

MINUTES OF THE SENATE UTILITIES COMMITTEE.

The meeting was called to order by Chairperson Sen. Pat Ranson at 1:30 p.m. on February 29, 2000 in Room 231-N of the Capitol.

All members were present except:

Sens. Clark, Hensley and Pugh were excused

Committee staff present:

Lynne Holt, Legislative Research Department

Mary Torrence, Revisors of Statute Office

Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:

None

Others attending:

See attached list

Sen. Ranson announced Sen. Lee's pages are assisting the committee today, and asked them to introduce themselves to the committee.

Sen. Ranson asked the committee to refer to **SB 640-Weights and measures; annual inspections**. The committee took testimony last week and heard from the representative of the Propane Marketers Association of Kansas and from the Department of Agriculture. She reminded the committee that the representative from the Propane Marketers Association requested the bill regarding inspections of vapor meters. The bill as it was drafted included other meters and left inspections to the discretion of the Secretary of the Department of Agriculture. The committee consensus was to draft an amendment and relate it to the repeal of vapor meter inspections only.

Sen. Ranson then asked Mary Torrence to explain the amendment, which was distributed to the committee (Attachment 1). Ms. Torrence explained new subsection (e) allows the Secretary of the Department of Agriculture to adopt rules and regulations for the frequency of inspections for vapor meters, taking into consideration standards adopted by the National Institute of Standards and Technology. Representatives from the Department of Agriculture indicated their approval of the amendment, and Sen. Ranson stated there is still a problem in finding someone certified to inspect the meters. After discussion, Sen. Steffes made a motion the amendment be adopted, and it was seconded by Sen. Lee; the motion passed. Sen. Steffes made a motion the bill be passed as amended, and it was seconded by Sen. Lee. Roll call vote was taken, and the motion passed.

Sen. Ranson announced the agenda for next week, which will be a briefing and discussion on **HB 2826-oil and gas; relating to unitization and unit operations** on Thursday and discussion and action the following Tuesday. The remainder of next week will be devoted to a review of the KCC Conservation Division and the plugging of abandoned wells. She also discussed two new house bills which have been assigned to the committee.

Noting there was time left, Sen. Ranson called on Mary Torrence to brief the committee on pending Missouri legislation regarding merchant power plants, which the committee had discussed earlier in the session. Ms. Torrence distributed a constitutional amendment (Attachment 2) and briefly explained it authorizes the General Assembly in Missouri to impose replacement taxes for existing utility taxes used for generation, transmission or distribution of electricity. She explained the replacement tax will be imposed on the distributor of electricity or natural gas, or the user if not received from a distributor who has paid the tax. She explained the objective is to maintain local tax revenues; the replacement taxes cannot shift from one customer class to another and does not shift the tax from the commercial to the residential customer. Ms. Torrence also distributed a bill (Mo. SB 803), (Attachment 3), which is the implementing legislation for the constitutional amendment discussed before. It would repeal taxes (revenue lost) and replace it by an electricity or natural gas usage tax. It also provides that electric cooperatives report the number of transmission and distribution line miles owned by cooperatives in each taxing

CONTINUATION SHEET

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jurisdiction to the State Tax Commission. The committee discussed the usage tax, and Sen. Steffes stated that it is “Unbundling” costs to the consumer, which is one of the problems with deregulation. He recalled deregulation of the banking industry and customers’ anger when they learned the extra costs they would be paying. Sen. Lee also discussed retail wheeling and the problem of high property taxes in the state as opposed to other states with lower property taxes. The committee discussed the second paragraph of the bill and noted in the last paragraph the provision is for a two-year transition if the constitutional amendment is adopted. Ms. Torrence is unsure of the status of the bill at this time, but will find out and report to the committee.

Meeting adjourned at 2:10.

Next meeting will be March 2, 2000.