

**Neutral Testimony for SB 71
to the Senate Committee on Agriculture and Natural Resources
by Deputy Secretary of Agriculture Kelsey Olson
Kansas Department of Agriculture
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Good morning, Chairman Kerschen and members of the committee. I am Kelsey Olson and I serve as the Deputy Secretary of the Kansas Department of Agriculture (KDA). Thank you for the opportunity to provide neutral testimony related to Senate Bill 71.

Senate Bill 71 requires KDA to use two different mechanisms to obtain federal grant funding and use that funding to support conversions to renewable energy and agriculture practices. First, the bill would create a Division of Sustainable Agriculture within KDA that is to have the express purpose of dispersing grants, loans, bond guarantees, and other financial and technical assistance to sustainable agriculture districts for the purpose of constructing and commissioning renewable natural gas plants or sustainable ammonia or urea plants. KDA would be required to establish a Division of Sustainable Agriculture on or before June 1, 2023.

The bill also requires KDA to create a nonprofit organization known as the Kansas Sustainable Agriculture Fund that is designed to obtain funds through federal grants authorized by the Greenhouse Gas Reduction Fund and use such funds to provide and leverage capital and provide other forms of financial assistance to sustainable agriculture districts for the construction and commissioning of renewable natural gas plants or sustainable ammonia or urea plants. The bill defines “sustainable agriculture district” as an improvement district that is incorporated pursuant to K.S.A. 19-2753, et seq., and amendments thereto, and is designed to allow agriculture producers to reap economic benefits from renewable energy and sustainable agriculture practices. K.S.A. 19-2753 provides boards of county commissioners with the authority to incorporate and organize improvement districts within their counties upon presentation to the board of a proper petition for that purpose and after holding a public hearing.

Broadly, KDA supports the sustainable agriculture incentives set out in Senate Bill 71. However, the agency has several overarching questions and concerns relating to the administration of the bill. First, while KDA does administer several programs designed to incentivize sustainable agriculture practices broadly, this bill provides for funding only for the very narrow purpose of supporting the construction and commission of renewable gas plants or sustainable ammonia or urea plants. KDA does not currently regulate plants of this nature and is not well suited to be considered a subject matter expert in this area.

Additionally, while KDA could establish a nonprofit organization that is eligible to receive funding under the Greenhouse Gas Reduction Fund, the agency has concerns regarding its ability to create and staff a Division of Sustainable Agriculture by the June 1, 2023, deadline set out in the bill. Further, as the grant funding contemplated by the bill is only authorized to be distributed to sustainable agriculture districts, which, as improvement districts, can in turn only be established by a board of county commissioners upon petition, the key triggering events necessary to give the bill practical effect are outside of KDA's control.

Moreover, even if a county did create a sustainable agriculture district, there is no guarantee at this point that KDA will receive the grant funding it would apply for under this bill and so no guarantee such funding would be available to provide to the district. These factors all create uncertainty as to how the requirements of SB 71 will be carried out in practice and uncertainty about the ultimate effect on KDA as well as producers who want to move toward more sustainable practices.

I would urge the committee to carefully consider whether the mechanisms set forth in this bill provide the most effective means for incentivizing sustainable and renewable agricultural practices. Thank you again for the opportunity to present neutral testimony regarding SB 71.