

SENATE BILL No. 674

By Committee on Ways and Means

3-10

9 AN ACT concerning ethanol production; relating to production incen-
10 tives; amending K.S.A. 2007 Supp. 79-34,163 and repealing the exist-
11 ing section.
12

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

14 Section 1. K.S.A. 2007 Supp. 79-34,163 is hereby amended to read
15 as follows: 79-34,163. (a) A Kansas qualified agricultural ethyl alcohol
16 producer shall be paid a production incentive for distilling agricultural
17 ethyl alcohol. The incentive shall be payable to the Kansas qualified ag-
18 ricultural ethyl alcohol producer from the Kansas qualified agricultural
19 ethyl alcohol producer incentive fund. The amount of the production
20 incentive shall be as follows:

21 (1) During fiscal years 2002, 2003 and 2004, the amount shall be \$.05
22 for each gallon of agricultural ethyl alcohol sold by the producer who is
23 in production prior to July 1, 2001, to an alcohol blender. Any such
24 amounts pursuant to this subsection shall be paid from the current pro-
25 duction account of the Kansas qualified agricultural ethyl alcohol pro-
26 ducer incentive fund;

27 (2) If the producer who is in production prior to July 1, 2001, in-
28 creases the producer's agricultural ethyl alcohol production capacity on
29 or after July 1, 2001, by an amount of 5,000,000 gallons over the pro-
30 ducer's base sales, such producer shall receive an amount equal to \$.075
31 for each gallon of agricultural ethyl alcohol sold by the producer to an
32 alcohol blender that is in excess of the producer's base sales. No producer
33 shall receive the production incentive pursuant to this subsection for more
34 than 15,000,000 gallons sold. Any such amount shall be paid from the
35 new production account of the fund; and

36 (3) any producer who commences production on or after July 1, 2001,
37 the amount shall be \$.075 for each gallon of agricultural ethyl alcohol sold
38 by such producer to an alcohol blender, if such producer has sold at least
39 5,000,000 gallons. No producer shall receive the production incentive
40 pursuant to this subsection for more than 15,000,000 gallons sold. Any
41 such amounts shall be paid from the new production account of the fund.

42 (b) For the purposes of subsection (a), a producer's base sales shall
43 be the number of gallons of agricultural ethyl alcohol sold by the producer

1 to an alcohol blender in calendar year 2000. All new production incentives
2 pursuant to this section for a producer who is in production prior to July
3 1, 2001, shall be based on such producer's base sales.

4 (c) The amounts payable to a producer as provided in subsections
5 (a)(2) and (a)(3) shall be payable for no more than seven years to any one
6 producer.

7 (d) The Kansas qualified agricultural ethyl alcohol producer shall file
8 for the production incentive beginning July 1, ~~2001~~ 2009, and ~~quarterly~~
9 *annually* thereafter, on a form furnished by the department of revenue.
10 The form shall require the producer to file such information as the sec-
11 retary of revenue may require by rules and regulations, but shall include
12 information relating to the original production records and invoices issued
13 to the alcohol blender at the time of delivery, showing the total number
14 of gallons of agricultural ethyl alcohol sold to the alcohol blender for the
15 previous three months.

16 (e) The secretary of revenue may adopt such rules and regulations
17 necessary to administer the provisions of this act, including the devel-
18 opment of a procedure for the payment of the production incentive.

19 Sec. 2. K.S.A. 2007 Supp. 79-34,163 is hereby repealed.

20 Sec. 3. This act shall take effect and be in force from and after its
21 publication in the statute book.