Session of 2025

Substitute for HOUSE BILL No. 2012

By Committee on Agriculture and Natural Resources

3-7

AN ACT concerning agriculture; establishing the ethanol grant program fund; requiring the secretary of agriculture to administer such fund; transferring an amount of not to exceed $5,000,000 from the state general fund to the ethanol grant program fund on July 1, 2026, and each July 1 thereafter; establishing the ethanol grant program; allowing approved retailers to receive a reimbursement grant at a rate of not to exceed $.05 per gallon of higher ethanol blend sold; setting a $500,000 cap per fiscal year for each approved retailer; requiring the secretary to prorate the total amount of grant moneys distributed to each approved retailer if the total amount of the approved grants for a fiscal year exceeds the amount transferred; abolishing the ethanol grant program fund on September 1, 2030.

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

Section 1. (a) As used in this section:

(1) "Higher ethanol blend" means a fuel capable of being dispensed directly into motor vehicle fuel tanks for consumption that is comprised of at least 15% but not more than 85% ethanol;

(2) "motor vehicle" means a motor vehicle as defined by K.S.A. 8-126, and amendments thereto, that is required to be registered pursuant to K.S.A. 8-126 et seq., and amendments thereto;

(3) "person" means a natural person, association, partnership, limited partnership, limited liability company or corporation;

(4) "retailer" means a person that engages in the business of selling motor fuels to the end user at retail service stations; and

(5) "retail service station" means a location in this state from which higher ethanol blend is sold to the general public and is dispensed directly into motor vehicle fuel tanks for consumption.

(b) There is hereby established in the state treasury the ethanol grant program fund. The secretary of agriculture shall administer the ethanol grant program fund. All moneys credited to the ethanol grant program fund shall be expended or transferred only for the purposes and in the manner provided by this section. All expenditures from the ethanol grant program fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the secretary for the financing of grants in an amount of not to exceed

$5,000,000 on an annual basis, including an amount of not to exceed $50,000 to cover expenses for the administration of the fund.

(c) (1) On July 1, 2026, and each July 1 thereafter, or as soon thereafter each such date as moneys are available, the director of accounts and reports shall, subject to the provisions of paragraph (2), transfer an amount of not to exceed $5,000,000 from the state general fund to the ethanol grant program fund.

(2) If, upon the date of transfer, the ethanol grant program fund has a remaining balance, the annual transfer amount shall be reduced by the amount of such remaining balance as certified to the director of accounts and reports by the secretary in consultation with the director of the budget. At the same time that such certification is submitted to the director of accounts and reports, a copy of such certification shall be submitted to the director of legislative research.

(d) (1) There is hereby established the ethanol grant program within the Kansas department of agriculture. Such program shall be administered by the secretary of agriculture.

(2) Each year during the month of July, a retailer may submit an application to the secretary for reimbursement grants. Such application shall be in a form and manner approved by the secretary.

(3) Any such application shall:

(A) Include a report of the total number of gallons of higher ethanol blend sold by such retailer during the preceding fiscal year; and

(B) be signed and verified by oath or affirmation that the contents of such application are accurate. Such signature and verification shall be made by the retailer or a person authorized by the retailer to sign and verify the application.

(4) If the secretary finds, after notice and hearing conducted in accordance with the provisions of the Kansas administrative procedure act, that the retailer has fraudulently or deceptively obtained or attempted to obtain a grant reimbursement pursuant to this section, the secretary shall require the retailer to repay the entire amount of the grant reimbursement that was fraudulently or deceptively received. Such repayment shall be in addition to any civil or criminal penalty otherwise allowed by law.

(5) Each August, starting in August 2026, the secretary shall compare the retailer's reported sales of higher ethanol blend over the last two fiscal years.

(6) (A) To the extent that an applicant's report of sales for the latter fiscal year shows an increase of sales from the former fiscal year, the secretary shall approve a lump sum reimbursement grant for such applicant at a rate of not to exceed $.05 per gallon of higher ethanol blend that is sold in excess of the former fiscal year.

(B) No retailer shall be approved in any fiscal year for a

reimbursement grant that exceeds $500,000.

(7) On August 31, 2026, and each August 31 thereafter, the secretary shall disburse any such approved reimbursement grant in a lump sum to the applicant.

(8) The secretary shall establish a reimbursement grant rate each fiscal year and such rate shall be the same rate for all approved applicants.

(9) During any fiscal year in which the amount of approved reimbursement grants exceeds the amount transferred to the ethanol program grant fund, the secretary shall prorate the reimbursement grant rate accordingly so that the amount disbursed does not exceed such transferred amount.

(e) This section shall expire on September 1, 2030. On September 1, 2030, the director of accounts and reports shall transfer all moneys in the ethanol grant program fund to the state general fund. On September 1, 2030, the ethanol grant program fund shall be abolished and all liabilities of the ethanol grant program fund shall be transferred to and imposed on the state general fund.

Sec. 2. This act shall take effect and be in force from and after its publication in the statute book.