Kansas alter-  
18 native fuels government fleet loan fund shall:

19 (1) Agree to use the alternative fuel for which any alternative  
20 fuel vehicle is purchased or converted using loan proceeds;

21 (2) agree to notify the secretary in writing if a vehicle converted  
22 using loan proceeds becomes inoperable through mechanical failure  
23 or accident and to pursue a remedy outlined in rules and regulations;

24 (3) provide reasonable data requested by the secretary on the  
25 performance of alternative fuel vehicles purchased or converted with  
26 loan proceeds;

27 (4) submit alternative fuel vehicles purchased or converted with  
28 loan proceeds to reasonable inspections by the secretary as required  
29 by rules and regulations; and

30 (5) make alternative fuel fueling stations constructed with loan  
31 proceeds available to other government alternative fuel fleets and,  
32 within the capacity of the fueling facility, to public alternative fuel  
33 vehicle operators.

34 (d) Each loan agreement entered into under this section shall fix  
35 the terms of repayment and shall provide for interest payable on  
36 the loan. Such interest may be at fixed or variable rates. Such terms  
37 of repayment shall be fixed to require a loan repayment schedule  
38 not to exceed four years. When developing repayment schedules for  
39 loans, the secretary shall consider the projected savings to the gov-  
40 ernment agency resulting from the use of an alternative fuel.

41 (e) The secretary shall develop uniform application forms to be  
42 used for all loans.

43 (f) The secretary shall evaluate the plans developed by the ap-

3.5



1 applicant government agency for converting its fleet to operate on  
2 alternative fuels, and shall give preference in making loans to those  
3 government agencies which are prepared to make substantial in-  
4 vestments of their own funds in converting their fleets to operate  
5 on alternative fuels and which are prepared to work cooperatively  
6 with the state, other government agencies and private sector persons  
7 in developing an alternative fuels fueling infrastructure in the state.

8 (g) The secretary may utilize the collection procedures provided  
9 in K.S.A. 75-6201 et seq., and amendments thereto, to collect de-  
10 linquent loan payments by deducting the delinquent amount from  
11 payments from state agencies to the government agency that is de-  
12 linquent in its loan repayment.

13 (h) The secretary is authorized to adopt any rules and regulations  
14 the secretary deems necessary for the proper administration of sec-  
15 tions 3 through 7.

16 (i) The total amount of state moneys available for such loan pro-  
17 gram shall not exceed at any time the sum of \$1,000,000.

18 Sec. 8. (a) Any taxpayer who makes expenditures for qualified  
19 alternative fuel motor vehicle property shall be allowed a credit  
20 against the income tax imposed by article 32 of chapter 79 of the  
21 Kansas Statutes Annotated, as follows:

22 (1) For qualified alternative fuel motor vehicle property placed  
23 in service on January 1, 1994, and before January 1, 1998, an amount  
24 equal to 25% of the total amount expended for such qualified al-  
25 ternative fuel motor vehicle property but not to exceed \$750;

26 (2) for qualified alternative fuel motor vehicle property placed in  
27 service on or after January 1, 1998, an amount equal to 20% of the  
28 total amount expended for such qualified alternative fuel motor ve-  
29 hicle property, but not to exceed \$600;

30 (3) in cases where no credit has been claimed pursuant to par-  
31 agraphs (1) or (2) and in which a motor vehicle is purchased by a  
32 taxpayer with qualified alternative fuel motor vehicle property in-  
33 stalled by the manufacturer of such motor vehicle and the taxpayer  
34 is unable or elects not to determine the exact basis which is attrib-  
35 utable to such property, the taxpayer shall be allowed a credit in  
36 an amount not exceeding the lesser of 5% of the cost of the motor  
37 vehicle or \$750. The credit under this paragraph shall be allowed  
38 only to the first individual to take title to such motor vehicle, other  
39 than for resale.

40 (b) Such tax credit, under subsection (a) shall be deducted from  
41 the taxpayer's income tax liability for the taxable year in which the  
42 expenditures are made by the taxpayer. If the amount of such tax  
43 credit exceeds the taxpayer's income tax liability for such taxable

3-6

1 year, the amount thereof which exceeds such tax liability may be  
2 carried over for deduction from the taxpayer's income tax liability  
3 in the next succeeding taxable year or years until the total amount  
4 of the tax credit has been deducted from tax liability, except that  
5 no such tax credit shall be carried over for deduction after the third  
6 taxable year succeeding the taxable year in which the expenditures  
7 are made.

8 (c) As used in this section:

9 (1) "Qualified alternative fuel motor vehicle property" means:

10 (A) Equipment installed to modify a motor vehicle which is pro-  
11 pelled by gasoline so that the vehicle may be propelled by an al-  
12 ternative fuel;

13 (B) a motor vehicle originally equipped to be propelled only by  
14 an alternative fuel, but only to the extent of the portion of the basis  
15 of such motor vehicle which is attributable to the storage of such  
16 fuel, the delivery to the engine of such motor vehicle of such fuel  
17 and the exhaust of gases from combustion of such fuel; or

18 (C) property which is directly related to the delivery of an al-  
19 ternative fuel into the fuel tank of a motor vehicle propelled by such  
20 fuel including compression equipment and storage tanks for such  
21 fuel at the point where such fuel is so delivered but only such  
22 property is not used to deliver such fuel into any other type of  
23 storage tank or receptacle and such fuel is not used for any purpose  
24 other than to propel a motor vehicle; and

25 (2) "alternative fuel" includes compressed natural gas, liquified  
26 petroleum gas, liquified natural gas, methanol, "M-85" which is a  
27 mixture of methanol and gasoline containing at least 85% methanol,  
28 and electricity.

29 (d) The provisions of this act shall apply to all taxable years  
30 commencing after December 31, 1994.

31 Sec. 9 This act shall take effect and be in force from and after  
32 its publication in the statute book.