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House of Representatives

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Before the Committee on Taxation
Testimony on HB 2401
March 18, 2015

Chairman Kleeb, Vice Chair Suellentrop and members of the committee. Thank you for the opportunity to speak to your committee today, in opposition of HB 2401.

Ethanol plants are an important part of rural KS. The economic impact on our communities is almost unmeasurable from a market for our local farmers who sell corn and milo or from the farmers and feedlots that use distillers' grains. This has a very important impact on our community business including implement dealers, elevators, seed dealers, banks, grocery stores, parts dealers, just to name a few all impacted by the local ethanol producers. Ethanol producers provide good jobs for our rural communities. This bill will put our ethanol plants at a disadvantage when competing with our neighbors in Colorado, Nebraska, and Iowa who do not pay any tax on their production. When grain prices were high a few years ago many of the ethanol plants were forced to close or suspend production. This tax will have the same effect. According to the International Energy Agency, the growth of ethanol production worldwide has led to a 1 million barrel per day decrease in global world oil demand. The 13 billion gallons of ethanol produced in 2010 displaced the need for 445 million barrels of oil, at a savings of \$34 billion to the U.S. economy.

We would strongly encourage the Committee to oppose this bill and not pass the bill out of Committee. Thank you for the opportunity to share our comments, and I will stand for questions.