

HOUSE BILL No. 2402

By Committee on Federal and State Affairs

4-29

9 AN ACT concerning fair pricing of crude oil.
10
11 *Be it enacted by the Legislature of the State of Kansas:*
12 Section 1. As used in this act, the following words and phrases shall
13 mean:
14 (a) “First purchaser” means the first person purchasing crude oil di-
15 rectly from the operator or producer.
16 (b) “Market rate” is the price offered by a first purchaser to a pro-
17 ducer pursuant to a price bulletin which is widely distributed by the pur-
18 chaser or is cited on the purchaser’s internet website.
19 (c) “Operator” means the person responsible for the actual physical
20 operation of the crude oil producing property.
21 (d) “Producer” means any interest owner in the crude oil producing
22 property including a royalty interest owner.
23 (e) “Refinery” has the meaning provided by K.S.A. 2008 Supp. 79-
24 32,217, and amendments thereto.
25 Sec. 2. Any refinery in addition to any other qualifications required
26 to receive an income tax credit under K.S.A. 2008 Supp. 79-32,218, and
27 amendments thereto, the accelerated depreciation deduction provided
28 under K.S.A. 2008 Supp. 79-32,221, and amendments thereto, or the
29 environmental compliance income tax credit provided under K.S.A. 2008
30 Supp. 79-32,222, and amendments thereto, shall give priority to purchase
31 Kansas crude oil if available for such refinery. Any such refinery has the
32 right to reject any crude oil which is not of merchantable quality or is
33 altered or contaminated by foreign substances or for other quality pur-
34 poses as stated in the terms and conditions stated in any contract or
35 division order between any such refinery and producer.
36 Sec. 3. A first purchaser of crude oil shall disclose to the operator or
37 producer a detailed statement of the reason for any discount in the pur-
38 chase price below the market rate for such crude oil.
39 Sec. 4. This act shall take effect and be in force from and after its
40 publication in the statute book.