



Subject: Consideration of Biodiesel Incentives

March 11, 2024

Representative Adam Smith
Chairman Kansas House Committee on Taxation
Kansas House of Representatives
SW 8th &, SW Van Buren St
Room 185-N
Topeka, KS 66612

Dear Honorable Smith,

The Clean Fuels Alliance America (Clean Fuels) and the Kansas Soybean Association (KSA) appreciate the opportunity to provide comments on the value of retail incentives for renewable fuels like biodiesel in light of HB 2763. Clean Fuels serves as the biodiesel industry's central coordinating entity for technical, environmental, and quality assurance programs and is the strongest voice for its advocacy, communications, and market development. KSA is dedicated to serving as the voice for soybean farmers across the state.

Across the Midwest, states have taken leadership roles in prioritizing the consumption and market expansion of domestically produced biodiesel. In the past three years, states like Missouri, Iowa, and Nebraska have all implemented similar programs as contained in HB 2763 to drive biodiesel use. Other states like Indiana and Michigan are currently working to implement biodiesel incentives in their respective states. Working with agriculture interests, state legislatures have identified the biodiesel industry as a way to promote rural economic development and provide farmers with additional markets for their commodities. By increasing soybean oil value, biodiesel supports 13% of the price per bushel of soybeans – while lowering the price of soybean meal for livestock producers and the food supply.

Biodiesel, as you are aware, is a renewable fuel derived from agricultural feedstocks like soybean oil. Supporting the production and utilization of biodiesel can stimulate economic growth by creating jobs in the agriculture and biofuel sectors while reducing dependence on imported oil. Currently, this industry in Kansas supports over \$800m in economic activity and over 5,000 jobs (many of which are in rural areas). Considering biodiesel incentives would provide additional market demand as major industries continue to transition away from fossil fuels.

Biodiesel is approved by all original engine manufactures and can be used as a drop-in replacement in existing diesel engines. Additionally, it offers superior lubricity and higher cetane value than petroleum-based diesel fuel increasing the lifespan of diesel engines.

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Kansas can take a proactive stance in promoting cleaner energy alternatives and fostering a more sustainable future for Kansans. These incentives could take various forms, including tax credits for the sale of biodiesel at fuel retailer locations in Kansas or for the infrastructure to blend more biodiesel into conventional diesel fuel.

Furthermore, prioritizing biodiesel consumption aligns with the state's goals of diversifying its energy portfolio and reducing carbon emissions. Kansas has a rich agricultural heritage, and investing in biodiesel presents an opportunity to leverage this resource for the benefit of both the environment and rural Kansas economy.

We respectfully request you to consider opportunities for biodiesel incentives as you review HB 2763 and to support measures that promote the growth of this promising industry. By doing so, we can position Kansas as a leader in sustainable energy innovation while reaping the economic and environmental rewards that come with it.

Thank you for your attention to this matter.

Sincerely,

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