



**Western Plains Energy, LLC**

January 23, 2025

To: House Committee on Taxation  
From: Derek Peine, CEO of Western Plains Energy, LLC  
RE: **Proponent Testimony on HB 2012, providing a 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 Western Plains Energy, LLC, which is a biorefinery located in Gove County, Kansas.

Annually, Western Plains Energy, LLC converts 17.5 million bushels of regionally sourced corn and grain sorghum into more than 50 million gallons of fuel-grade ethanol and 340,000 tons of wet distiller grains that is marketed mainly to the western Kansas beef feedlot industry.

What started as an idea to provide a new end-use for local grain and improve the farmers' value for their grain has grown into a successful company that is one of the most energy efficient and forward-thinking biorefineries in the country. We employ 43 full-time staff members, and we are proud to share that this month we celebrate 21 years of production.

House Bill 2012 would create a non-refundable income tax credit for retailers or distributors of higher ethanol blended fuel (from 15 to 85 percent ethanol) 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 2025 through 2030 and would be capped at \$5 million per year.

Approved for use in 2001 by the EPA, E15 fuel (15% ethanol and 85% gasoline) can be used in more than 96 percent of the cars, pickup trucks, and SUVs on the road today. In fact, consumers have driven more than 140 billion miles on E15. With that said, availability to E15 is somewhat limited in Kansas. Today, E15 is offered at more than 3,700 retail locations in the US; however, just over 150 retail locations in Kansas currently offer the fuel. This bill is intended to incentivize more fuel retailers to offer E15 and other higher blends of ethanol fuels and is similar to legislation passed in the nearby states of Missouri, Nebraska, Iowa, South Dakota, and Illinois.

The benefits of the bill are two-fold. First, Kansans would have additional access to more affordable and cleaner ethanol-blended fuels. Last year, E15 fuel saved consumers an average of 16 cents per gallon in Kansas and more than 25 cents nationwide. Personally, I drive about 40,000 miles per year and get about 32 miles per gallon, which means I could save ~\$200 per year if I just had the option to fill up with E15 each time I pulled into a retail station. Second, expanding access to E15 supports Kansas farmers and rural economies. There are 11 biorefineries in Kansas, and every one of the facilities is located within a rural community. Collectively, one-third of the corn and sorghum grown in Kansas is used to produce ethanol that is used in transportation fuel. Each of these facilities are also some of the largest taxpayers in their county and provide high paying employment in rural areas.

HB 2012 offers consumers opportunities to save money at the pump, and it invests in Kansas agriculture and rural economies. Western Plains Energy is proud to support HB 2012, and we would ask the committee to pass it out favorably.