

MINUTES OF THE SENATE AGRICULTURE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 25, 2006 in Room 423-S of the Capitol.

All members were present except:

Janis Lee

Committee staff present:

Raney Gilliland, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statutes
Judy Seitz, Committee Secretary

Conferees appearing before the Committee:

Proponents:

Kenlon Johannes, Kansas Soybean Association

Neutral:

Representative Tom Sloan
Jeff Swearingen, Northeast Kansas Bioenergy LLC (NEK BIO)
Jere White, Kansas Corn Growers Association/Kansas Grain Sorghum Producers Association
Brad Harrelson, Kansas Farm Bureau
Duane Simpson, Kansas Association of Ethanol Processors

Written testimony was provided to the Committee by:

Sandy Braden, Alliance of Automobile Manufacturers (Attachment 1)

Others attending:

See attached list.

Chairman Taddiken asked for any bill introductions. There were none.

He then asked that the hearing be opened on **SB 387 - Requiring motor fuels sold in Kansas to contain ethanol or biodiesel**. This bill came out of the Select Joint Committee on Energy. Chairman Taddiken said that a number of bills came out of that Committee and all bills would be heard in order to put together a cohesive plan.

Representative Tom Sloan, Chairman of the Select Joint Committee on Energy, reported some of the issues discussed:

increasing existing energy production (oil & gas);
encouraging incentives for energy conservation; and
increasing the use of renewable energy.

Representative Sloan said the Committee was supportive of incentives to develop a market for ethanol or biodiesel fuels, but not in support of mandates. Which comes first? Do you create a product and allow infrastructure to come along so that customer demand can be met or do you create an infrastructure so that when the product is available consumers can take advantage of it? The Committee is trying to provide options or different ways of looking at this issue. (Attachment 2)

Representative Sloan answered questions.

Kenlon Johannes, CEO, Kansas Soybean Association spoke in support of **SB 387**. He said the mandate would have positive effects by cleaning our air and providing economic development for the state. He provided a report on the environmental impact in Kansas. (Attachment 3)

Mr. Johannes stood for questions.

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture at 8:30 a.m. on January 25, 2006 in Room 423-S of the Capitol.

Jeff Swearingen, Board Member of the Northeast Kansas Bioenergy LLC (NEK BIO) spoke neutrally regarding **SB 387**. He said the following questions should be asked requiring B2 diesel blends:

- Is there enough biodiesel to satisfy a B2 blend in Kansas?
- What would the impact of B2 have on a user's engine?
- What would be the cost?

Mr. Swearingen also said the petroleum industry needs to answer questions regarding adequate supply, quality and cost of the fuel. (Attachment 4)

Mr. Swearingen was open for questions.

Jere White, Executive Director of the Kansas Corn Growers/Kansas Grain Sorghum Producers Association (AEP) spoke neutrally regarding **SB 387**. He had some concerns are on page 2, beginning on line 14, (d) regarding prohibiting the addition of ethanol to an oxygenated fuel. This also appears again on lines 31 and 32. He also said that he does not understand the rationale for requiring that non-oxygenated gasoline be premium grade. (Attachment 5)

Mr. White stood for questions.

Brad Harrelson, State Policy Director, Kansas Farm Bureau spoke regarding **SB 387**. The KFB is neutral regarding this bill. (Attachment 6) He expressed appreciation to the Legislature for the past support for bio-fuels and the KFB remains committed to supporting good public policy that encourages bio-fuel consumption.

There were no questions for Mr. Harrelson

Duane Simpson, Vice President of Government Affairs, Kansas Association of Ethanol Processors, presented neutral testimony on **SB 387** (Attachment 7). He said the Kansas AEP are concerned with the feasibility of this bill. He stated that perhaps the KAEP could support this mandate at a later time; however the infrastructure to implement this mandate is not currently present.

Mr. Simpson took questions.

The hearing on **SB 387** will be continued to Tuesday.

The meeting was adjourned at 9:28 a.m. The next meeting is Tuesday, January 31.