

MINUTES OF THE HOUSE AGRICULTURE AND NATURAL RESOURCES COMMITTEE

The meeting was called to order by Chairman Larry Powell at 3:30 p.m. on January 25, 2010, in Room 783 of the Docking State Office Building.

All members were present.

Committee staff present:

Jason Thompson, Office of the Revisor of Statutes
Daniel Yoza, Office of the Revisor of Statutes
Corey Carnahan, Kansas Legislative Research Department
Raney Gilliland, Kansas Legislative Research Department
Pat Matzek, Committee Assistant - Excused

Conferees appearing before the Committee:

Greg A. Foley, Executive Director, Kansas Conservation Commission
Mary Jane Stankiewicz, Kansas Association of Ethanol Processors
Greg Krissek, Director of Government Affairs, ICM
Tom Palace, Petroleum Marketers and Convenience Store Assn. of Kansas

Others attending:

Chairman Powell introduced Greg A. Foley, Executive Director, Kansas Conservation Commission, who distributed copies of the State Conservation Commission (SCC) 2009 Annual Report, the SCC Water Right Transition Assistance Pilot Project Program, and information on the Upper Arkansas River Conservation Reserve Enhancement Program Performance Report by the State of Kansas. These publications can be obtained on the SCC website at www.scc.ks.gov.

Mr. Foley gave an overview of some of the SCC's programs:

- **Water Resources Cost-Share Program** - provides financial incentives to landowners for the establishment of conservation practices that reduce soil erosion, improve or protect water quality, and enhance water supplies.
- **Non-Point source Pollution Control Program** - This is a voluntary program providing technical and financial assistance to implement non-point source pollution control measures for the protection and restoration of surface and ground water quality.
- **Kansas Water Quality Buffer Initiative** - This is an incentive program complementing the Federal Conservation Reserve Program to encourage the establishment of riparian forest buffers and vegetative filter strips.
- **Riparian and Wetland Protection Program (RWPP)** - The goal of the RWPP is to protect, enhance, and restore riparian areas, wetlands, and associated habitats by providing technical, educational, and financial assistance to landowners and the public in general.
- **Mined Land Reclamation Program** - Since 1994, nearly 5,000 acres have been reclaimed and returned to productive property for cropland, recreation, hunting and fishing, housing development, wildlife habitat, and pasturelands.
- **Water Conservation Programs** - The Water Right Transition Assistance Pilot Project Program (WTAP) and the Conservation Reserve Enhance Program (CREP) are the main components of SCC efforts to address Kansas Water Plan management initiatives through the voluntary, incentive-based retirements of privately held water rights.

At the conclusion of Mr. Foley's presentation, Chairman Powell introduced Mary Jane Stankiewicz, Kansas Association of Ethanol Processors.

Ms. Stankiewicz provided a brief overview of the ethanol industry in Kansas ([Attachment 1](#)) and then introduced Greg Krissek, Director of Government Affairs with ICM, to give a broader perspective about the ethanol industry. As shown on the Ethanol and Biodiesel Plant Activity in Kansas map ([Attachment 2](#)), there are 12 ethanol facilities in Kansas, which have a faceplate capacity to produce 519.5 million gallons of ethanol a year. The reality is that these plants actually produce approximately 450 million gallons a year. The economic impact of these plants in Kansas is very significant:

CONTINUATION SHEET

Minutes of the House Agriculture and Natural Resources Committee at 3:30 p.m. on January 25, 2010, in Room 783 of the Docking State Office Building.

- 400 people are employed
- \$3.2 million of taxes are paid
- \$1.7 million or more in local payroll per plant
- \$.10/bushel increase in grain prices

A brochure on *Growth Energy, America's Ethanol Supporters*, was distributed to members of the Committee and can be obtained on its website at www.GrowthEnergy.org.

Chairman Powell introduced Tom Palace, Petroleum Marketers and Convenience Store Assn. of Kansas, who commented Petroleum Marketers is a state-wide group who represents about 300 petroleum marketers and independent retailers throughout the state of Kansas. Basically, Petroleum Marketers are trying to increase the number of pumps that are in the State of Kansas. There are currently 85 pumps in Kansas. Kansas has the first green gas station located in Lawrence, Kansas, with a grass roof, bio-diesel and varieties of ethanol. There is a federal blender credit of \$4.7 billion available to the blenders who are the independent distributors throughout the State.

At the conclusion of the presentations, there was a bill introduction by Brandy Carter with the Kansas Cattleman's Association for a resolution that would encourage the United States Congress and the Department of Justice to review, investigate and enforce antitrust laws that are in relation to the opportunities in marketing that are available to independent cattle producers. By general consensus of members of the Committee, the bill was introduced.

The next meeting is scheduled for January 26, 2010.

The meeting was adjourned at 5:15



Ethanol - *Made in Kansas*

Association Of Ethanol Processors

HOUSE AGRICULTURE COMMITTEE

JANUARY 25, 2010

OVERVIEW OF THE ETHANOL INDUSTRY

Good afternoon Chairman Powell and members of the House Agriculture Committee. I am Mary Jane Stankiewicz on behalf of the Kansas Association of Ethanol Processors (KAEP). KAEP represents the ethanol plants and the associated industries within our state.

I am going to provide a quick overview of the ethanol industry in Kansas and then Greg Krissek with ICM will give you a broader perspective about the ethanol industry.

As you can see from the attached map, there are 12 ethanol facilities in Kansas, which have a faceplate capacity to produce 519.5 million gallons of ethanol a year. However, the reality is that these plants actually produce approximately 450 million gallons a year. The economic impact of these plants in Kansas is very significant:

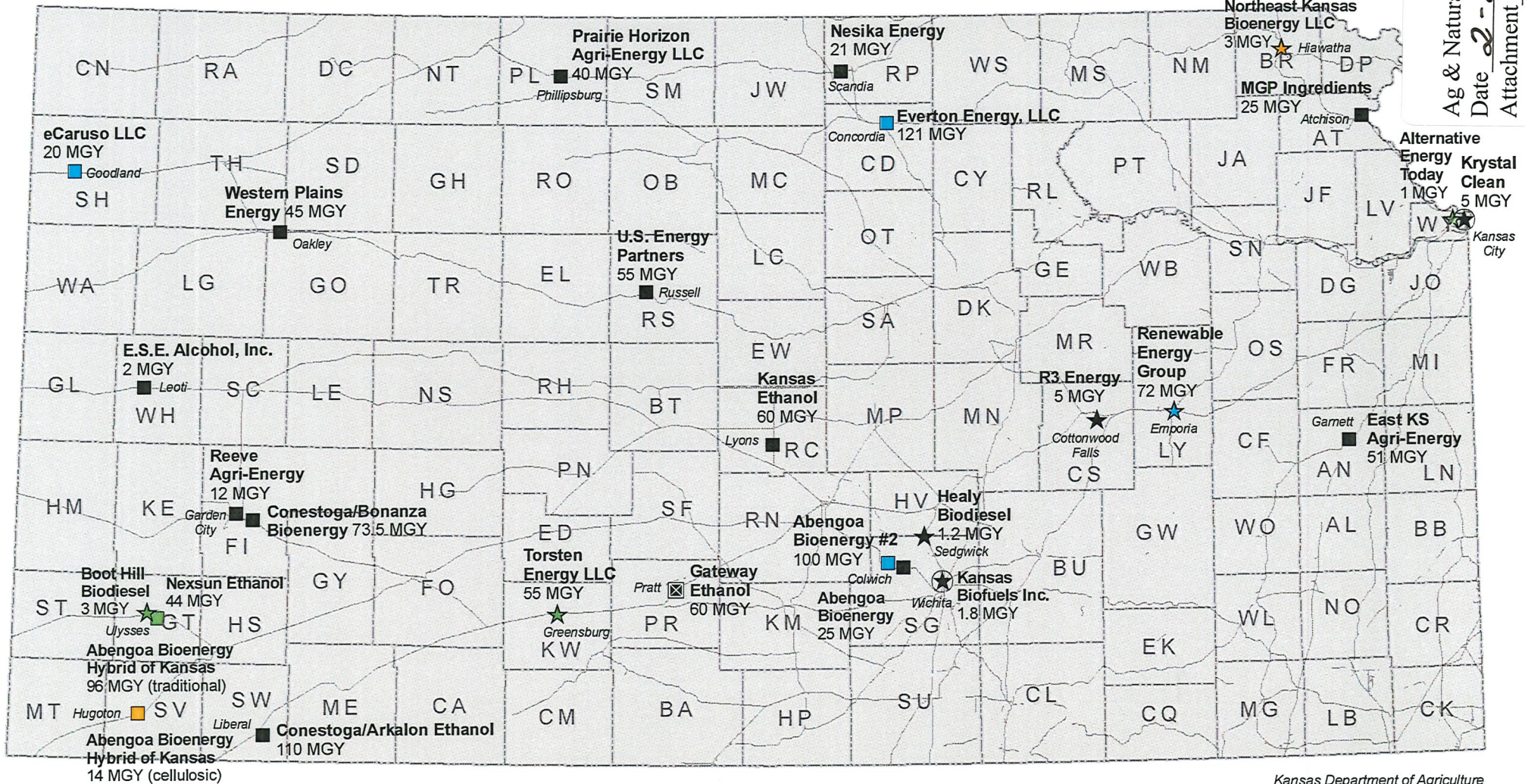
- 400 people are employed
- \$3.2m of taxes are paid
- \$1.7m or more in local payroll per plant
- \$.10/bushel increase in grain prices

As our rural economies struggle, these plants have provided much needed jobs and ancillary income. The ethanol industry in Kansas has never grown at the rate of some of the other states, but we are proud of the fact that they are stable and continue to be a positive economic force in their communities.

I will now let Greg Krissek, the director of Government Affairs with ICM, and a board member of KAEP give you a broader look at the ethanol industry.

Ag & Natural Resources Committee
Date 2-2-10
Attachment 1

Ethanol and Biodiesel Plant Activity in Kansas December 2009



= Millions of gallons per year of permitted capacity. Cities courtesy of Kansas Department of Health and Environment and the Kansas Department of Revenue.

* Permitted and Permit Pending codes refer to KDHE Bureau of Air and Radiation - Air Construction permits.

Ethanol Plants

- Existing: 12 plants, 519.5 MGY
- Under Construction: 3 plants, 241 MGY
- Permitted*: 1 plant, 44 MGY
- Permit Pending*: 1 plant, 110 MGY
- ☒ Idle: 1 plant, 60 MGY

Biodiesel Plants

- ★ Existing: 2 plants, 6.2 MGY
- ★ Under Construction: 1 plant, 72 MGY
- ★ Permitted*: 3 plants, 59 MGY
- ★ Permit Pending*: 1 plant, 3 MGY
- ★ Idle: 2 plants, 6.8 MGY

Kansas Department of Agriculture
Administrative Services, GIS
December 2, 2009

