

MINUTES OF THE SENATE AGRICULTURE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a. m. on February 7, 2006 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statutes
Judy Seitz, Committee Secretary

Conferees appearing before the Committee:

Kenlon Johannes, Kansas Soybean Association
Jere White, Kansas Grain Sorghum Producers Association/Kansas Corn Growers

Others attending:

See attached list.

Chairman Taddiken noted that some of the handouts were as a result of Committee members' request for information. A Biodiesel Handling and Use Guidelines and a Biodiesel Cold Weather Blending report were distributed from the Kansas Soybean Association (Attachments 1 and 2).

The minutes for the January 31 and February 1 meeting were distributed and will be acted on later in the meeting.

Chairman Taddiken introduced a resolution congratulating and commending the Kansas Pork Association on its 50th Anniversary. Chairman Taddiken made a motion to introduce the resolution, seconded by Senator Lee. Motion passed.

Hearings were opened on **SB 393-Tax exemptions and credits for production of biodiesel fuel.**

Brad Harrelson, Kansas Farm Bureau, had previously submitted written testimony in support of **SB 393** (Attachment 3).

Kenlon Johannes appeared in favor of **SB 393** (Attachment 4). He said the proposed tax incentives are needed so that Kansas may be competitive with surrounding states. The Kansas Soybean Association also supports the exemption of personal property tax for items used in the point of sale in the storage, blending, dispensing, or preparation for sale of biodiesel.

Mr. Johannes stood for questions.

Chairman Taddiken introduced Chris Courtwright, Legislative Research staff person for the Assessment and Taxation Committee. He answered some questions on this bill regarding taxes.

Mr. Gilliland said **SB 393** has three components: property tax, income tax and sales tax.

Mr. Courtwright stood for more questions.

The Chairman declared the hearings on **SB 393** closed. Hearings opened on **SB 390 –Biofuels railroad terminals, property tax exemption, issuance of bonds by Kansas Development Finance Authority (K DFA).**

Mr. Gilliland said **SB 390** is another bill which came from the Select Joint Committee on Energy. This bill deals with property used exclusively as a biofuels railroad terminal for the distribution and transportation of biofuels or ingredients used in production of biofuels. This would provide for a property tax exemption for twelve (12) years for facilities completed after December 31, 2005.

Mr. Gilliland stood for questions.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture at 8:30 a.m. on February 7, 2006 in Room 423-S of the Capitol.

Other questions were asked of Mr. Courtwright.

Kenlon Johannes spoke as a proponent for **SB 390** (Attachment 5). He said that farmers and other investors in biodiesel plants need the tax exemption in order to compete with nearby states.

Mr. Johannes stood for questions.

Jere White spoke in support of **SB 390** (Attachment 6) and suggested a change on page 1, beginning on line 19, that the words “and its co-products” be added following the word “biofuels.”

Mr. White took questions from the Committee.

The Chairman handed out a drawing (Attachment 7) to illustrate the handling of trains in regards to loading cars.

Pat Hubbell, Kansas Railroads, stood for questions.

Chairman Taddiken closed the hearings on **SB 390**.

Chairman Taddiken began discussions on **SB 388 – Establishing the Kansas qualified biodiesel fuel producer incentive fund**. He made a motion to amend the bill to provide the incentive funds beginning the fourth quarter of 2007, page 1, line 20 and line 39. Senator Pine seconded the motion. There was discussion on the motion.

Motion by Senator Huelskamp to approve minutes of the February 1 and 2 Agriculture Committee meeting, seconded by Senator Schmidt. Motion passed.

The meeting adjourned at 9:28 a.m. The next meeting will be held on February 8.