

SESSION OF 2003

SUPPLEMENTAL NOTE ON SENATE BILL NO. 191

As Amended by House Committee on
Appropriations

Brief*

SB 191 would require that all bulk motor-vehicle fuels purchased by any state agency for use in state-owned motor vehicles be fuel blends containing at least 10 percent ethanol as long as the price is not more than 5 cents per gallon greater than regular fuel.

In addition, the bill would require that, where available under current state purchasing agreements, individual motor-vehicle purchases for state-owned motor vehicles would be motor-vehicle blends containing at least 10 percent ethanol as long as the price is not more than 5 cents per gallon greater than regular fuel.

Further, the bill would require that when there are diesel fuel purchases for state-owned diesel powered vehicles and equipment, those purchases are to be a 2 percent or higher blend of biodiesel, where available, as long as the price is not greater than 5 cents more per gallon than the price of diesel fuel.

Background

At the hearing on the bill, those appearing in support included the Secretary of Agriculture and representatives of the Kansas Corn Association, the Kansas Grain Sorghum Producers Association, the Kansas Soybean Association, and the Kansas Farm Bureau. Also appearing was the Deputy Director of the Division of Facilities Management of the Department of Administration who appeared to provide informational testimony. This conferee stated that the Division supports

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

the increased use of agricultural products and specifically ethanol blended fuel. There were no opponents to the bill.

The Senate Committee on Agriculture amended the bill to require that the fuel purchases regarding ethanol be not more than 10 cents greater than that of regular motor vehicle fuel.

The Senate Committee of the Whole amended the bill to clarify that the purchases of biodiesel be for use in "state-owned" diesel powered vehicles and equipment.

The House Committee on Appropriations amended the bill to provide that the fuel purchase requirement would apply only if the price is not more than 5 cents greater than on regular fuel.

The fiscal note on the original bill indicates that the Kansas Department of Transportation (KDOT) believes that the Department would have an estimated increase of \$0.009 per gallon for ethanol fuel and \$0.06 per gallon for biodiesel fuel. The note states that KDOT would incur expenditures of approximately \$10,896 more per fiscal year compared to regular unleaded fuel and \$173,571 for biodiesel fuel compared to regular diesel fuel, assuming 100.0 percent availability and the fuel consumption staying at current levels. This cost analysis is based on the FY 2002 actual fuel consumption. The agency also notes that fuel prices fluctuate because of the volatility of the market, the delivery location, and the size of the order. The fiscal note on the original bill states that the agency would be able to implement this bill with current staff.

The fiscal note on the original bill indicates the Kansas Department of Administration estimates that it would cost the Department approximately an additional \$92,205 (922,047 gallons X \$.10) in ethanol blended fuel expenditures. This cost would create an increase in the mileage rate of \$.005 charged to the agencies that use the Department's central motor pool services. The Kansas Department of Agriculture estimates that the bill would create an additional cost of \$26,395 because of the miles driven to regulate the agriculture industry. The University of Kansas estimates \$8,100 in additional expense related to using blended motor fuels in state vehicles. The note on the original bill would cost the Department of Corrections approximately \$264,461 for gasoline and \$102,406 for bio-diesel based on the first seven months of fuel purchases in FY 2003. In addition, according to

the Kansas Highway Patrol, using ethanol fuel in high-speed police vehicles could result in a long-range fiscal effect because of the increased wear and tear on engine parts. The note indicates that Emporia State University would have to maintain more than one type of fuel and determine how many agency vehicles and equipment could use blended fuels at this time.