

Substitute for HOUSE BILL No. 2012

By Committee on Agriculture and Natural Resources

3-7

1 AN ACT concerning agriculture; establishing the ethanol grant program
2 fund; requiring the secretary of agriculture to administer such fund;
3 transferring an amount of not to exceed \$5,000,000 from the state
4 general fund to the ethanol grant program fund on July 1, 2026, and
5 each July 1 thereafter; establishing the ethanol grant program; allowing
6 approved retailers to receive a reimbursement grant at a rate of not to
7 exceed \$.05 per gallon of higher ethanol blend sold; setting a \$500,000
8 cap per fiscal year for each approved retailer; requiring the secretary to
9 prorate the total amount of grant moneys distributed to each approved
10 retailer if the total amount of the approved grants for a fiscal year
11 exceeds the amount transferred; abolishing the ethanol grant program
12 fund on September 1, 2030.
13

14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. (a) As used in this section:

16 (1) "Higher ethanol blend" means a fuel capable of being dispensed
17 directly into motor vehicle fuel tanks for consumption that is comprised of
18 at least 15% but not more than 85% ethanol;

19 (2) "motor vehicle" means a motor vehicle as defined by K.S.A. 8-
20 126, and amendments thereto, that is required to be registered pursuant to
21 K.S.A. 8-126 et seq., and amendments thereto;

22 (3) "person" means a natural person, association, partnership, limited
23 partnership, limited liability company or corporation;

24 (4) "retailer" means a person that engages in the business of selling
25 motor fuels to the end user at retail service stations; and

26 (5) "retail service station" means a location in this state from which
27 higher ethanol blend is sold to the general public and is dispensed directly
28 into motor vehicle fuel tanks for consumption.

29 (b) There is hereby established in the state treasury the ethanol grant
30 program fund. The secretary of agriculture shall administer the ethanol
31 grant program fund. All moneys credited to the ethanol grant program fund
32 shall be expended or transferred only for the purposes and in the manner
33 provided by this section. All expenditures from the ethanol grant program
34 fund shall be made in accordance with appropriation acts upon warrants of
35 the director of accounts and reports issued pursuant to vouchers approved
36 by the secretary for the financing of grants in an amount of not to exceed

1 \$5,000,000 on an annual basis, including an amount of not to exceed
2 \$50,000 to cover expenses for the administration of the fund.

3 (c) (1) On July 1, 2026, and each July 1 thereafter, or as soon
4 thereafter each such date as moneys are available, the director of accounts
5 and reports shall, subject to the provisions of paragraph (2), transfer an
6 amount of not to exceed \$5,000,000 from the state general fund to the
7 ethanol grant program fund.

8 (2) If, upon the date of transfer, the ethanol grant program fund has a
9 remaining balance, the annual transfer amount shall be reduced by the
10 amount of such remaining balance as certified to the director of accounts
11 and reports by the secretary in consultation with the director of the budget.
12 At the same time that such certification is submitted to the director of
13 accounts and reports, a copy of such certification shall be submitted to the
14 director of legislative research.

15 (d) (1) There is hereby established the ethanol grant program within
16 the Kansas department of agriculture. Such program shall be administered
17 by the secretary of agriculture.

18 (2) Each year during the month of July, a retailer may submit an
19 application to the secretary for reimbursement grants. Such application
20 shall be in a form and manner approved by the secretary.

21 (3) Any such application shall:

22 (A) Include a report of the total number of gallons of higher ethanol
23 blend sold by such retailer during the preceding fiscal year; and

24 (B) be signed and verified by oath or affirmation that the contents of
25 such application are accurate. Such signature and verification shall be
26 made by the retailer or a person authorized by the retailer to sign and
27 verify the application.

28 (4) If the secretary finds, after notice and hearing conducted in
29 accordance with the provisions of the Kansas administrative procedure act,
30 that the retailer has fraudulently or deceptively obtained or attempted to
31 obtain a grant reimbursement pursuant to this section, the secretary shall
32 require the retailer to repay the entire amount of the grant reimbursement
33 that was fraudulently or deceptively received. Such repayment shall be in
34 addition to any civil or criminal penalty otherwise allowed by law.

35 (5) Each August, starting in August 2026, the secretary shall compare
36 the retailer's reported sales of higher ethanol blend over the last two fiscal
37 years.

38 (6) (A) To the extent that an applicant's report of sales for the latter
39 fiscal year shows an increase of sales from the former fiscal year, the
40 secretary shall approve a lump sum reimbursement grant for such
41 applicant at a rate of not to exceed \$.05 per gallon of higher ethanol blend
42 that is sold in excess of the former fiscal year.

43 (B) No retailer shall be approved in any fiscal year for a

1 reimbursement grant that exceeds \$500,000.

2 (7) On August 31, 2026, and each August 31 thereafter, the secretary
3 shall disburse any such approved reimbursement grant in a lump sum to
4 the applicant.

5 (8) The secretary shall establish a reimbursement grant rate each
6 fiscal year and such rate shall be the same rate for all approved applicants.

7 (9) During any fiscal year in which the amount of approved
8 reimbursement grants exceeds the amount transferred to the ethanol
9 program grant fund, the secretary shall prorate the reimbursement grant
10 rate accordingly so that the amount disbursed does not exceed such
11 transferred amount.

12 (e) This section shall expire on September 1, 2030. On September 1,
13 2030, the director of accounts and reports shall transfer all moneys in the
14 ethanol grant program fund to the state general fund. On September 1,
15 2030, the ethanol grant program fund shall be abolished and all liabilities
16 of the ethanol grant program fund shall be transferred to and imposed on
17 the state general fund.

18 Sec. 2. This act shall take effect and be in force from and after its
19 publication in the statute book.