



Renew Kansas Biofuels Association

March 12, 2024

To: House Committee on Taxation
From: Randy Stookey, Senior Vice President of Government Affairs
Re: **Proponent Testimony on HB 2763, providing an income 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 2763. This testimony is submitted on behalf of the Renew Kansas Biofuels Association. Renew Kansas is a voluntary trade association with membership encompassing the entire spectrum of the biofuels processing industry in the state of Kansas.

Renew Kansas' mission is to serve as a representative voice for the biofuels industry to its members, the public, and government, to promote the viability of biofuels, and demonstrate the positive impact of biofuels on the Kansas economy.

The Kansas biofuels industry includes fuel-grade ethanol and biodiesel processing plants located across the state. The demand for biofuel inputs serves as a price support for corn, sorghum, and soybeans for Kansas farmers. In addition, each ethanol plant in Kansas employs, on average, 45 workers at an average salary of over \$59,000. Collectively, the industry pays close to \$9.0 million annually in property taxes.

Renew Kansas supports the benefits to Kansans that flow from the processing of biofuels. In furtherance of that public policy, House Bill 2763 represents an investment in the Kansas economy.

House Bill 2763 would create a non-refundable income tax credit for retailers or distributors of higher ethanol blend fuel (from 15 to 85 percent) 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 is able to 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 100 billion miles on E15.

However, access to E15 fuel is limited in Kansas. While E15 fuel is available at more than 3,400 retail locations in 31 states, Kansas only has 71 retail locations that sell E15.

This bill will help incentivize fuel retailers to invest in infrastructure to allow them to offer E15 and higher blends of ethanol fuel. Similar legislation has been successfully passed in several neighboring states, including Nebraska, Missouri, Iowa, South Dakota, and Illinois.

Providing Kansas consumers with greater access to E15 has many benefits. As the price of E15 fuel is between 11 and 22 cents per gallon less than E10 fuel, expanding access to E15 will save consumers money at the pump.

In addition, this legislation would benefit Kansas farmers and rural economies. About one-third of Kansas grown corn is used for ethanol production, which is roughly the amount used to feed livestock. Increasing the amount of ethanol purchased could increase demand for Kansas grown corn and sorghum.

This legislation would encourage the marketing of renewable fuels and investments in infrastructure that will allow Kansas fuel consumers to save money at the pump for decades to come. Increased use of biofuels will increase demand for Kansas grown corn and put more money back into Kansas rural economies.

HB 2763 promotes the liquid biofuels market in our state, offers consumers opportunities to save money at the pump, and invests in Kansas agriculture and rural economies.

For these reasons, we support the passage of HB 2763 and would ask the committee to pass the bill out favorably. We will stand for questions at the appropriate time.