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**February 18<sup>th</sup>, 2020**  
**Opposition Testimony on HB 2543**  
**Before the House Taxation Committee**  
**Submitted by J. Kent Eckles**

Mr. Chairman and members of the committee, my name is Kent Eckles with the Kansas Petroleum Council and we appreciate the opportunity to submit comments in opposition to HB 2543.

We believe the market is working and Kansas doesn't need to provide tax incentives to the ethanol industry to install E15 infrastructure. Marketers have announced their intention to offer the E15 product despite the absence of a tax incentive. This is how the marketplace should operate. If the E15 product proves successful, competition will drive additional market entry.

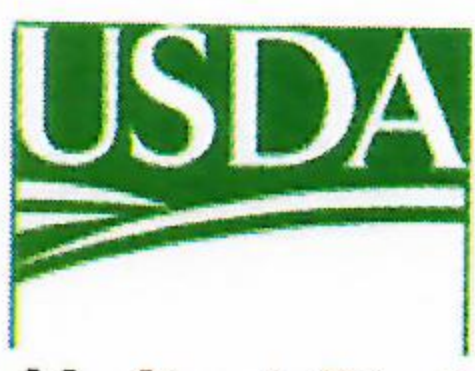
Kansas has already received \$1.3M in grants from the U.S. Department of Agriculture's Biofuel Infrastructure Partnership (BIP) to install E15 equipment. If marketers decide to sell E15, they can avail themselves of these existing grants and should not be given another payout through state tax incentives. (See the attached sheet on BIP grants)

E15 poses a risk to consumers. Boat, motorcycle, power equipment and classic car owner groups are warning their members of the risks of E15. The U.S. Environmental Protection Agency prohibits E15 use in boats, motorcycles and outdoor power equipment as it can damage their engines.

Additionally, E15 is not recommended for roughly 70% of the light duty vehicle fleet, including many 2020 models. (See the attached sheet on automakers who warn vehicle owners their engine warranty will be voided if E15 is used)

Finally, there are issues with E15 infrastructure compatibility with existing Underground Storage Tanks. The EPA's Office of Underground Storage Tanks (OUST) warns that storing a fuel that's not compatible with the UST system may degrade the integrity of the UST system and cause a release to the environment. Seals used on underground storage tanks installed prior to 2007 are likely incompatible. (See the attached underground storage tank slide).

In summary, we do not believe Kansas should subsidize the ethanol industry with tax incentives. The market should be allowed to work. We urge the committee to not pass HB 2543.



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[Farm-to-Fleet Feedstock Program Biofuel Production Incentive \(/programs-and-services/energy-programs/farm-to-fleet/index\)](/programs-and-services/energy-programs/farm-to-fleet/index)

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## Biofuel Infrastructure Partnership

List of States receiving BIP Grants

State Table

State	Primary Responsible State Agency/Office	BIP Federal Funding Amount	Proposed Stations	Proposed Pumps	Proposed Tanks
Colorado	Colorado Department of Agriculture	\$ 600,000.00	7	28	7
Florida	Florida Department of Agriculture and Consumer Services	\$ 15,997,792.68	130	892	70
Illinois	Illinois Department of Commerce and Economic Opportunity	\$ 11,979,912.75	65	428	54
Indiana	Indiana Office of Energy Development	\$ 895,000.00	110	110	0

Iowa	Iowa Department of Transportation	\$ 5,000,000.00	100	187	25
 Kansas	Kansas Department of Agriculture	\$ 1,300,000.00	170	174	0
Louisiana	Louisiana Department of Agriculture and Forestry	\$ 1,699,974.66	11	110	11
Michigan	Michigan Department of Agriculture & Rural Development	\$ 3,000,000.00	16	89	20
Minnesota	Minnesota Department of Agriculture	\$ 8,000,000.00	165	620	92
Missouri	Missouri Department of Agriculture	\$ 2,875,284.00	166	171	41
Nebraska	Nebraska Energy Office	\$ 2,285,000.00	32	80	20
North Carolina	North Carolina Department of Agriculture & Consumer Services	\$ 5,000,000.00	37	190	0
North Dakota	North Dakota Department of Commerce	\$ 1,200,000.00	12	90	12
Ohio	Ohio Department of Agriculture	\$ 3,388,036.07	41	148	4
Pennsylvania	Pennsylvania Department of Agriculture	\$ 7,000,000.00	79	308	0
South Dakota	South Dakota Governor's Office of Economic Development	\$ 1,500,000.00	34	74	0
Texas	Texas Department of Agriculture	\$ 17,000,000.00	148	763	39
Virginia-Maryland	Virginia Department of Mines, Minerals and Energy	\$ 4,998,108.20	41	191	20
West Virginia	West Virginia Division of Energy	\$ 2,500,000.00	22	107	0
Wisconsin	Public Service Commission of Wisconsin	\$ 3,700,000.00	100	120	100
<b>TOTAL</b>		<b>\$ 99,919,108.36</b>	<b>1,486</b>	<b>4,880</b>	<b>515</b>

- To access the NOFA in the Federal Register Notices please click this link (</Assets/USDA-FSA-Public/usdafiles/Energy/bipgrantstostates.pdf>) (PDF, 203 KB)

## In the News

- Colorado ([/state-offices/Colorado/news-releases/2016/stnr\\_co\\_20161025\\_rel\\_032](/state-offices/Colorado/news-releases/2016/stnr_co_20161025_rel_032))
- Nebraska ([/state-offices/Nebraska/news-releases/2016/stnr\\_20160923\\_rel\\_393](/state-offices/Nebraska/news-releases/2016/stnr_20160923_rel_393))

# Protect Consumers: Vehicle & Engine Compatibility

- ▶ **E15 is not recommended in ~70% of the light duty vehicle fleet, including many 2020 models:**
  - “Do not use any gasoline that contains more than 10% ethanol, including from any pump labeled E15, E30, E50 or E85 (which are only some examples of fuel containing more than 10% ethanol).”<sup>1</sup>
- ▶ **EPA prohibits E15 use in boats, motorcycles, & gasoline equipment**
- ▶ **These engines can be damaged from its use**



OPEI “Look Before You Pump” Campaign



2013 Toyota gas cap

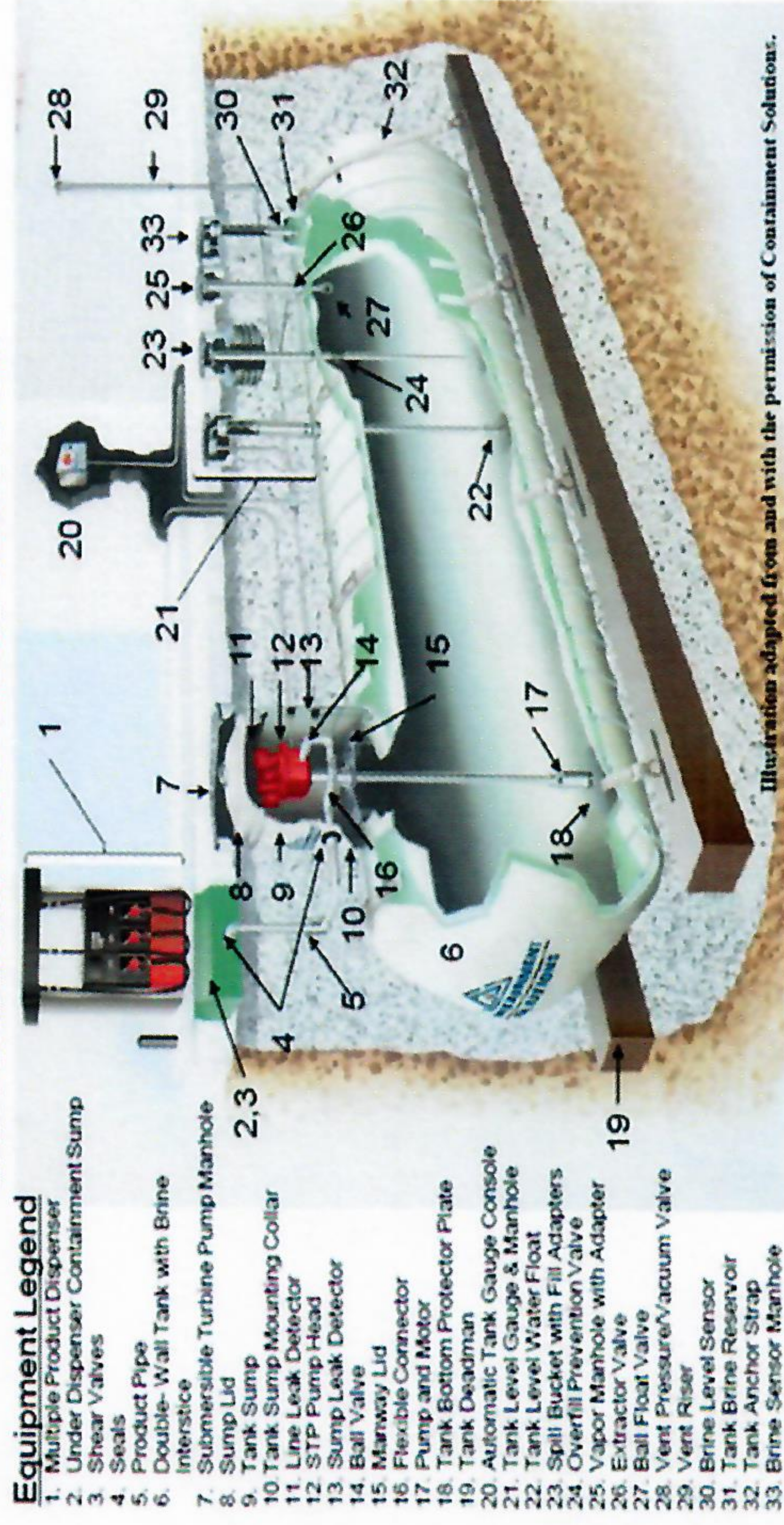


Manufacturer	Model Year																				
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
BMW	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Chrysler	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Most <sup>5</sup>	Most <sup>5</sup>	Yes	Yes	Yes	Yes
Ford	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
GM	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Most <sup>4</sup>	Most <sup>4</sup>	Most <sup>4</sup>	Yes	Yes	Yes	Yes
Honda/Acura	No	No	No	No	No	No	No	No	No	No	No	No	No	Some <sup>1</sup>	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Hyundai/Kia	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Most <sup>7</sup>	Most <sup>5</sup>	Yes	Yes	Yes
Jaguar/Land Rover	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Mazda	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Mercedes	No	No	No	No	No	No	No	No	No	No	No	No	No	No <sup>2</sup>	No <sup>2</sup>	No	No	No	No	No	No
Mitsubishi	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No
Nissan/Infiniti	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Most	Most	Most	Most
Subaru	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	Some <sup>8</sup>	Some <sup>8</sup>	Some <sup>8</sup>
Toyota/Lexus	No	No	No	No	No	No	No	No	No	No	No	No	No	Some <sup>3</sup>	Most <sup>5</sup>	Most <sup>5</sup>	Yes	Yes	Yes	Yes	
VW/Audi/Porsche	No	No	No	No	No	No	No	No	No	No	No	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Volvo	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No	No

<sup>1</sup> MY 2020 Subaru Outback Owners Manual [https://cdn.subaru.net.com/stis/doc/ownerManual/MSA5M2003A-2004A\\_STIS.pdf](https://cdn.subaru.net.com/stis/doc/ownerManual/MSA5M2003A-2004A_STIS.pdf)  
 Accessed 2/3/20

# Protect the Environment: Retail Infrastructure Compatibility

- **EPA Office of Underground Storage Tanks (OUST):**
  - “Storing a fuel that is not compatible with the UST system may jeopardize the integrity of the UST system and cause a release to the environment.”<sup>1</sup>
  - “Sealants on threaded connections made before 2007 probably not compatible.”<sup>2</sup>
- **E15 upgrading costs vary significantly – up to \$310,000 on average if breaking concrete**<sup>3</sup>
- **About 95% of retail stations are independently owned**
- **About 59% of stations are single station owners**<sup>3</sup>
- **Average retail station profit: \$48,000/yr.**



<sup>1</sup> EPA, Compliance Advisory, Underground Storage Tank Regulation; June 2019.

<sup>2</sup> EPA, UST Technical Compendium Q&A; Updated September 2018. Accessed on 2/3/20 at: <https://www.epa.gov/ust/underground-storage-tank-ust-technical-compendium-about-2015-ust-regulations#compatibility>

<sup>3</sup> U.S. Drive, Potential Impacts of Increased Ethanol Blend-Level in Gasoline on Distribution and Retail Infrastructure; February 2019