



**Renew Kansas Biofuels Association**  
816 SW Tyler, Topeka, Kansas 66612 | 785.234.0461

February 18, 2020

To: House Committee on Taxation  
From: Randy Stookey, Senior Vice President of Government Affairs  
RE: **Proponent Testimony on HB 2543, amending the definition of alternative fuel for the alternative-fueled motor vehicle property expenditure tax credit.**

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Chairman Johnson and members of the committee, thank you for the opportunity to provide testimony on House Bill 2543. 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, storage, and transportation 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. By purchasing 44% of all corn grown in Kansas, and a large percentage of the grain sorghum, the ethanol industry is an economic driver for Kansas agriculture. Similarly, the use of soybeans in processing biodiesel has greatly increased the basis for soybean farmers. The demand for ethanol and biodiesel inputs serve as a price support for corn, sorghum, and soybeans for Kansas farmers. Each ethanol plant 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 public policy and economic benefits to Kansans that flow from the processing of ethanol, biodiesel, and other renewable fuels. In furtherance of that public policy, House Bill 2543 represents an investment into the Kansas economy.

House Bill 2543 merely amends the definition of "alternative fuel" in existing law to clarify that the term "alternative fuel" also includes fuel containing at least "15% ethanol or methanol" and "10% biodiesel." With this amendment, the law would be clarified to ensure that the existing income tax credit applies to alternative fuel investments at fueling stations. The existing law provides for a tax credit of 40% of a fuel retailer's investment (up to \$100,000) to install equipment for alternative fuel.

As alternative fuels containing 15% ethanol (E15), and 10% biodiesel (B10) are now commonly marketed and used today by consumers, it is appropriate to clarify in that statute that such fuels qualify as "alternative fuels" for the tax credit.

Many industry stakeholders in Kansas and Missouri are working to amend agency regulations to allow for the year-round sale of E15 fuel in the Kansas City area. Passage of this bill will be helpful in growing and establishing the market for these alternative fuels once that regulatory change occurs in the near future.

Renew Kansas advocates for the continued growth of renewable fuels into our national vehicle fuel portfolio in order to reduce lifecycle GHG emissions, increase energy security, and invest in the growth of the Kansas economy.

The adoption of biofuels has improved regional commodity markets and net farm income nationally. Consumers across the country have come to rely upon renewable fuels produced with American-grown corn, sorghum, soybeans and biomass. For that reason, biofuels have become critical to the economy of farms, price stability in our domestic commodity market, and the development of rural communities.

HB 2543 would encourage the marketing and use of alternative renewable fuels. This bill would promote further investment in the number and availability of alternative fuel pumps, allowing for greater consumer access to higher blends of ethanol and biodiesel fuel.

For these reasons, we support the passage of HB 2543 and would ask the committee to pass the bill out favorably. We will stand for questions at the appropriate time.