

February 8, 2011

The Honorable Carl Holmes, Chairperson
House Committee on Energy and Utilities
Statehouse, Room 174-W
Topeka, Kansas 66612

Dear Representative Carl Holmes:

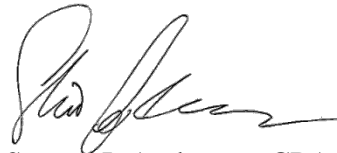
SUBJECT: Fiscal Note for HB 2122 by House Committee on Energy and Utilities

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2122 is respectfully submitted to your committee.

The Department of Revenue's Kansas Qualified Agricultural Ethyl Alcohol Producer Incentive Fund (KQAEAPIF) was created to finance the payment of production incentives to Kansas qualified agricultural ethyl alcohol producers. Current law requires quarterly transfers of \$875,000 from motor fuel taxes to the KQAEAPIF, producing annual transfers of \$3.5 million to the fund. The original expiration date of the incentive was July 1, 1990, but it was extended to July 1, 1993 by the 1990 Legislature, to July 1, 1997 by the 1993 Legislature, to July 1, 2001 by the 1997 Legislature, and to July 1, 2011 by the 2001 Legislature. HB 2122 would extend the quarterly transfers to the KQAEAPIF for incentive payments to July 1, 2018.

The Governor's budget recommendations for FY 2012 includes continuing the annual \$3.5 million transfer to the KQAEAPIF to finance production incentives to Kansas qualified agricultural ethyl alcohol producers. Should the incentive not be extended, payments to qualified agricultural ethyl alcohol producers would cease effective July 1, 2011.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue