



Renew Kansas Biofuels Association

January 27, 2024

To: House Committee on Taxation
From: Trae Green, Vice President of External Affairs
Re: **Proponent Testimony on HB 2012, providing an income tax credit for the sale and distribution of ethanol blends for motor vehicle fuels.**

Chairman Smith and members of the committee, thank you for the opportunity to provide testimony on House Bill 2012. This testimony is submitted on behalf of the Renew Kansas Biofuels Association. Renew Kansas is a voluntary trade association with membership encompassing the entire spectrum of the biofuels processing industry in the state of Kansas.

Renew Kansas' mission is to serve as a representative voice for the biofuels industry to its members, the public, and government, to promote the viability of biofuels, and demonstrate the positive impact of biofuels on the Kansas economy.

The Kansas biofuels industry includes fuel-grade ethanol and biodiesel processing plants located across the state. The demand for biofuel inputs serves as a price support for corn, sorghum, and soybeans for Kansas farmers. In addition, each ethanol plant in Kansas employs, on average, 45 workers at an average salary of over \$59,000. Our industry pays millions of dollars annually in property taxes to support schools and local government.

Renew Kansas supports the benefits to Kansans that flow from the processing of biofuels. In furtherance of that policy, House Bill 2012 represents an investment into Kansas and rural economies.

House Bill 2012 would create a non-refundable income tax credit for retailers or distributors of higher ethanol blend fuel (from 15 to 85 percent) directly to the final user. The income tax credit of 5 cents per gallon of higher ethanol blend sold by the dealer could be claimed in tax years 2026 through 2031. The total value of the tax credit would be capped at \$5 million per year.

Approved for use in 2001 by the EPA, E15 fuel can be used in nearly all (more than 95 percent) cars and trucks on the road today. In fact, U.S. consumers have driven more than 100 billion miles on E15.

E15 fuel is also more cost efficient for consumers. According to national industry groups in December of 2024, purchase of E15 fuel saved drivers an average of 26 cents per gallon over E10.¹

However, access to E15 fuel is limited in Kansas. While E15 fuel is available at more than 3,400 retail locations in 31 states, Kansas only has 71 retail locations that sell E15.

¹ [Plan for year-round E15 fuel included in US funding bill | World Grain, Dec. 18, 2024.](#)

House Bill 2012 will incentivize fuel retailers to offer E15 and higher blends of ethanol fuel at their facilities. Similar legislation has been successfully passed in several neighboring states, including Nebraska, Missouri, Iowa, South Dakota, and Illinois.

This legislation would encourage the marketing of higher blend renewable fuels and help with investments in infrastructure that will allow Kansas fuel consumers to save money at the pump for decades to come.

In addition to saving consumers money at the pump, expanding access to E15 will benefit Kansas farmers and rural economies. About one-third of Kansas grown corn is used for ethanol production - roughly the amount used to feed livestock. Increasing the amount of ethanol purchased could increase demand for Kansas grown corn and sorghum. By increasing demand for Kansas grown corn, this bill will help put more money back into Kansas rural economies.

As HB 2012 promotes the liquid biofuels market in our state, offers consumers opportunities to save money at the pump, and invests in Kansas agriculture and rural economies, we stand in strong support of the measure and would ask the committee to pass it out favorably.