

MINUTES OF THE HOUSE COMMITTEE ON ENVIRONMENT.

The meeting was called to order by Chairperson Joann Freeborn at 3:30 p.m. on March 9, 2000 in Room 231-N of the Capitol.

All members were present except: Rep. Sharon Schwartz - excused

Committee staff present: Raney Gilliland, Kansas Legislative Research Department
Mary Torrence, Revisor of Statute's Office
Mary Ann Graham, Committee Secretary

Conferees appearing before the committee: Bill Wiley, Board Director, KS Soybean Association and American Soybean Association, 2930 SW Wanamaker Drive, Topeka, KS 66614
Leslie Kaufman, KS Farm Bureau, 800 SW Jackson Ste 815, Topeka, KS 66612
Jim Ploger, Energy Program Manager, KS Corporation Commission, 1500 SW Arrowhead Road, Topeka, KS 66604
Richard Nelson, Engineering Extension Specialist, Kansas State University, 133 Ward Hall, Manhattan, KS 66506
Bob Sellers, Maintenance Supervisor, Kansas City Area Transportation Authority
Doug Pickering, Partner, Ag Environmental Products, 9804 Pflumm Road, Lenexa, KS 66215
Steve Howell, President, MARC-IV, 16200 Northridge Drive, Kearney, MO 64060
Bill Fuller, KS Farm Bureau, 2627 KFB Plaza, Manhattan, KS 66505-8508
Charles Benjamin, Sierra Club & KS Natural Resource Council, 410 Boulder Street, Lawrence, KS 66049
Senator David Corbin
Tom Palace, Petroleum Marketers & Convenience Store Association, 201 NW Hwy 24, Ste 320, P.O. Box 8479, Topeka, KS 66608-4374
Ken Peterson, KS Petroleum Council, 800 SW Jackson, Ste 1005, Topeka, KS 66612-1224
Jan Sides, Director, Bureau of Environmental Remediation, KS Department Health & Environment, Forbes Field, Bldg 740, Topeka, KS 66620-0001

Others attending: See Attached Sheet

Chairperson Joann Freeborn called the meeting to order at 3:30 p.m. She announced that committee minutes for meetings February 8, 10, and 15, had been distributed for review. If committee members have corrections they should call her office by Monday, March 13, if not, the minutes will be considered approved. She also called attention to testimony that had been distributed from Brandon Decker, Hays, Kansas, in opposition to **SB568**, which was heard in committee on March 7, 2000.

The Chairperson opened public hearing on **HCR5069**.

HCR5069: A concurrent resolution urging all agencies and authorities of the State and of subdivisions of the State to use soydiesel in their diesel-powered vehicles.

Bill Wiley, KS Soybean Association, was welcomed to the committee. He appeared before the committee on behalf the Soybean Association in support of the resolution. They believe this bill will be a "win-win" situation for all Kansans. Biodiesel, made from soybeans, helps clean the air by lowering emissions, it will offer better engine performance, save the state money on costly engine repairs, and it will provide an

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additional market for soybean farmers by using a surplus product. Farmers across the state are showing more interest and support for the product that is good for the environment, and provides another market opportunity. (See [attachment 2](#)) Mr. Wiley distributed a letter from Marc Curtis, President, American Soybean Association, in support of the bill. (See [attachment 3](#))

Leslie Kaufman, KS Farm Bureau, was welcomed to the committee. She testified in support of the resolution on behalf of the Bureau. They believe soydiesel, or biodiesel, has great potential for reducing U. S. reliance on foreign oil and protecting air quality. They support consumer education, promotion and tax credits to expand the use of this, and other, crop-based alternative fuels. The more than 440 voting delegates at the 81st Annual Meeting of Kansas Farm Bureau adopted policy supporting the State of Kansas utilizing crop-based alternative fuels in state vehicles, machinery and equipment. This bill would encourage state agencies, authorities and subdivisions to adopt policies encouraging the use of soydiesel when available and economically feasible. (See [attachment 4](#))

Jim Ploger, Energy Program Manager, Kansas Corporation Commission, was welcomed to the committee. He testified in support of the resolution and believes the recent rise in fuel prices illustrates the need to find alternatives to petroleum-based transportation products. The State of Kansas has a significant amount of the renewable resources, naturally occurring vegetable oils and animal fats, which can also be used to produce biodiesel. Prices for these agricultural commodities have also fallen dramatically over the past year. Finding new, high volume uses for our agricultural commodities, such as biodiesel, can help recapture part of this lost revenue and stabilize the market. The KCC biodiesel feasibility project identifies two key factors for use of biodiesel in the State of Kansas; (1) Increasing the visibility of biodiesel; (2) Encouraging the creation of markets for biodiesel. (See [attachment 5](#)) A letter from John Wine, Chairman, KCC, expressing the KCC's support for the resolution, is attached.

Richard Nelson, Engineering Extension Specialist, Kansas State University, was welcomed. He addressed the committee in support of the resolution. He believes Kansas has the potential to produce over 100 and 165 million gallons of biodiesel on an annual basis from soybeans and animal fats respectively. Biodiesel production and use offers the opportunity for a "win-win" situation for urban and rural interests across the nation. In urban areas, the public will enjoy additional jobs and cleaner air, and production agriculture and agribusiness processing industries will benefit from the "derived demand" for their products. Use of these agricultural commodities as an alternative transportation fuel will help alleviate our dependence on foreign sources of petroleum, have a positive environmental impact both regionally and nationally, and provide an extremely significantly economic impact to many sectors of our state's economy. He feels this legislation is a vitally important step in enhancing both the agricultural and natural resources and economy of Kansas. (See [attachment 6](#))

Written only in support of the resolution was submitted by Dr. Terry S. King, Dean and the LeRoy C. Paslay Professor of Engineering, Kansas State University, (See [attachment 7](#)) and Diane Stoddard, Acting Assistant City Manager, City of Manhattan, Manhattan Area Clean Cities Coordinator, Manhattan Clean Cities Alternative Fuels. (See [attachment 8](#))

Bob Sellers, Maintenance Supervisor, Kansas City Area Transportation Authority, was welcomed to the committee and testified in support of the resolution. The KCATA has been involved with testing and evaluating biodiesel since 1994. They have used almost 30,000 gallons of B20, which is 20% biodiesel blended with 80% diesel, in several of their buses and shared with the committee the results of their testing. The biodiesel they tested has been produced from both soybean oil as well as beef tallow. The highlights of their biodiesel experience has been: (1) The B20 splash blended easily in existing tanks located at their facility with no modifications to the tanks, pumps or other fueling infrastructure. (2) No changes to the engines, buses, or refueling system were necessary to use B20. (3) The fueling of the buses occurred normally, with no difference between the B20 fueling operations and the diesel fuel operations. (4) The B20 buses operated without incident, with no additional maintenance or service requirements compared to diesel fuel. Inspection of the injectors and engines after B20 use by KCATA maintenance staff showed no adverse effects of using B20. (5) Driver surveys regarding starting, responsiveness, pick-up, power, etc. were positive for the B20 buses. (6) The fuel economy using B20 was similar to that of pure diesel fuel, and varied from an increase of 2% to a decrease of 5% depending on the route, idle time, and fuel calculation method. (7) No additional

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spare parts inventory, mechanic retraining or ongoing maintenance was required for the use of B20. (8) A visible reduction of black smoke occurred with the use of B20, and there was a noticeable improvement in exhaust odor. (9) The project generated positive response with the local citizens and media. (See attachment 9)

Doug Pickering, Partner, Ag Environmental Products, was welcomed, but had left the meeting due to becoming ill and could not appear. Dennis Morrice, Kansas Soybean Association read his testimony in support of the resolution. He believes soybean acreage in Kansas is increasing and soybeans are becoming a vital component of the agricultural economy. A 2% blend of biodiesel would create a net new industrial market for soybean oil and would help to consume some of the billion plus pounds of carry over, unsold soybean oil in the commodity market. Biodiesel made from soybean oil is renewable, non-toxic, readily biodegradable and significantly reduces greenhouse gases. Biodiesel is good for Kansas farmers, good for Kansas vehicles, good for Kansas clean air, and is a domestically produced renewable fuel. (See attachment 10)

Written only testimony in support of the resolution was submitted by Gary Haer, West Central Cooperative, Ralston, Iowa (See attachment 11) and Dale Ludwig, Executive Director, Missouri Soybean Association. (See attachment 12)

Steve Howell, President, MARC-IV, was welcomed. He addressed the committee in a neutral position. After evaluating the resolution, provided the committee with input that would correct some technical errors in the resolution as drafted. In order to correct the error, suggested the following wording changes in lines 29 and 30. "Subdivision to run on a low blend (2%) of soydiesel or biodiesel and diesel fuel known as B2, when available and economically feasible." (See attachment 13) Attached to his testimony was a letter from Paul Henderson, Manager, Quality Management Systems, Stannadyne Automotive Corp. on their technical position in using low blend levels of biodiesel in diesel fuel, and called attention to the last paragraph of the letter. (See attachment 14) Questions and discussion followed.

The Chairperson closed the hearing on **HCR5069** and announced that Mary Torrence, Revisor of Statutes, will be doing a balloon with some of the recommended languages changes to the resolution, which may possibly be worked in committee on Tuesday, March 14.

Chairperson Freeborn opened public hearing on Substitute for **SB469**:

Substitute for SB469: An act prohibiting sales of certain motor-vehicle fuel and providing penalties for violations.

Chairperson Freeborn distributed a copy of a paragraph from the Annual Report of UST Fund Activities to the Legislature During Fiscal Year 1999, from Kansas Department of Health and Environment Division of Environment, Bureau of Environmental Remediation Storage Tank Section, which read: The Kansas Storage Tank Program earned a national award for Best Corrective Action Achievement from the Underground Storage Tank Fund Administrators' Association during 1999. KDHE received the award primarily for accomplishments related to corrective action of the gasoline additive Methyl Tertiary Butyl Ether (MTBE). KDHE has recognized MTBE as a chemical of concern at petroleum sites since 1991. Currently over 60 sites with MTBE contamination are being remediated by the storage tank program. The overall Kansas MTBE effort was considered to be outstanding compared to the accomplishments of other state programs. Additionally, Kansas was recognized for its prioritization of clean-up sites and remedial equipment reuse programs. (See attachment 15)

The Chairperson welcomed Jan Sides, Director of the Bureau of Air and Radiation, Kansas Department of Health and Environment. He provided the agency's current information on contamination of groundwater by MTBE, their responses to the known contamination of public water supplies, and provided brief testimony on the bill, which would prohibit the sale of motor vehicle fuel containing methyl tertiary-butyl ether (MTBE). The fuel additive MTBE has been used nationally both as an oxygenate to improve air quality and as an octane enhancer since the late 1970's. Recent news reports about MTBE have created concern for Kansas residents. The reports conveyed the message that groundwater contamination had not been investigated and

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remediation of sites had gone unaddressed. Kansas is ahead of most states in that KDHE laboratories first detected and identified MTBE in Kansas water samples as early as 1985. MTBE was identified as a potential health hazard by the department. Groundwater samples collected by the Bureau of Environmental Remediation have been routinely analyzed for MTBE at sites where gasoline releases occurred since 1991.

The Department of Health and Environment has not taken a position on the bill. The department has identified a number of MTBE contaminated sites across the state. They anticipate additional sites will be discovered in Kansas requiring cleanup of MTBE and or other constituents of gasoline. (See attachment 16) Also provided was a copy of "Findings of Kansas MTBE Investigation" and a copy of "KDHE responds to Concerns Over MTBE".

Gary Blackburn, Bureau of Environmental Remediation, KDHE, was in attendance to answer questions concerning contamination issues.

Raney Gilliland, Legislative Research Department, made comments, at the request of Chairperson Freeborn, on two other states' laws, South Dakota and Iowa, on prohibitions with respect to MTBE.

Senator David Corbin was welcomed. He addressed the committee briefly as a proponent to the bill. He believes the Kansas Department of Health and Environment has done an excellent job of explaining the situation. The original bill had his name on it until it became a substitute bill. He began last summer following stories around the country of how MTBE was getting into the ground water. EPA has not said this is a bad thing and have not banned it. But he believes if enough states say they don't want this in their fuels and water supplies they (EPA) may change their minds. Also, it will take refineries time to change their blends and the Senate tried to recognize this when they worked the bill. (No written testimony)

Bill Fuller, Kansas Farm Bureau, was welcomed. He testified on behalf of Farm Bureau in support of the bill based on their farm and ranch members' commitments to protecting water quality and increasing the utilization of ethanol. They believe Kansas has a good alternative to MTBE. The grain-rich state of Kansas produces an abundant supply of ethanol. This renewable product protects air quality, reduces the severe water quality risk and provides another market for Kansas grain. Record low grain prices are causing economic stress in farm country. Additional grain marketing opportunities result in stronger grain prices. This would be good for the Kansas economy. (See attachment 17)

Mary Jane Stattelman, Assistant Secretary of Agriculture, was welcomed to the committee. She appeared before the committee in support of the bill, not only because it protects the state's waters from pollution, but it also provides an opportunity for ethanol to become the oxygenate of choice, which will increase domestic marketing opportunities for Kansas grain sorghum and corn. The California gasoline market holds the potential for using over 200 million bushels of feed grains for ethanol production, which some economists estimate could raise the price of corn by as much as 20 cents per bushel. Gasoline marketers in the northeastern United States have also started to substitute ethanol for MTBE with similar market opportunities available for expanded ethanol use. (See attachment 18) Constantine Cotsoradis, the weights and measures and laboratory program manager was in attendance to answer any committee questions.

Charles Benjamin, Kansas Natural Resource Council and Kansas Chapter of Sierra Club, was welcomed to the committee. He testified in support of the bill and provided data by the EPA on the potential human health effects of MTBE. The KNRC/Sierra Club position on this issue is that they support a total life cycle analysis of alternative gasoline additives and formulations. They would also like to see the federal and state governments take measures to promote increasing the fleet average fuel economy, encourage mass transit and sound urban planning to reduce the need for and usage of the automobile in major urban areas where the worst air quality problems exist. (See attachment 19) Questions and discussion followed.

Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas, was welcomed. He testified in opposition to the bill and believes the ban of MTBE has become a national issue. Many states are looking at banning this compound from gasoline. EPA is reviewing this issue as well. Reports indicate that at the federal level MTBE will be phased out over the next five years. Kansas is very fortunate to have a staff at KDHE that has been on top of this issue since 1986, studying and researching MTBE. PMCA commends them for their continued efforts to keep Kansas environmentally safe. He is sure that if MTBE was causing

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wide spread water contamination, that KDHE would have been in front of this committee long ago seeking a ban of this compound. Knowing that Kansas has low levels of MTBE, knowing that KDHE has effectively cleaned up MTBE, Kansas should take a “wait and see” attitude and defer to EPA to ban this compound at the federal level. (See attachment 20)

Ken Peterson, Kansas Petroleum Council, was welcomed to the committee. He spoke in opposition to the bill and believes the issue of MTBE is quickly attracting national attention. Local and national news stories have generated a lot of public debate. The Kansas Department of Health and Environment deserves to be commended for their efforts on MTBE that are far ahead of the national curve on this issue. The EPA’s blue ribbon panel report on MTBE, as well as California’s decision to phase out the use of MTBE, have increased interest in the issue at the federal and state government level. Discussions about MTBE are going on within the refining and fuel supply industry as well. To summarize, they prefer that the federal government set fuel performance standards and determine a national policy on the fate of MTBE. Refiners would develop the best ways to meet the fuel standards, and that may or may not include oxygenates. They continue to argue that this bill, however well intended, is unnecessary. Kansas should defer to a national policy and they will continue their opposition to this measure. (See attachment 21) Questions and discussion followed.

The Chairperson closed the hearing on **SB469**.

The meeting adjourned at 5:45 p.m. The next meeting is scheduled for March 14, 2000.