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**House Taxation Committee
Testimony in Support of House Bill 2012
Steve Seabrook, Vice President of Commercial Relations for POET Biofuels
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Mr. Chairman and Committee Members,

Thank you for the opportunity to testify in support of House Bill 2012. My name is Steve Seabrook, and I'm Vice President of Commercial Relations for POET Biofuels based in Wichita, Kansas.

POET is the world's largest biofuel producer. Each year, POET's Wichita headquarters buys approximately 7% of the U.S. corn crop and markets fuel for 43 ethanol facilities across the Midwest – including three independent producers here in Kansas.

Last year, Kansas produced more than 540 million gallons of ethanol and 1.3 million tons of feed, with a combined value of \$1.3 billion. In fact, more than a quarter of the corn grown in Kansas is used to produce ethanol and ethanol co-products, which supports over 10,000 farmers and 12,000 jobs across our state.

Generally, each gallon of gasoline sold in Kansas includes at least 10% ethanol, called E10. In 2011, the EPA approved E15 – blended with 15% ethanol – for all cars, pickups, and SUVs model year 2001 and newer and all flex-fuel vehicles. E15-approved vehicles represent more than 96% of all cars on the road today. So far, Americans have traveled more than 140 billion miles on E15 without a single reported case of engine damage or misfueling. Almost all automobile manufacturers now warranty new liquid-fueled vehicles for E15, and most gas stations are equipped to sell E15 from existing underground storage tanks and fuel dispensers.

Clearly, Kansas has the ethanol supply, vehicles, and infrastructure to support E15. Unfortunately, consumers can only access E15 at the 71 stations in Kansas where it is offered today. States like Minnesota, Wisconsin, and Iowa have hundreds more stations offering E15, helping them save more money at the pump. Last year, Americans saved an average of 26 cents per gallon with E15 compared to standard E10 gasoline, with savings reaching 40 to 60 cents per gallon in some states.

Kansas needs to catch up if we want to share the same savings and economic benefits from E15. House Bill 2012 can help us do that.

House Bill 2012 provides a 5-cent per gallon tax incentive to Kansas fuel retailers on each gallon of E15 and higher blends sold. The incentive is capped at \$5 million, sunsets after 5 years, and is aimed at retail businesses, not ethanol producers. The best part about House Bill 2012 is that it pays for itself. If fully utilized, this \$5 million program could generate approximately \$16 million in savings at the pump each year.

House Bill 2012 will also ensure more of the money we spend getting where we need to go stays in Kansas. Increasing access to E15 will lift farm incomes, generate more state and local tax revenues, and grow capital investments across our state. Increasing in-state ethanol production will expand the available supply of feed co-products – helping Kansas beef, dairy, and pork producers access more abundant and affordable feed.

With volatile gasoline prices, conflicts overseas, and four years of price increases, harnessing more of the ethanol we make here in Kansas makes sense.

With your support, more Kansans will have the opportunity to choose the fuel that's right for them and, at the same time, save money and grow our economy. POET Biofuels respectfully requests your support of House Bill 2012.

Thank you,

Steve Seabrook
Vice President of Commercial Relations
POET Biofuels