Approved: March 11, 2008
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 14, 2008 in Room 519-S of the Capitol.

All members were present.

Committee staff present:
Chris Courtwright, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Ryan Hoffman, Legislative Research Department
Scott Wells, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:
Lee Lindquist, Scholfield Honda
Don McNeely, KS Automobile Dealers Association
Duane Simpson, Kansas Association of Ethanol Processors
Amer Brilhart, Honda North (written only)
Richard Cram, Department of Revenue
Others attending:
See attached list.

Representative Carlson requested a bill introduction, on behalf of Representative Tafanelli, regarding a Jefferson County wide sales tax. Representative Wilk seconded. The motion carried.

HB 2694 - Income tax credit for alternative-fueled motor vehicle or alternative-fuel fueling station.

Ryan Hoffman, Legislative Research Department, briefed the Committee on **HB 2694.** He said the bill would change the definition of alternative fuel, in regard to income tax credits, to have the same meaning as provided in the federal standard. This definition change would make electric hybrid motor vehicles eligible for a $750 income tax credit. Mr .Hoffman distributed a memo on definitions of alternative fuel at the request of the Chairman (Attachment 1).

The Chairman opened the hearing on **HB 2694.**

Representative Ward said that Lee Lindquist, his constituent, had requested the bill. He said that Kansas had always followed federal law, which is much broader in scope, including other alternative fuels, in order to promote a reduction in fossil fuel dependancy. Representative Ward said that in a 2007 Conference Committee Report, there was a change that narrowed that definition and this bill would return it to its original intent. He advised them to question the reality of the current fiscal note. He introduced Lee Lindquist (No written testimony.)

Lee Lindquist, Scholfield Honda, testified in support of **HB 2694** (Attachment 2). He said the United States is currently importing the majority of the oil it consumes. With 68% of oil consumption being used for transportation fuel, it is clear that our vehicles of all types present the single largest and most significant target for reducing consumption.

Several technologies for reducing fuel consumption are already proving themselves in the market place and many more technologies will be making the transition from the laboratory to the streets in the next few months and years. He said advanced technologies are being developed, such as full battery-electrics, hydrogen fuel cells and next-generation biofuels that will completely eliminate our dependency on oil, imported or otherwise. He spoke about the importance of natural gas as a stepping stone to future transportation fuels and addressed the question on availability of natural gas in America.

With its current definition, "Alternative Fuels", the state of Kansas does not include electricity, hydrogen, natural gas, propane, or any other fuels our researchers and scientists might come up with in the future. None of these advanced technologies will transform our transportation system overnight, but we need to give them all the same opportunity. Passing the bill would reinstate the definition of "Alternative Fuels"

that just makes sense and will give back the incentives to the infrastructure and vehicle purchases that all of these existing and new technologies need and deserve.

In response to a Committee question concerning his credentials, he said he had inherited his passion for alternative fuels from his father, time spent in Detroit, and conversations, during his high school years, with engineers working in the automotive industry. He is currently the alternative fuels manager at Scholfied Honda, a position he created, after being employed as their IT specialist. He has a degree in computer science from Wichita State University. Discussion followed regarding description and definition of hybrid cars, non-exclusivity of expanded definition, safety of alternative fuels, and how new alternative fuels taxes are being collected.

Duane Simpson, Kansas Association of Ethanol Processors, explained how the definition was changed in 2007, as a result of decisions made in conference committee discussions. Chairman Holmes, Energy & Utilities, wanted the definition to be more definitive of renewable fuel, rather than alternative fuel. He did not believe we should give tax credits for non-renewable fuels, such as compressed natural gas, propane and those types of things. This was an attempt to help reduce our country's reliance on fossil fuels for our transportation need (Attachment 3).

He said, as written, the tax credit is not working. It has been in existence since 2003 and since then only 159 taxpayers have claimed the credit with less than 5 of them being for the alternative fueling station credit. There are 48,519 flex fuel vehicles in Kansas, all of which qualify for the credit because the law goes back to vehicles purchased in1999. The credit is rarely used because the law requires taxpayers to keep receipts to show that 500 gallons of E-85 fuel is purchased in the calendar year the credit in taken. The $750 tax credit is apparently only worth the paperwork to a handful of taxpayers each year. He urged the committee to thoroughly review the merit of the bill before advancing it.

Don McNeely, KS Automobile Dealers Association gave an overview of transportation vehicles or the future, and said the issue of alternative fuels is an important component in the total picture, as no one fuel will provide the expanding needs of the country. His testimony included an information sheet on Alternative fuels: Bio-diesel; Compressed natural gas; Clean diesel; Fuel cells and Propane (Attachment 4). He agreed with earlier statements that the current statute is very cumbersome, and not effective. The credit needs to be revamped.

The Chairman acknowledged written testimony in favor of the bill by Ember A. Brillhart, Honda North (Attachment 5).

Discussion followed regarding:

1. Advantages of credit being given at point of sale, or a flat credit on the income tax.

2. Is the consumer going to base their buying choice on incentives, or other considerations - thus do we really need an incentive?

3. Would a new credit be in compliance with the Streamlined Sales Tax program.

4. How do the current tax credits fit in the future and which of them needs an incentive to encourage consumers to buy more efficient automobiles.

5. There were 263,000 tax credits claimed in 2004 and 100,942 in 2005. Richard Cram agreed to see if the original fiscal note (1995) is available and put together data on the numbers of filers and dollar amount used to date. Ryan Hoffman agreed to provide the number and locations of E 85 stations across Kansas.

6. Gordon Self, Office of the Revisors, reviewed previous legislation, a current Senate Bill, and raised the question of compliance with the streamlined sales tax.

The Chairman closed the hearing on **HB 2694**. The meeting was adjourned at 10:25 A.M. The next meeting is February 15, 2008.

HOUSE TAXATION COMMITTEE

DATE: Feb 14, 2008

NAME	REPRESENTING
Mike Reecat	GBBA
Duane Simpson	KAEP

Effective: August 8, 2005

United States Code Annotated Currentness
Title 42. The Public Health and Welfare
Chapter 134. Energy Policy
Subchapter I. Alternative Fuels--General
§ 13211. Definitions

For purposes of this subchapter, subchapter II of this chapter, and subchapter III of this chapter (unless otherwise specified)--

(1) the term "Administrator" means the Administrator of the Environmental Protection Agency;

(2) the term "alternative fuel" means methanol, denatured ethanol, and other alcohols; mixtures containing 85 percent or more (or such other percentage, but not less than 70 percent, as determined by the Secretary, by rule, to provide for requirements relating to cold start, safety, or vehicle functions) by volume of methanol, denatured ethanol, and other alcohols with gasoline or other fuels; natural gas, including liquid fuels domestically produced from natural gas; liquefied petroleum gas; hydrogen; coal-derived liquid fuels; fuels (other than alcohol) derived from biological materials; electricity (including electricity from solar energy); and any other fuel the Secretary determines, by rule, is substantially not petroleum and would yield substantial energy security benefits and substantial environmental benefits;

(3) the term "alternative fueled vehicle" means a dedicated vehicle or a dual fueled vehicle;

(4) the term "comparable conventionally fueled motor vehicle" means a motor vehicle which is, as determined by the Secretary--

(A) commercially available at the time the comparability of the vehicle is being assessed;

(B) powered by an internal combustion engine that utilizes gasoline or diesel fuel as its fuel source; and

(C) provides passenger capacity or payload capacity the same or similar to the alternative fueled vehicle to which it is being compared;

(5) "covered person" means a person that owns, operates, leases, or otherwise controls--

(A) a fleet that contains at least 20 motor vehicles that are centrally fueled or capable of being centrally fueled, and are used primarily within a metropolitan statistical area or a consolidated metropolitan statistical area, as established by the Bureau of the Census, with a 1980 population of 250,000 or more; and

(B) at least 50 motor vehicles within the United States;

(6) the term "dedicated vehicle" means--

(A) a dedicated automobile, as such term is defined in section 32901(a)(7) of Title 49; or

HS Taxation
2-14-08
Attachment 1

Lee Lindquist
Schnolfield + NDA

February 14, 2008

The Honorable Representative Kenny A. Wilk
Chair, House Taxation Committee
Room 519-S, Kansas State Capitol
300 SW 10th Street
Topeka, Kansas 66612-1504

Re: HB 2694

Chairman Wilk, members of the House Taxation Committee; good morning and thank you for the opportunity to speak with you regarding HB 2694 and the definition of alternative fuels. I am speaking to you today in support of the bill and will present to you the reasons for my decision.

As I am sure you are well aware, the United States is currently importing the majority of the oil it consumes. Estimates for 2007 show that between 58% and 73% of the oil consumed in this country was imported. Domestic oil production has declined every year since 1991, and is now 31% below 1990 levels. In the same period our population has increased by over 20% and passenger vehicles on the road have followed that trend. With rising consumption and falling domestic production, the United States is only becoming more dependent on imported oil. With 68% of oil consumption being used for transportation fuel, it is clear that our vehicles of all types present the single largest and most significant target for reducing consumption.

Several technologies for reducing fuel consumption are already proving themselves in the marketplace, and many more technologies will be making the transition from the laboratory to the streets in the next few months and years. In the former I am referring to gasoline-electric hybrids, which have made significant inroads in consumers' minds and are now available in almost every vehicle size and type. In the latter, I am referring to new, advanced technologies like full battery-electrics, hydrogen fuel cells and next-generation biofuels that will completely eliminate our dependency on oil, imported or otherwise. From the Toyota Prius, Camry Hybrid and the Honda Civic Hybrid to the large GM Yukon Hybrid, and Hybrid trucks to come, the technology which combines efficient electric power with the time-tested gasoline engine is already saving consumers money and reducing our dependency on oil. Later this summer, not years from now, the Honda FCX Clarity, the world's first production fuel cell vehicle, will make its retail debut in California. The Tesla Roadster, all-electric sports car will also be available later this year and is for sale in all 50 states, with a lower-priced, everyman's vehicle in development by the same company. The Phoenix-Electric Sport Utility Truck and SUV full-electric vehicles will be available for fleet customers this year as well. These advanced vehicles do not burn a drop of gasoline, but yet, under the current Kansas law, would not be considered Alternative Fueled Vehicles.

Putting all of these advanced technologies aside, there is another technology which exists today, and has been implemented in over 5 million vehicles worldwide, which completely eliminates the use of gasoline, and therefore oil, as a transportation fuel. This technology is CNG, or Compressed Natural Gas.

Using natural gas as a transportation fuel has huge and far-reaching benefits to consumers and to the environment. First and foremost, natural gas is a substantially domestic fuel. Whereas the United States produces less than 50% of the oil it consumes, it does produce over 85% of its natural gas. Almost all of the remaining fuel is imported from Canada and Mexico via pipeline, meaning that natural gas is almost completely a North American resource. If we take that analysis down a level and look at just the state of Kansas, we find that Kansas is a net exporter of natural gas – producing more than what is consumed within the state. Secondly, natural gas is cheaper per unit of energy than gasoline. Prices do fluctuate, but natural gas is typically 30% to 50% cheaper per gasoline gallon equivalent (GGE). Third and finally, natural gas vehicles are some of the cleanest, lowest emission vehicles on the road. For example, the natural gas-powered Honda Civic GX is recognized by the U.S. EPA as the cleanest commercially available, internal-combustion vehicle on earth. The Civic GX is also rated by the California Air Resources Board as meeting the very stringent AT-PZEV standard. In addition, dedicated NGVs produce little or no evaporative emissions during fueling and use. In gasoline vehicles, evaporative and fueling emissions account for at least 50 percent of a vehicle's total hydrocarbon emissions.

The natural gas-powered Civic GX has been in production since 1998 and is available today to fleets as well as the public. Several reputable companies produce conversion kits that can be applied to almost any gasoline vehicle to gain the economic and environmental benefits of operating a motor vehicle on natural gas. Using natural gas as a motor fuel *just makes sense* for reaching the goals of reducing dependence on imported oil and reducing our impact on the environment in which we live. I drove up here this morning in a natural gas-powered Honda Civic GX, burning not a drop of gasoline, and I encourage you all to meet with me later today to feel and touch this true alternative-fueled vehicle.

With its current definition, "Alternative Fuels" in the state of Kansas does not include electricity, hydrogen, natural gas, propane, or any other fuels our researchers and scientists might come up with in the future. As far as Kansans are concerned, only fuels which are liquids and which are derived from fermented organic matter, etc are considered. Clearly, we are missing out on some amazing technologies, some of which are available today, and others that will be available in the near future. Ethanol and bio-iesel are great alternatives to gasoline and diesel, but they are certainly not the only alternatives. Even the most dedicated chemical engineers and ethanol lobbyists will tell you that ethanol can not meet the needs of American transportation alone. None of these advanced technologies will transform our transportation system overnight, but we need to give them all the same opportunity.

Passing HB 2694 will reinstate the definition of "Alternative Fuels" that *just makes sense* and will give back the incentives to infrastructure and vehicle purchases that all of these existing and new technologies need and deserve.

Thank you for your time, and I look forward to your questions and comments.

Sincerely,

Lee Lindquist
(316) 210-1531
Lee_Lindquist@scholfield.com

Ethanol - ***Made in Kansas***

Association Of Ethanol Processors

Statement on House Bill 2694
House Taxation Committee
Representative Kenny Wilk, Chairman
February 14, 2008

Thank you Mr. Chairman and members of the Committee, my name is Duane Simpson; I am the Chief Operating Officer and Vice President of the Kansas Association of Ethanol Processors. KAEP represents the ethanol manufacturers and affiliated industries in our state. I appear today to give you a little background information on this bill and to answer some questions on the effectiveness of the tax credit.

Last year, during the conference committee on House Bill 2145, which created the Kansas Renewable Fuels Standard, the definition of alternative fuel vehicle was changed to be consistent with the definition of renewable fuel that was used in that bill. Chairman Carl Holmes was the lead advocate for the change. He argued that alternative fuels that are not renewable, such as propane, should not receive a tax credit.

According to testimony from the Department of Commerce in the House Energy and Utilities Committee earlier this year, the tax credit for alternative fuel vehicles and fueling stations has been in existence since 2003. Since 2003, 159 taxpayers have claimed the credit with less than 5 of them being for the alternative fueling station credit.

According to the Alliance of Automobile Manufacturers, there are 48,519 flex fuel vehicles in Kansas. Virtually all of these vehicles would have qualified for the credit because the law goes back to vehicles purchased in tax year 1999. The credit is rarely used because the law requires taxpayers to keep receipts to show that 500 gallons of E-85 fuel is purchased in the calendar year the credit is taken. The $750 tax credit is apparently only worth the paperwork to a handful of taxpayers each year.

If this committee wishes to make hydrogen fuel cell vehicles eligible for the credit, they should also look at how the credit is earned. Hydrogen fuel cell vehicles do not burn E-85 fuel and cannot purchase 500 gallons of fuel.

I would urge the committee to take this opportunity to look at the effectiveness of this tax credit. When only 1 out of every 300 vehicles that would be eligible for a tax credit actually claims it, the program probably needs a little work. This bill will not allow alternative fuel vehicles that run on anything other than ethanol to receive the credit because the requirement to purchase 500 gallons of E-85 fuel is still in the law. If you delete that requirement, you will certainly see a rather large fiscal note. While I am certainly not advocating eliminating the credit, very few people would notice it if you did. Thank you for the opportunity to address this issue. I will stand for questions at the appropriate time.

HS Taxation
2-14-08
Attachment 3

KAEP, 816 SW Tyler, Topeka, KS 66612, 785-234-0461, Fax 785-234-2930, www.ethanolkansas.org

KANSAS AUTOMOBILE DEALERS ASSOCIATION

February 14, 2008

To: The Honorable Kenny Wilk, Chairman
And Members of the House Committee on Taxation

From: Don L. McNeely, KADA President

Re: HB 2694 – Income Tax Credit for Alternative Fuel Vehicles

Good morning, Chairman Wilk and Members of the House Committee on Taxation. I am submitting this written testimony on behalf of the Kansas Automobile Dealers Association in support of HB 2694, which would re-implement the income tax credit to consumers who purchase alternative fueled motor vehicles that are fueled by electricity, hydrogen, natural gas and propane.

Perhaps once a novelty, through expanding technology, hybrid, electric and alternative fueled vehicles are becoming more and more mainstream as these vehicles become usable and adaptable to the needs of American consumers. Incentive programs such as that created by HB 2694 will encourage consumers to take a closer look at alternative-fueled vehicles when they are looking to purchase a new vehicle. In addition, it will also help reduce our country's reliance on fossil fuels for our transportation needs.

Eventually, alternative fueled vehicles will have to appeal to consumers based on their own attributes like any other product. However, first we must encourage consumers to try the new technology. While we are mindful of the fiscal note of this legislation, tax credits have worked and the federal tax credits enacted during the last congressional session are a good example of government and industry working together toward a common goal.

On behalf of the members of the Kansas Automobile Dealers Association, I thank you for the opportunity to present these comments in support of HB 2694.

Attachment

731 S. Kansas Ave. • Topeka, KS 66603-3807

Telephone (785) 233-6456 • Fax (785) 233-1462

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Attachment 4

Alternative Fuel Autos: Technology

How Alternative Fuel Autos Work

Alternative fuel autos of all kinds are a reality today. Whether it's achieving greater fuel economy or reducing America's reliance on oil as a primary fuel source, automakers remain committed to populating America's roadways with innovative vehicle technologies. In 2006, 1.5 million alternative fuel autos were purchased in the US. Below is a brief description of how these vehicles run on alternative fuels.

Biodiesel

Biodiesel is a blend of conventional diesel fuel and blendstocks made from fatty substances such as soybean oil and waste cooking oil. Most diesel vehicles can use biodiesel fuel at up to 5 percent concentrations (B5) without modifying the vehicle's fuel system and powertrain, and some diesels are modified to use higher concentrations, such as 20 or 100 percent (B20 or B100). One important benefit of biodiesel is that it adds needed lubricity to diesel fuel. All diesel engines, especially advanced common rail diesel engines, operate at extremely high pressures and require good lubricity in the fuel to prevent wear. It is also critical that any biodiesel fuel meet certain specifications to ensure that it will work properly in today's sophisticated engines. All vehicles require good quality fuel to minimize emissions and optimize performance.

Compressed Natural Gas

Fueling a vehicle with Compressed Natural Gas (CNG), which is a high-pressure gas rather than a liquid, requires that the engine be modified to change how the fuel is injected into the cylinders. Natural gas vehicles also require about four times the fuel tank volume to provide the same driving range as gasoline vehicles.

Clean Diesel

Compared to their gasoline counterparts, the new generation of clean diesel vehicles offer much greater fuel economy while delivering better performance. Around the world, consumers are favoring advanced diesel technology. Clean diesel powers 40 percent of Europe's new light duty motor vehicles. Today's diesel vehicles run more cleanly, thanks to new high-pressure fuel injection, combustion and exhaust after-treatment technologies. And the auto industry is working now to introduce technologies that will allow diesel automobiles to meet the Environmental Protection Agency's latest stringent emissions regulations. A key factor in determining the success of these aftertreatment technologies was the EPA's 2001 decision to require dramatic sulfur reductions in diesel fuel. This decision was critical for the sale of clean diesel vehicles in the U.S. Clean diesel vehicles are more fuel-efficient than gasoline-powered vehicles, especially in both highway and stop-and-go city driving. On average, clean diesel vehicles achieve 20-40 percent better fuel economy than their gasoline-powered counterparts.

Ethanol

All of the vehicles on the road today can use a blend of up to 10 percent ethanol with gasoline without voiding the warranty the manufacturer provides to consumers. There are also about 5 million vehicles on the road today that have been built to use up to 85 percent ethanol + 15 percent gasoline (known as E-85). These vehicles are referred to as flexible fuel vehicles (FFVs) because they can run on any blend of gasoline and ethanol between 0-85 percent ethanol. Some gasoline is required in ethanol blends to help facilitate cold-temperature starts. To make a vehicle ethanol-capable, manufacturers install a computerized optical sensor or other technology that detects how much ethanol is in the fuel mixture. The sensor then recalibrates the engine depending on the percentage of ethanol in the fuel. Because ethanol is more corrosive than gasoline, manufacturers need to use special materials for the gas line, gas tank, pumps, and injectors.

Hybrid-Electric

Hybrid-electric vehicles refer to powertrains that use a battery-powered electric motor, a gasoline internal combustion engine, and a concept known as regenerative braking to power the vehicle. To optimize performance, emissions, and fuel efficiency, a computer is used to manage the energy from these three systems. The computer senses the driving mode and the battery state of charge and then directs energy from either the battery system or the gasoline engine to the most appropriate drive train component, an electric motor or an engine drive shaft. Regenerative braking systems, which recover energy that is otherwise wasted, allow hybrids to be especially fuel-efficient in stop-and-go city driving. Utilizing these hybrid technologies, fuel economy can be improved by up to 25 percent over conventional automobiles.

Hybrid-Electric Ethanol

This technology marries two petroleum saving technologies – hybrid-electric power and flexible-fuel capability. A hybrid-electric E-85 would be capable of operating on blends of fuel containing up to 85 percent ethanol.

Hydrogen

The concept of using hydrogen in internal combustion engines (ICEs) offers several advantages: near-zero net emissions, maintaining the utility and flexibility of today's automobile and helping to promote a hydrogen fueling infrastructure. Hydrogen-fueled vehicles emit only water vapor when burned. Hydrogen ICEs are capable of running on either liquid hydrogen or gasoline. With dual fuel capacity, hydrogen ICEs can be switched to gasoline operation should it become necessary, eliminating any restrictions that might be imposed by range or hydrogen availability. These vehicles also use today's fuel cell technology to power the vehicle's electrical system. This source provides more power than a conventional battery, allowing, for example, the air conditioning or heating system to be operated with the engine off.

Fuel Cells

Fuel cells use hydrogen to produce continuous electric currents. They employ a process that chemically combines hydrogen and oxygen to produce electricity and water. Because each fuel cell produces less than one volt, they must be stacked in a row to produce enough voltage to meet your driving needs. Electricity is produced when hydrogen is fed into one end of the fuel cell. There it meets a platinum anode that strips an electron from each hydrogen atom, producing an electric current and a stream of hydrogen ions. The electric current flows to the electric motor, supplying it with power. At the other end of the fuel cell, a platinum cathode brings together the stream of hydrogen ions coming from the platinum anode, the electric current returning from the electric motor, and oxygen. These three react to produce water.

Propane

Propane, like natural gas, requires that the engine be modified to change how the fuel is injected into the cylinder. Because it is a high-pressure gas, a vehicle's fuel handling system and engine must be modified to take in a compressed gas fuel as opposed to a liquid fuel.

HONDA

Honda North America, Inc.
1001 G Street, N.W. Suite 950
Washington, D.C. 20001
Phone (202) 661-4400

February 14, 2008

The Honorable Representative Kenny A. Wilk
Chair, House Taxation Committee
Room 519-S, Kansas State Capitol
300 SW 10th Street
Topeka, Kansas 66612-1504

Re: HB 2694

Dear Chairman Wilk:

I am writing to express Honda's support for HB2694; relating to incentives for alternative fuel vehicles.

Honda has long been recognized for its dedication to exploring new technologies that minimize the impact automobiles have on the environment and reducing this country's dependence on oil-based petroleum. Having invested hundreds of millions of dollars in research and development, Honda's fleet of vehicles achieves the best overall fuel economy and lowest overall emissions of any full line manufacturer. Honda's product line includes dedicated alternative fuel vehicles (AFVs) and fuel-efficient hybrids (HEVs). Honda also is the leader in fuel cell vehicles (FCVs) that operate on hydrogen, and are currently assisting in the development of infrastructure to deliver natural gas and hydrogen for consumer use.

As you well know, it takes more than just the development and production of clean-fuel vehicles to help the environment. Consumers must be willing to purchase these vehicles and must have alternative fuels readily available. Currently, the price premium associated with the technology development of AFVs (when compared with their gasoline driven equivalent) is relatively high due to research and development and tooling costs spread over relatively few vehicle sales. In order to stimulate consumer demand, it is important to target the barriers preventing widespread acceptance: cost, access and convenience. These can be addressed by reducing the price premium (or incremental cost) of the fuels and vehicles, as well as increasing availability of fuel. Incentives, which increase sales, are an effective way to drive down costs by increasing economies of scale and promoting additional development.

Honda was disappointed to learn that amendments were made last year to Kansas law which eliminated incentives for traditional alternative fuel vehicles such as dedicated natural gas vehicles. Unlike flex or dual fuel vehicles or even hybrids, dedicated alternative fuel vehicles offer 100% petroleum displacement. Honda produces the Civic GX, a dedicated natural gas vehicle which runs entirely on compressed natural gas with near zero emissions and meeting California's strict AT-PZEV standards. In fact, it has

been named America's Greenest Car" by the American Council for an Energy-Efficient Economy (ACEEE) more than any other vehicle since first winning the title in 2000. Unfortunately, the Civic GX, has a $7,000 incremental cost. Incentives such as those proposed in HB2694 are necessary to address *some* of the price premium associated with these alternative fuel vehicles and would encourage more people to buy dedicated natural gas vehicles. This would benefit Kansas by reducing its dependence on gasoline and assist in meeting its clean air goals.

For these reasons, we strongly encourage you to pass HB2694 out of committee today and to pass this bill into law this year.

I welcome the opportunity to be a resource to you on this importance issue and may be reached at 202-661-4400.

Sincerely,

Ember A. Brillhart
State Legislative Coordinator