

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION.

The meeting was called to order by Chairman Rex Crowell at 1:30 p.m. on March 9, 1993 in Room 519-S of the Capitol.

All members were present except: Rep. Kenneth King, Excused

Committee staff present: Tom Severn, Legislative Research Department
Hank Avila, Legislative Research Department
Bruce Kinzie, Revisor of Statutes
Donna Luttjohann, Committee Secretary

Conferees appearing before the committee: Sam Brownback, Secretary of Agriculture
John Bottenburg, KS Ethanol Organization
Marty Vanier, Committee of KS Farm Organizations
Jere White, KS Corn Growers Assn
Lt. Sam Grand, KS Highway Patrol
Bill Sneed, State Farm Insurance
Kenneth McNeill, ABATE

Others attending: See attached list

Chairman Crowell opened the hearing on SB 59 concerning extending the expiration date of the agriculture ethyl alcohol incentive program. Hank Avila summarized the bill for the committee.

The Chairman recognized Sam Brownback, Secretary of Agriculture, who testified as a proponent of the bill. See Attachment 1 for written testimony.

John Bottenburg, representing the Kansas Ethanol Organization, was recognized by the Chairman. He testified as a proponent of the bill. See Attachment 2.

Chairman Crowell recognized Marty Vanier, Committee of Kansas Farm Organizations, as the next proponent of the bill. See Attachment 3.

The Chairman recognized Jere White, Executive Director of the Kansas Corn Growers Association as the next proponent of the bill. See Attachment 4 for his written testimony.

Not appearing before the committee but submitting written testimony for the record were Lee Reeve, Attachment 5; Pam Wells of the Kansas Cooperative Council, Attachment 6; and Paul Fleener of the Kansas Farm Bureau, Attachment 7.

Chairman Crowell closed the hearing on SB 59.

The Chairman opened the hearing on SB 135 concerning the approval of motor vehicle accident prevention courses by the highway patrol. Chairman Crowell requested that Hank Avila summarize the bill for the committee.

Lt. Sam Grant, Kansas Highway Patrol, was the first proponent recognized by the Chairman. He testified that the classes used for driver improvement would help to reduce insurance rates. See Attachment 8.

Chairman Crowell recognized William Sneed from the State Farm Insurance Company as the second proponent of the bill. He suggested technical amendments to the bill. See Attachment 9.

Ken McNeill, ABATE, was recognized by Chairman Crowell as a proponent of the bill. He testified that ABATE has, in effect, an 8 hour rider improvement class taught by certified instructors from ABATE and they support passage of the bill.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TRANSPORTATION, Room 519-S Statehouse, at 1:30 p.m. on March 9, 1993.

Chairman Crowell closed the hearing on SB 135.

The Chairman opened the hearing on SB 297 concerning operating a motor vehicle with a damaged windshield. The Chairman asked Hank Avila to summarize the bill for the committee.

Lt. Sam Grant was recognized by the Chairman as a proponent of the bill. See Attachment 10.

Chairman Crowell adjourned the meeting at 2:50 p.m. with the next meeting scheduled for March 10, 1993, in Room 519-S of the Capitol.

GUEST LIST

HOUSE TRANSPORTATION COMMITTEE

March 9, 1993

Name	Address	Representing
Ken Menbill	Perry	ABATE of KS
Marty Varner	Manhattan, KS	CKFO
Joe White	Barnett, KS	KCGA
Greg Krissch	Topeka KS	KSBH
Lee Eisenhower	"	PMAK
Mary Shivers	Topeka	KDOT
Brian Vanhook	Linn	Bill Hill Farm
Nedell Strawn	Topeka	AARP-CCTF
George Goebel	Topeka	AARP-CCTF-SLC
Mike Torrey	"	KGFA
Tom Whitaker	Topeka	Ks Motor Carriers Assn.
John BOTTENBERG	TOPEKA	Ks Elephant Assoc
WHITNEY DAMRON	TOPEKA	Pete McGill & Associates
Bill Sneed	Topeka	State Farm
Sam Brownback	Topeka	Ks Bd of Ag

HOUSE COMMITTEE ON TRANSPORTATION

SENATE BILL NO. 59

TESTIMONY

MARCH 9, 1993

AGRICULTURAL ETHYL ALCOHOL INCENTIVE PROGRAM

Good afternoon Chairman Crowell and members of the committee, my name is Sam Brownback. I am the Kansas Secretary of Agriculture. You might be interested to know that the Kansas Board of Agriculture has been and will continue to be involved in state and national efforts for commercializing industrial uses for agricultural commodities. This past fall I was chairman of the Biobased Products Expo in St. Louis, Missouri. This conference brought together over 400 participants from across the nation, of the private and public sectors, to display commercial and industrial products made from agricultural products. Ethanol is a prime example of such commercialization.

By way of information, Kansas agriculture has been in the forefront for many years of this commercialization movement. You as legislators played an important part in beginning this trend by approving in 1979 K.S.A. 74-5029, which states: "Declaration of public policy; development of agricultural products. It is hereby declared to be the public policy of the state of Kansas to encourage and assist the development and expansion of new uses of agricultural products including agricultural ethyl alcohol, including the use by the state of Kansas and all political and taxing subdivisions thereof." Further, a KSBA Task Force, chaired

by Ladd Seaberg, President of Midwest Grain Products, one of Kansas' ethanol producers, unanimously agreed in their findings issued in December, 1988, that substantial opportunities are available to Kansas through the development of these industrial uses. Further, a regional four-state conference held in Kansas City in 1989 and a national conference in Washington DC in 1990 created the momentum for inclusion of industrial uses emphasis in the 1990 Farm Bill. Most recently, KSBA has completed a study for Kansas, Inc. in the fall of 1992, analyzing the Kansas Value-Added agriculture industry. Ethanol is an excellent example of processing basic Kansas commodities and adding value prior to exporting the finished product from Kansas. The commercialization of ethanol as an octane enhancer and more environmentally safe fuel additive has been recognized at national levels and is a major part of the new federal Clean Air Act which is currently being implemented across the country.

Kansas ethanol plants, currently four in number, presently produce approximately 27 million gallons of alcohol annually. This represents a nearly 60% increase in Kansas ethanol production since 1989. With the coming implementation of the federal Clean Air Act, this trend is expected to continue during the next four years as ethanol provides a source of oxygenates which substitute for certain harmful components of motor fuels while addressing air pollution concerns. For 1992, Kansas ethanol production translates into use of approximately 11 million bushels of corn and milo that the ethanol producers have purchased from Kansas farmers and local suppliers. For 1992, which was a near record year for feed grain

production in Kansas, this amount translates into almost 2% of Kansas corn and milo production serving as inputs for the ethanol industry.

Several potential new ethanol producers are considering locating in Kansas. As you are aware, other states besides Kansas have similar incentive funds, with most of the other states' production incentives at higher rates than exist in Kansas. If our state is to have any reasonable chances at recruiting these new locations, this Kansas incentive fund at minimum is necessary.

The Kansas agricultural ethyl alcohol incentive program plays an important role in this commercialization of agricultural commodities movement. The Kansas State Board of Agriculture supports all efforts to broaden and deepen markets and opportunities for renewable, agricultural commodities. Your continued support of this commercialized use of agricultural products through passage of SB 59 is urged and appreciated.

Thank you for allowing the Board of Agriculture to testify today. This concludes my testimony. I will certainly attempt to answer any questions you may have.

BOTTENBERG & ASSOCIATES

JOHN C. BOTTENBERG

Statement of
Kansas Ethanol Association

Presented to the House
Transportation Committee
The Honorable Rex Crowell, Chairman

Statehouse
Topeka, Kansas
March 9, 1993

Mr. Chairman and members of the Committee:

I am John Bottenberg, representing the Kansas Ethanol Association.

I am here to ask your support of SB 59. This bill would extend the current Ethanol Producer's Incentive Fund for an additional four years. Funding would remain at the current level of \$2.5 million annually.

This program is a proven success. Ethanol production has increased from 11 million gallons during 1987 to a current capacity of 27 million gallons. An additional 5 million gallon expansion is planned by one of our producers.

There are four fuel alcohol producers in Kansas at this time. They are located in Atchison, Colwich, Garden City and Leoti. They have approximately 100 employees directly related to fuel alcohol production (not minimum wage jobs). They had approximately 50 employees in 1987.

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It is estimated that fuel grade alcohol production adds 15 to 30 cents per bushel to the price of grain on the market.

Alcohol production provides a market for damaged or wet grain. Alcohol production within Kansas consumes approximately 11 million bushels of grain annually. In 1987, approximately 3.3 million bushels of grain were consumed.

In recent years some of the producers have expanded into cattle and fish feeding, using the by-products of alcohol production.

Included is a sheet that shows what other states are doing to encourage fuel ethanol production.

By acting favorably on SB 59, the advantages to Kansas would be to:

1. Provide stronger markets for Kansas grains.
2. Create employment opportunities for Kansans.
3. Maintain and enhance the development of additional in-state production.
4. Create a cleaner environment for Kansans, both present and future generations.

This bill is truly an economic development proposal. If passed it would keep Kansas dollars in Kansas.

We thank you for your support in the past and would encourage you to act favorably on SB 59.

Thank you. I would be pleased to answer any questions.

Ranking of State Incentives & Production Capacities

(Note: Unless otherwise indicated, the incentives described below are tax exemptions or credits computed to determine their value per gallon of ethanol blended and sold in the state.)

State	Amount (\$/gal. ethanol)	Production Capacity (million gallons/yr.)	
		<u>Existing</u>	<u>Planned</u>
Alaska	.80	0	0
South Dakota	.20 ¹ /.20 ²	1.1	30
North Dakota	.40 ¹	16.4	0
Minnesota	.20 ¹ /.20 ²	14.7	10
Missouri	.20 ¹ /.20 ²	0	0
Oregon	.50	0	0
Hawaii	.40 ³	5	0
Nebraska	.20 ¹	26	157.5
Montana	.30	4	30
Washington	.37	3.7	0
Ohio	.15	65	0
Illinois	.20 ³	552	170
Iowa	.10	267	130
Connecticut	.10	0	0
Kansas	.092¹	26.5	5

¹ Net Value of Incentive Paid Directly to Producer.

² Total Value of Excise Tax Exemption (per gallon of ethanol).

³ Based Upon Retail Sales Tax (Percentage) Exemption.

Source: Information Resources, Inc.

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Description of the Generic Ethanol Fuel Production Facility in Kansas

For the purpose of explaining the significance of variations in technology that would be used in a proposed Kansas fuel ethanol plant, it is necessary to examine the basic processes involved, and to describe a typical or "generic" reference plant. The basic processes, from feedstock production and preparation, to final denaturing and blending of ethanol with gasoline, are discussed below in sequence.

Feedstocks

For the production of ethanol by fermentation, it is necessary to have either a feedstock such as molasses which contains fermentable sugars, or feedstocks such as cereal grains containing starch which may be converted into fermentable sugars. In most instances, as would be the case in Kansas, the fuel ethanol producers use corn, wheat, and milo (grain sorghum) as their primary feedstock.

Production Process

The following is a brief summary, combined with a schematic diagram (next page), describing the typical production process at Kansas ethanol facilities.

Step 1

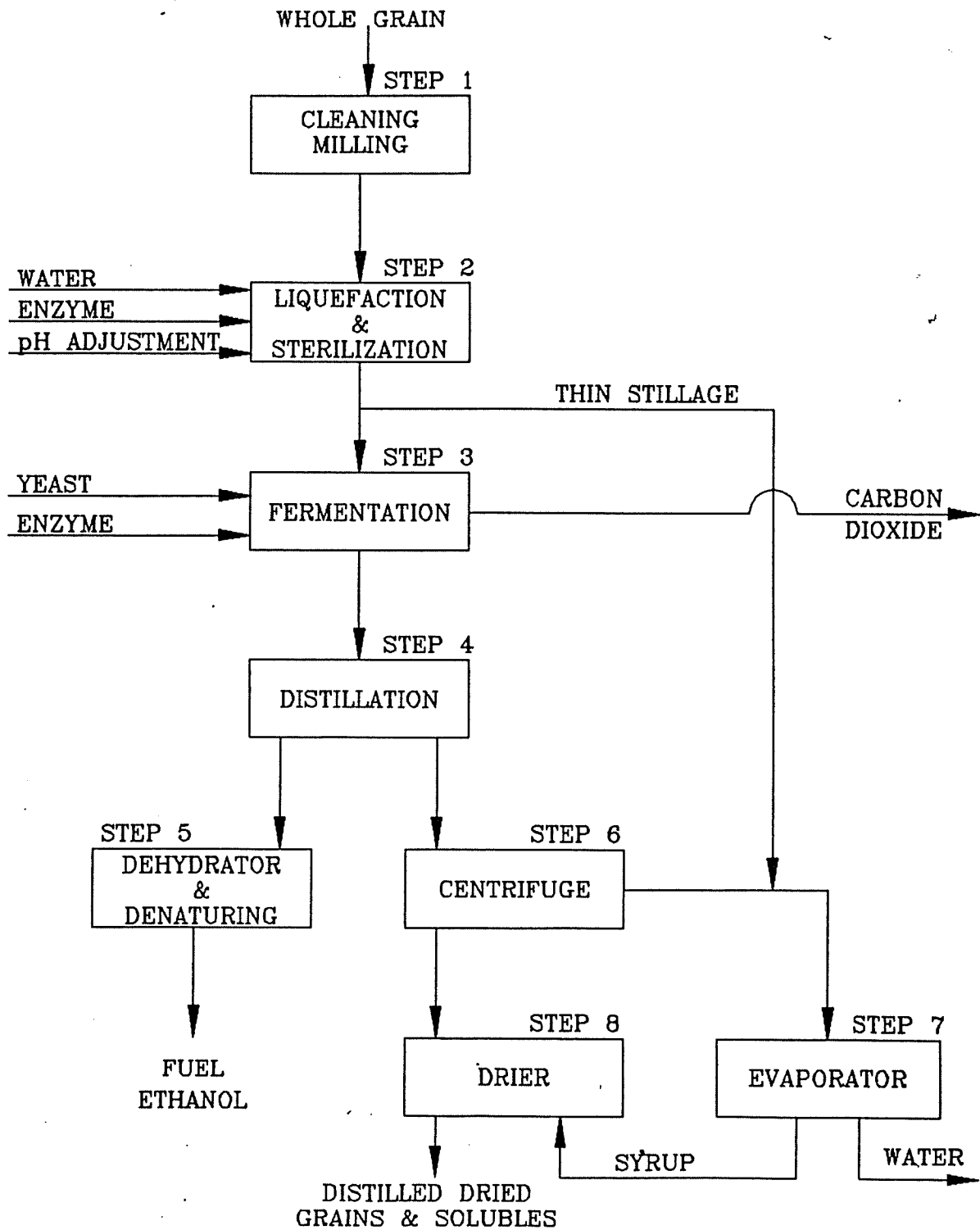
As indicated, grain used for fuel ethanol production can be wheat, milo, barley, or corn depending on the location of the production facility. In Kansas, the feed grain of choice is milo due primarily to its slightly reduced cost and its higher availability. Milo is purchased direct from farmers or through local elevators and terminals. Grain is received at the plant, screened to remove foreign material and stored for future processing. The grain is then metered into a hammer mill where the grain is finely ground in preparation for liquefaction.

Step 2

Water, enzymes and pH adjusting chemicals are added to the milo to make up the cook formula. This slurry is heated to 190 degrees Fahrenheit to allow the enzyme to liquify the starch portion of the ground grain. The slurry is then heated to 250 degrees Fahrenheit to stabilize the slurry so that bacteria will not inhibit fermentation efficiency. The slurry is then cooled back to 190 degrees Fahrenheit for 1/3 more hours to complete the liquefaction process.

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FUEL ETHANOL PRODUCTION



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Step 3

The liquefied mash slurry is cooled to 90 degrees Fahrenheit prior to fermentation. Thin stillage is added to the mash to dilute the slurry to the required concentration as each fermenter tank is filled. A second enzyme is added to convert the liquified starch to sugar (glucose). Yeast is also added along with the enzyme to convert the sugar to ethanol and CO₂. The CO₂ is further purified and liquified for distribution into the marketplace. The ethanol concentration will continue to increase to a concentration of 12% by volume as the sugar is converted by the yeast. This fermented liquid is now called beer.

Step 4

The beer is pumped to the distillation tower, where the ethanol is boiled out of the beer and concentrated to 95 vol% ethanol (190 proof) and 5 vol% water.

Step 5

The 190 proof ethanol is further processed by molecular sieve to selectively removed the remaining water. The 200 proof ethanol is then denatured and transferred to storage. From this the fuel ethanol is shipped by truck and rail to fuel distributors for blending with gasoline at a 10% level (see discussion below).

Step 6

Whole stillage is pumped from the distillation column to a centrifuge where the insoluble solids are separated from the water and soluble solids. The insoluble solids or wet cake is augured from the centrifuge to the drier. The soluble solids and water go into the evaporator.

Step 7

In the evaporator the soluble solids (thin silage) are concentrated from 4.5% total solids to 40% total solids. This concentrated soluble product (syrup) is blended with the wet cake off the centrifuge ahead of the drier.

Step 8

The blended wet cake and syrup are dried to a 10% moisture level and conveyed to storage. From there the distillers grains are shipped to feed companies and farmers as a protein supplement in various feed products.

Production Summary

A dry mill ethanol production facility typical of those found in Kansas produces three value-added products from each bushel of grain. As indicated, these three products are in good demand throughout the United States. The ethanol improves the quality and performance of the gasoline into which it is blended. The distillers grain improves the quality and performance of the livestock feed into which it is blended. Finally, the CO₂ has many beneficial uses in the food processing industry.

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Denaturation of Ethanol

The production of ethanol is regulated by the Bureau of Alcohol, Tobacco and Firearms (BATF) which requires that the product be denatured, to render it unsuitable for human consumption, before it can be released from a bonded Alcohol Fuel Plant (AFP). The normal method of denaturation, which is approved by BATF, is to add 5 gallons of unleaded gasoline to 95 gallons of ethanol. This constitutes "fuel ethanol", and is accepted by the Federal and state authorities for purposes of qualifying for various tax exemptions and producer incentives.

Blending of Ethanol and Gasoline

Federal and state laws require that, in order to qualify for various incentives, fuel ethanol must be blended at the rate of 10% by volume with gasoline. As ethanol has an octane rating in excess of one $(R + M)/2$, it will raise the octane rating of the blend by about 3 numbers when mixed with gasoline of 86 - 88 $(R + M)/2$ octane. Initially, when ethanol was considered mainly as a "gasoline-extender," the octane benefits were largely ignored. Now, however, the octane boosting value of ethanol is being given more consideration, due to the removal of lead from gasoline. "Sub-octane" (rated at 84 - 85 octane) gasoline may also be used to take advantage of the use of ethanol in regular, rather than in premium-grade products exclusively.

There are a number of ethanol blending facilities in Kansas which practice full-scale, in-line blending of ethanol and gasoline. Several other marketers have "topping-off" or "splash-blending" facilities around the state. "Topping-off" is a process in which a truck is first part-loaded with gasoline at a terminal rack, and then ethanol is added to the tanker to make a 10% blend.

Fuel Ethanol and the State of Kansas: An Overview

1. Four Kansas fuel ethanol producers manufacture over 27 million gallons per year to satisfy growing demand for the cleaner-burning octane enhancing product in the motor fuel market in Kansas and other Midwest and Western states.
2. The fuel ethanol industry in Kansas annually generates about \$49 million in gross revenues which includes the sale of fuel ethanol, distillers dried grains and solubles (DDGS), carbon dioxide, as well as other products associated with cattle feedlot and aquaculture operations.
3. The Kansas fuel ethanol industry directly employs 100 people on a full-time basis, generating approximately \$2.7 million in direct personal income per year. Over an estimated 20-year useful life of plant operations--not including plant expansions--this represents an estimated \$54 million in direct personal income which returns about \$5 million to the state of Kansas in tax revenue.
4. For every job that exists in the Kansas fuel ethanol industry, about six other jobs are created in related industries such as trucking, railroads, natural gas production, electric generation, gasoline blending, agriculture, construction, and enzyme & process chemicals. On average, about 75% of these goods and services are purchased from and provided by businesses in the state of Kansas.
5. Over a 20-year year useful life, the Kansas fuel ethanol industry generates about \$225 million in indirect personal income, of which approximately \$20 million is returned to the state in the state in the form of tax revenue.
6. Kansas fuel ethanol producers consume about 12 million bushels per year of corn, milo, and wheat, more than 80% of which was produced in Kansas. Combined with total U.S. grain demand for ethanol production, this has increased net farm income by up to \$0.20 per bushel, or about \$2.4 million in new farm income per year.
7. Kansas provides the lowest, most cost-effective state incentive for fuel ethanol production on a per gallon basis, but has helped sustain the most innovative, high-tech segment of the fuel ethanol industry in the United States.
8. Fuel ethanol is a commodity that is being used in nearly every state in the nation as a means of improving gasoline quality and reducing vehicle emissions of carbon monoxide (CO), air toxics, and hydrocarbons. New fuel requirements of the Clean Air Act Amendments of 1990 are projected to more than double U.S. ethanol production in this decade.

(continued)

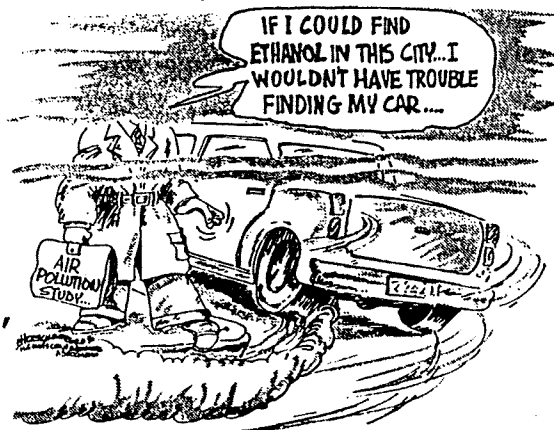
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9. Fuel ethanol is an excellent feedstock for the production of ethers at modern refineries. These ethers are an even higher use for ethanol and will contribute to improved air quality and reduced greenhouse gases.
10. Along with natural gas and other energy commodities, fuel ethanol provides Kansas with greater diversification of its energy portfolio for the 1990s and beyond.

KANSAS ETHANOL DIRECTORY

A GUIDE TO STATIONS SELLING FUEL BLENDED WITH 10% ETHANOL

Thank you for using fuels containing ethanol, a Kansas grown renewable energy source. By choosing an ethanol blend, you are receiving a high performance fuel that is also cleaner burning. To assist you in finding ethanol blends, we have produced this directory of retail fuel outlets that offer ethanol blended fuel at their pumps. Ethanol blends have been sold in our state for over twelve years. Kansas has four ethanol plants, which produce good jobs and a broader economic base for our state, as well as a high quality fuel. The price that our farmers receive for their corn and grain sorghum is approximately fifteen cents per bushel higher because of the current ethanol industry.



blends, you make our air cleaner and our nation more energy independent. Thanks once again.

The energy security of the United States is enhanced when we use ethanol blended fuels. We can replace a considerable amount of the oil imported from foreign countries if we would simply switch to ethanol blended fuels in our tanks. Since 1979, Americans have logged over 900 billion trouble free miles on 10% ethanol blended fuel and every auto manufacturer in the world provides warranty coverage for properly blended fuel. By choosing ethanol

Kansas Corn Growers Association and Commission
Kansas Grain Sorghum Producers Association and Commission
Kansas State Board of Agriculture
Kansas Ethanol Association

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SUPPLIERS OF ETHANOL BLENDED FUELS IN KANSAS LISTED BY CITIES:

Home Oil Co. 611 Main Alma
Coastal Mart #9182 1705 N. Summit Arkansas City
Casey's General Store 101 N. West Street Arma
Tanco Mini Mart #408 1400 Skyway Drive Atchison
Kwik Shop #749 1306 State Augusta
Casey's General Store #1000 309 Ames Baldwin
Casey's #1347 2722 N. 155th Basehor
Casey's General Store #1444 902 Military Baxter Springs
Farmway Coop Station 209 S. Hersey Beloit
Four Circle Coop Box 99, 3rd & Bird Bird City
Penokee Farmer's Union Coop Box 217 Bogue
Farmers Coop Association Kansas & Railroad Ave Brewster
Casey's General Store 503 S. Main Canton
Farmway Coop Box 93 Cawker City
Pearl Coop Association RR 1, Box 49 Chapman
Foote Self Service Ks. NE State Line, HWY 81 Chester
Casey's General Store #1189 823 6th Street Clay Center
Coastal Mart #9147 823 Northeast Coffeyville
Stop-2-Shop 900 E. 4th Colby
Casey's General Store #1376 545 West Maple Columbus
Copeland Country Store Box 186 Copeland
Casey's #1410 K-177 & Walnut Cottonwood Falls
Kwik Shop #750 1001 N. Buckner Ave. Derby
Kwik Shop #762 1811 Central Dodge City
Kwik Shop #703 1500 W Wyatt Earp Dodge City
Coastal Mart #7302 1400 N. Main El Dorado
Golden Belt Coop Association 10th & Monroe Ellis
Casey's #1404 126 S. Commercial Emporia
Casey's General Store #1345 1402 E. 6th Ave Emporia
Kwik Shop #735 520 W. 6th Emporia
Casey's General Store #1469 720 N. Main Eureka
Casey's 101 North 10th Fredonia
Coastal Mart #9148 Rt. 2, Box 461 Ft. Scott
Casey's General Store #1456 820 Main Galena
Kwik Shop #752 910 E. Spruce Garden City
Country Corner Inc #1 50th & Campus Garden City
Stuhlsatz Service, Inc. 29622 W. Harry Garden Plain
Casey's #1336 219 West Park Road Garnett
Universal Quikmart #10 20600 W. Hwy 54 Goddard
Healy Coop (Gove) Highway 23 Gove
Kwik Shop #753 3907 Broadway Great Bend
Farmer's Cooperative Elevator Box 303 Greenleaf
Cooperative Mercantile Co. Box 274 Grinnel
Kwik Shop #759 1301 Vine Hays
Kwik Shop #779 424 W. Grand Hayaville
Healy Coop Elevator Box 110, Highway 4 Healy
Brown County Coop Serv Station 900 Oregon St. Hiawatha
Penokee Farmer's Union Coop Box 365 Hill City
Casey's #1308 208 W. 5th Holton
King's Super Store #1541 1450 Central Horton
Zimmerman Repair RR 1, Box 99E Hoxie
Casey's General Store #1464 317 S. 9th Street Humboldt
Highway Oil #743 5th & Washington Hutchinson
Coastal Mart #9145 100 N. 10th Independence
Coastal Mart #9125 709 N. State Iola

Casey's 500 E. 4th Altamont
Casey's General Store #1530 625 W. Madison Arkansas City
King Super Store #1540 912 Division Atchison
Athol Cooperative Assn. Box 217 Athol
Casey's General Store 1411 Ohio Augusta
Kwik Shop #787 600 Ames Baldwin
Coastal Mart #9127 1709 Military Baxter Springs
Casey's #1195 Highway 36 P.O. Box 15 Belleville
Collingwood Grain Co Big Bow Route Big Bow
Casey's #1150 100 E. 5th Blue Rapids
Wood's Mini Mart 401 Front Street Bonner Springs
Casey's #1251 137 E. Santa Fe Burlingame
Casey's #276 Box 190 332 Main St. Carbondale
Casey's General Store #1476 101 S. Central Chanute
Casey's 325 W. 6th Street Cherryvale
Casey's #1400 613 Maple Box 166 Chetopa
Casey's 104 N. Cline Coffeyville
Coastal Mart #9108 1401 W. 11th Coffeyville
Hi-Plains Coop 405 E. 4th Colby
Double Circle Farm Supply 315 Broadway Concordia
Collingwood Grain Inc. Box 186 Copeland
Country Corner West #4 HWY 50 Deerfield
Kwik Shop #767 100 E. Long Dighton
Charlie's Convenience 1805 N. 14th Street Dodge City
Casey's General Store 420 W. 6th El Dorado
Courtesy Car Wash 2702 W. Central El Dorado
Kwik Shop #734 105 W. 12th Emporia
Coastal Mart #1838 P.O. Box 805, Kansas Turnpike Emporia
Klepper's Corner Store 423 W. 6th Emporia
Casey's General Store #1199 303 E. 10th Eudora
Coastal Mart #2556 701 E. River Eureka
Casey's General Store #1391 325 W. McKay Frontenac
Wood Mini Mart #13 1705 S. National Ft. Scott
Country Corner Inc #3 1120 Harding Garden City
Kwik Shop #755 211 West Kansas Garden City
Kwik Shop #701 1102 Campus Drive Garden City
Casey's General Store #1190 632 E. Main Gardner
Farmway Coop Box 48 Glen Elder
Goodland Coop Equit Exchange W. Hwy 24, Box 998 Goodland
Mid-West Coop Box C Grainfield
Great Bend Coop 2302 10th Great Bend
Kwik Shop #704 203 W. Kansas Greensburg
Pony Express Service Center Jct 15 E & Hwy 36 Hanover
Farmer's Coop Service Center 201 E 8th Hays
Helay Oil Co. Box 167 Healy
Casey's General Store #1505 602 W. Walnut Herington
Casey's #1186 503 Oregon Street Hiawatha
Casey's #1481 3rd & Ash Street Hillsboro
E Z Shop #16 917 W. 4th Holton
Bainter Conoco Hwy 23 & Hwy 24, Box 633 Hoxie
Hoxie Cooperative Oil Co. Box 355, 1117 Oak Street Hoxie
Kwik Shop #738 1400 East 30th Hutchinson
Kwik Shop #777 501 E. 17th Hutchinson
Wood's Mini Mart #9 201 S. State Iola
Kwik Shop #756 623 S. Washington Junction City

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Attachment 2-11

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Kwik S #14 1839 N. Washington Junction City
 Kanor op Association 101 Main Kanorado
 Seven Eleven Food Store #17898 954 State Avenue Kansas City
 Woods Mini Mart #2 4732 State Ave. Kansas City
 S Petroleum Inc. 7552 State Avenue Kansas City
 S Eleven Food Store #13245 2500 Central Kansas City
 Country Corner Hwy 36 Kensington
 Collingwood Grain 4th & Colony, Box 186 Kinsley
 Seven Eleven #19930 501 N. Main Lansing
 Kwik Shop #721 845 Mississippi Lawrence
 E Z Shop #12 955 E 23rd Lawrence
 Kwik Shop #702 1846 Massachusetts Lawrence
 Kwik Shop #718 3440 W 6th Lawrence
 E Z Shop #23 1000 W. 23rd Lawrence
 Site Service Station #390 946 E. 23rd Lawrence
 Kwik Shop #784 1420 A. Kasold Lawrence
 E Z Shop #4 1031 Metropolitan Leavenworth
 Casey's #1261 2004 Spruce Leavenworth
 Midway Coop Box 146 Lebanon
 Workingman's Friend Oil #533 13094 W. 95th Lenexa
 Green Butane Co. 702-720 E. Broadway P.O. Box G Leoti
 Casey's #1307 Box 67-502 W. Amity Louisburg
 Casey's #1342 4th & Sherman Madison
 Rex's Tire Co. 2829 Anderson Ave Manhattan
 Kwik Shop #733 1337 Anderson Ave Manhattan
 Shop Quik #7 327 Kimball Manhattan
 3rd St Battery Center (Rex's) 1001 N. 3rd Manhattan
 Shop Quik #1 1816 Claflin Manhattan
 Wheelers #5015 Route 3 Marysville
 Casey's #1465 Hwy 16 & Olive Box 287 McLouth
 Town & Country #42 800 N. Main McPherson
 Seven Eleven Food Store #29063 6850 Antioch Merriam
 Seven Eleven Food Store #18193 8915 Johnson Drive Merriam
 Collingwood Grain Inc. Box 317 Montezuma
 Farmers Coop Elevator Assn RR 1 Morrowville
 Casey's 125 Main Neodesha
 Town & Country #46 401 N. Main Newton
 Coop Union Mercantile Co. Box 67 Oakley
 Petro Pal Route 1 Box 3A Oberlin
 Offerle Country Store Box 46 Offerle
 Coastal Mart 1100 E. Santa Fe Olathe
 Seven Eleven Food Store #24465 951 S. Parker Olathe
 Seven Eleven Food Store #29065 806 W. 56 Highway Olathe
 E Z Shop 211 E. Flaming Olathe
 Seven Eleven Food Store #21449 2151 E. 151st St. Olathe
 E Z Shop #31 1449 E. 151st Olathe
 Casey's #1255 Box 76 Osage City
 Casey's General Store #952 6th & Parker Osawatomie
 Casey's #1332 Hwy 59 Box 236 Oskaloosa
 Casey's General Store #597 1019 W. 7th Ottawa
 Casey's #1151 200 W. Eight Overbrook
 Seven Eleven Food Store #25726 8700 W. 95th Overland Park
 Casey's #1337 404 S. Silver Paola
 E Z Shop Food Store #18 602 N. Pearl Paola
 Casey's General Store #1361 1301 Main Parsons
 Coastal Mart #9126 2301 West Main Parsons
 E Farmer's Union Coop Box 218 Penokee
 Farmland Industries, Inc. N. Highway 183 Phillipsburg
 Coastal Mart #2549 1917 N. Broadway Pittsburg
 Coastal Mart #2545 434 West 4th Pittsburg

Wood Mini Mart #12 370 Grant Ave. Junction City
 Handy Stop 1200 Central Kansas City
 Seven Eleven Food Store #13255 4039 Metropolitan Kansas City
 Seven Eleven Food Store #13242 2924 S 47th St Kansas City
 Citgo Oil 1233 Merriam Lane Kansas City
 Coastal Mart 4201 Shawnee Drive Kansas City
 Coastal Mart #2525 339 East D Avenue Kingman
 Casey's #1276 P.O. Box 552 Market & Railroad LaCygne
 Kwik Shop #741 902 Broadway Larned
 Wood's Mini Mart #5 920 N. 2nd Lawrence
 Fairway Oil Co. 3300 W. 6th Lawrence
 E Z Shop #15 1414 W 6th Lawrence
 Kwik Shop #773 1714 W. 23rd Lawrence
 Coastal Mart #9133 2330 Iowa Street Lawrence
 E Z Shop #2 1900 Haskell Lawrence
 Wood's Mini Mart #4 1401 S. 4th Leavenworth
 Wood Oil Co. #15 501 Limit Leavenworth
 Wood's Mini Mart #1 788 Spruce Leavenworth
 Casey's General Store Agden & Broadway Lebo
 Lenora Mercantile Association Main & Washington Lenora
 Farmer's Coop Elevator Assn. Box 134 Linn
 E Z Shop #17 HWY 68 & Metcalf Louisburg
 Shop Quik #12 430 Fort Riley Blvd. Manhattan
 Texaco Food Mart 1131 Bluemant Manhattan
 Shop Quik #4 529 Richards Drive Manhattan
 Shop Quik #10 473 E. Poyntz Manhattan
 Shop Quik #8 1132 Pillsbury Manhattan
 Coastal Mart #2528 1112 E. Main Marion
 Casey's #1185 1405 Center Marysville
 Kwik Shop #710 820 E. Kansas McPherson
 Menlo-Rexford Coop Assn. Route 1, M9 Menlo
 Workingman Friend #531 9808 W. 67th Merriam
 Seven Eleven Food Store #26734 10270 W. 75th Merriam
 The Studley Coop Equity Exchge Box 184 Morland
 Casey's #1306 Box 217 Hwy 52 Mound City
 Casey's General Store #1148 Box 625 129 N. Main New Strawn
 Norton County Coop Assn 201 W. Lincoln Norton
 King Gas & Oil Co. I-70 & Campus Rd-Box 20A Oakley
 Decatur Coop Association Box 68 202 W. Commercial Oberlin
 Seven Eleven Food Store #30176 13901 Murlen Road Olathe
 Coastal Mart 901 E. Santa Fe Olathe
 Seven Eleven Food Store #22052 904 E. Santa Fe Olathe
 Quik Grocer #11 13425 South Blackbob Olathe
 Seven Eleven Food Store #27317 15090 W. 151st St. Olathe
 E Z Shop Store #14 12885 S. Murlen Road Olathe
 Seven Eleven Food Store #25771 1020 W. Santa Fe Olathe
 Casey's #1191 305 E. Main Osawatomie
 Mid-Way Coop 707 N. First Street Osborne
 Casey's 1101 6th Oswego
 Wood's Mini Mart #17 1230 Princeton Road Ottawa
 Coastal Mart #1835 11121 W. 87th Overland Park
 Casey's #1294 Box 82 Hwy 92 Ozawkie
 Casey's General Store #1237 119 N. Hospital Road Paola
 Mid-West Coop Co. Box 89 Park
 Casey's General Store #2 805 N. 16th Parsons
 Coastal Mart 201 S. 16th Parsons
 Casey's General Store #1295 7th Elm Perry
 Coastal Mart #9107 4026 Parkview Drive Pittsburg
 Coastal Mart #2544 1206 S. Broadway Pittsburg
 Casey's General Store #1386 302 N. 4th Pittsburg

HOUSE TRANSPORTATION

Attachment 2-12

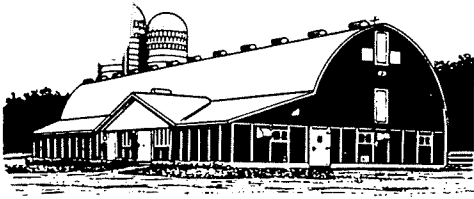
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Equity Exchange Box 157 Plains
 s #1254 1310 Park & Laurel Pleasanton
 Coastal Mart #2523 702 E. 1st Pratt
 Ransom Farmers Coop Union Box 246 Ransom
 Robinson Farmers Union Coop P.O. Box 8 Robinson
 The Renzoil Jct 96 & 183-RR #1 Box 16A Rush Center
 Klepper Oil Co. 1429 W. Old Highway 50 Salina
 Kwik Shop #739 1600 S. 9th Salina
 Bosselman Truck Plaza 1944 N. 9th Salina
 Kwik Shop #742 657 Fairdale Salina
 Satanta Coop Grain Co. HWY 56, Box 99 Satanta
 Casey's #1233 Box 70 Hwy 56 Mercer Scranton
 Coop Union Mercantile Co. RR 2, Box 71A Sequin
 Seven Eleven Food Store #25951 11023 Johnson Dr Shawnee
 Am-Plus (Smith Center Coop) 318 S. Madison Smith Center
 Offerle Coop Grain & Supply RR 2, Box 28 Spearville
 St Francis Merc. Equity Exchan 105 S. River St. St Francis
 Studley Coop Equity Box 38 Studley
 Sublette Cooperative Inc. Box 340 Sublette
 Coastal Mart 619 N. Galveston, Box 176 Thayer
 Coastal Mart #9121 2525 SW 29th Topeka
 E Z Shop #9 3150 NW Hwy 75 Topeka
 E Z Shop #8 550 SE Croco Road Topeka
 Coastal Mart #9168 2201 W. 6th Topeka
 Coastal Mart #9119 3100 E. 6th Topeka
 Kwik Shop #705 1114 N. Topeka Ave Topeka
 Larry's Short Stop 3834 S. Topeka Ave. Topeka
 Kwik Shop #732 5954 SW 29th Topeka
 E Z Shop #1 819 Croix Topeka
 Kwik Shop #737 801 S. Topeka Ave. Topeka
 E Z Shop #24 2121 SW Wanamaker Topeka
 Kwik Shop #788 1414 W. 17th Topeka
 Kwik Shop #720 102 W. 37th Topeka
 E Z Shop #35 1000 Wanamaker Road Topeka
 E Z Shop #33 4601 S. Topeka Blvd Topeka
 Kwik Shop #775 110 E. 5th Valley Center
 Am Plus 508 S. 1st Wakeeney
 Farmer's Coop Elevator Assn. Box 157 Washington
 Coastal Mart #9136 1105 N A Wellington
 Parallel Farms RR 1, Box 58 Whiting
 Seven Eleven #250 1102 W. Maple Wichita
 Klepper's Corner Store #21 2700 N. Amidon Wichita
 Kwik Shop #706 3601 E. 47th South Wichita
 Kwik Shop #728 1955 S. Washington Wichita
 Coastal Mart #9166 7990 E. Central Wichita
 Coastal Mart #9112 10723 W. Highway 54 Wichita
 Coastal Mart #9180 2102 E. 21st St. Wichita
 Seven Eleven #145 3810 W. Woodlawn Wichita
 Coastal Mart #9198 6485 E. 13th Wichita
 Coastal Mart #9105 4255 S. Seneca Wichita
 Kwik Shop #772 2750 S. Oliver Wichita
 Kwik Shop #760 1335 N. Tyler Wichita
 Coastal Mart #9177 2012 E. Central Wichita
 Seven Eleven #252 445 N. Broadway Wichita
 Conoco Pipe Line Co. 8001 Oak Knoll Wichita
 Brown County Coop Box 308, 3rd & Hudson Willis

Plainville Service Station 105 N. Washington PJ 1e
 Casey's General Store #1252 135 S. Franklin Pomc.
 Midwest Coop Box 366, 2nd & Gove Quinter
 Menlo-Rexford Coop Assn. Box 38, Main Street Rexford
 Handy Stop 4050 Shawnee Mission Pkwy. Roeland Park
 Casey's #1184 105 S. Hwy 75 Sabetha
 Kwik Shop #744 1727 W. Crawford Salina
 Kwik Shop #707 2629 S. Market Place Salina
 Kwik Shop #723 2003 S. Ohio Salina
 Kwik Shop #708 1121 W. Cloud Salina
 Collingwood Grain(Shallow Water) RR 2 Scott City
 Coastal Mart #9130 401 N. Commercial Sedgwick
 S S Country Store, Inc. Jct Hwy 40 & 27 Sharon Springs
 Casey's #1196 100 Sage Silver Lake
 Right Coop Association 205 E. Santa Fe Spearville
 Casey's #1194 607 N. Webster Spring Hill
 Farmers Union Merc. & Shipping 323 S. Cedar Stockton
 Collingwood Grain Inc. Box 220 Sublette
 H & H Service Box 154 Summerfield
 Casey's #1571 104 W. 4th Street Tonganoxie
 Larry's Short Stop #501 706 Fairlawn Topeka
 Wood Oil Co. #11 1320 W. 6th Topeka
 E Z Shop #10 841 Fairlawn Topeka
 E-Z Shop #34 1001 SE. 45th Topeka
 Coastal Mart #9135 2701 S. California Topeka
 Kwik Shop #776 125 SW. 10th Topeka
 Wood Oil Co. #7 101 NE. Hwy 24 Topeka
 Kwik Shop #789 746 Wabash Topeka
 Coastal Mart #9132 141 SW 37th Topeka
 Kwik Shop #729 1700 Topeka Ave Topeka
 Larry's Shortstop #542 5943 SW 29th Topeka
 Kwik Shop #743 5633 SW 21st Topeka
 Kwik Shop #719 1107 W. 6th Topeka
 Kwik Shop #740 2277 W. 10th Topeka
 Kwik Shop #757 2619 SW 21st Topeka
 Trego County Coop 427 S. Railroad Wakeeney
 Casey's #727 Box 323, 401 Spruce Wamego
 Casey's #1132 4th & Mill Wathena
 Casey's General Store #1080 4th & Main Wellsville
 Kwik Shop #748 2809 E. Douglas Wichita
 Kwik Shop #722 3959 S. Hydraulic Wichita
 Kwik Shop #731 710 W. 29th N. Wichita
 Coastal Mart #9195 2320 E. Mt Vernon Wichita
 Kwik Shop #771 3940 W. 13th Wichita
 Seven Eleven #147 5530 E. Central Wichita
 Coastal Mart #9193 1001 W. 31st South Wichita
 Klepper Oil Co. 2601 N. Broadway Wichita
 Food Express #539 3805 W. 21st Wichita
 Coastal Mart #9102 7101 E. Lincoln Wichita
 Seven Eleven #144 3405 S. West St. Wichita
 Coastal Mart #7301 10330 W. Central Wichita
 Coastal Mart #9109 400 S. West Street Wichita
 Coastal Mart #9179 527 W. 13th Wichita
 Kwik Shop #736 114 N. West Wichita
 Coastal Mart #9157 1925 W. 21st St. Wichita
 Farmers Union Elevator P.O. Box 116 Woodston

EVERY EFFORT HAS BEEN MADE TO PRODUCE AN ACCURATE LIST.
 TO REPORT ERRORS OR OMISSIONS - PLEASE CALL 913-448-6922

*House Transportation
 Attachment 2-13
 3-9-23*



Committee of Kansas Farm Organizations

Marty Vanier, DVM
Legislative Agent
1728 Thomas Circle
Manhattan, Ks 66502
913/539-9506

Committee of Kansas
Farm Organization Members

Associated Milk Producers, Inc.
Kansas Agri-Women Association
Kansas Association of Nurserymen
Kansas Association of Soil
Conservation Districts
Kansas Association of Wheat Growers
Kansas Cooperative Council
Kansas Corn Growers Association
Kansas Electric Cooperative
Kansas Ethanol Association
Kansas Farm Bureau
Kansas Fertilizer and
Chemical Association
Kansas Grain and Feed
Dealers Association
Kansas Grain Sorghum Producers
Kansas Livestock Association
Kansas Meat Processors
Association
Kansas Pork Producers Council
Kansas Rural Water
Districts Association
Kansas Seed Industry Association
Kansas Soybean Association
Kansas State Grange
Kansas Veterinary Medical Association
Kansas Water Resources Association
Kansas Water Well Association
Mid America Dairymen, Inc.
Western Retail Implement
& Hardware Association

STATEMENT OF THE
COMMITTEE OF KANSAS FARM ORGANIZATIONS
BEFORE THE
HOUSE TRANSPORTATION COMMITTEE
REX CROWELL, CHAIRMAN
REGARDING S.B. 59

MARCH 9, 1993

The Committee of Kansas Farm Organizations (CKFO) is a coalition of 26 agribusiness organizations that spans the full spectrum of Kansas agriculture, including crop, livestock and horticultural production, input suppliers, allied industries and professions.

The Committee supports S.B. 59 extending the Agricultural Ethyl Alcohol Incentive Program. The program provides a market for Kansas-grown feed grains and makes a positive contribution toward both our environment and economy.

Others will present specific information on the impact of the ethyl alcohol industry, but it is important to note that the growth in production of

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ethyl alcohol has increased the use of feed grains from 4 million bushels in 1987 to over 11 million bushels in 1992.

The Committee of Kansas Farm Organizations urges you to support S.B. 59 and extend the Agricultural Ethyl Alcohol Incentive Program.

Thank you for the opportunity to appear before this committee.

TESTIMONY
HOUSE TRANSPORTATION COMMITTEE
SENATE BILL #59
March 9, 1993
Jere White, Executive Director
Kansas Corn Growers Association
Kansas Grain Sorghum Producers
P.O. Box 446 Garnett, KS 66032
1-800-489-2676

I would like to thank the members of this committee for the opportunity to ask for the favorable passage of Senate Bill #59, the Ethyl Alcohol Producers Incentive Fund. Corn and grain sorghum growers view the Kansas ethanol industry as one vital to our state's overall economy, and yet an industry that provides unique benefits to our rural economy.

Agriculture has long recognized the high value-added characteristics of national ethanol production. This is greatly enhanced when that industry functions in your state, and even more so, in your local community. These operations are not some kind of low tech hillbilly moonshine still. They are high technology, high efficiency, and produce a high quality fuel. And yet, we find ourselves asking for the continued financial support of the State.

The ethanol industry is one of those unique groups that purchase inputs on one market and sell the end product on a completely different one; not unlike farming. They, like comedian Rodney Dangerfield, have been searching for respect most of their life. Respect that has come slow from their

necessary partners in product distribution, the oil companies. Things are starting to change. All major automobile manufacturers warrant the use of ten percent ethanol blends. General Motors will be rolling variable fuel vehicles off their assembly lines this spring that will run on eighty-five percent ethanol. The Board of Agriculture has recently ordered such a vehicle, as has my office. The EPA, in the past few days, has published for comment, new proposed regulations on reformulated gas that will give ethanol an opportunity to be an oxygenate in our nations largest and most polluted cities. If allowed to stand, this should provide our ethanol producers a market based income that will no longer be dependant on in-state incentives.

Senate Bill #59 meets the need in the interim. We need to keep our current industry in place if Kansas is to benefit from these new market opportunities in the future. Three years ago, a Legislative Interim Committee recommended a ten year extension to this program. Three years ago, we would not have suggested that three more years of the current program would be long enough to accomplish it's goal. Today, the industry believes, and we concur, that in four or five years, the marketplace will provide all needed incentive.

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The value of ethanol to Kansas feedgrain producers is easily over \$ 80,000,000 per year. To Kansas in general, several hundred million. Good jobs, expanded tax bases, and enhanced local grain markets exist in Atchison, Colwich, Garden City, and Leoti because of our Kansas ethanol facilities. Senate Bill #59 will help keep them in Kansas while the marketplace matures.

Senate Bill #59 will not, however, provide a strong incentive for the location of new plants in Kansas. Our neighbors are offering very enticing incentives in that area. It will allow for the expansion of existing plants by giving baseline support. We have seen expansion in the past three years under the current program. While we support new plant development efforts, probably rooted in economic development initiatives, we view this issue as a separate one; one of preserving what we have. The corn and grain sorghum producers of Kansas urge passage of Senate Bill #59.

Thank you.

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Statement of
Lee Reeve

Presented to the House
Transportation Committee
The Honorable Rex Crowell, Chairman

Statehouse
Topeka, Kansas
1:30 p.m., March 9, 1993

Mr. Chairman and members of the committee:

I am Lee Reeve and I thank you for the opportunity to address this committee. I think there is tremendous potential in the whole non-food use and value-added area.

I have been personally involved in this area for years, primarily through our ethanol production. We are also involved in farming, cattle feeding and fish production. We have tried to integrate those systems together. There seems to be great interest in this whole area; we had over 2,000 visitors to our operation last year.

Let me share a few thoughts that I have about this area.

The government is now paying to idle 30% of our farmland. Most of the rest of the world produces at 100% capacity and we cut back because of lack of market. Rural America dies a slow death. Rural communities try to attract new industry. It is very difficult. I heard somewhere there are only 500 new facilities built each year and there are 25,000 communities in this country. Most rural communities have a very slim chance of attracting one of these facilities.

Rural areas have a far better chance at rural development by developing from within. Add value to the raw products you produce in the area.

It is hard for people to change their way of thinking; many feel that farmland should be used only for food production.

We are in the process of tripling our ethanol production. The money made in ethanol is reinvested.

With the passage of the clean air legislation and the location of Kansas, a great opportunity is at hand. If Agriculture doesn't take advantage of this, we will miss a great opportunity.

Kansas has always been very supportive of the ethanol industry and we thank you for that. We ask you for your continued support.

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STATEMENT OF THE
KANSAS COOPERATIVE COUNCIL
PRESENTED TO THE
HOUSE TRANSPORTATION COMMITTEE
REGARDING SB 59
MARCH 9, 1993

Mr. Chairman and members of the committee, I am Pam Wells, executive assistant for the Kansas Cooperative Council. The Council's membership consists of nearly 200 Kansas cooperative businesses which have a combined total of almost 200,000 members throughout the state.

I appear before you today in support of SB 59, the extension of the agricultural ethyl alcohol incentive program.

Ethyl alcohol is derived from a renewable source of energy and is a potential source of fuel having a positive environmental effect. Its continuous development not only enhances the Kansas agricultural economy, but also the state's general economy.

The Council believes the extension of this program will allow Kansas businesses to further develop the ethanol market and urges your support of SB 59.

Thank you.

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Kansas Farm Bureau

2627 KFB Plaza, P.O. Box 3500, Manhattan, Kansas 66502-8508 / (913) 587-6000

March 8, 1993

Representative Rex Crowell, Chairman
House Committee on Transportation
Statehouse, Room 431-N
Topeka, Kansas 66612

Dear Chairman Crowell,

The following is our testimony in support of S.B. 59, the bill which proposes to extend the expiration date of the agricultural ethyl alcohol incentive program to July 1, 1997.

We are providing copies of this letter for your committee members and staff.

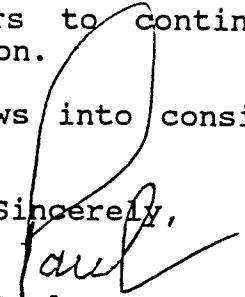
Attached you will find the policy position, adopted by voting delegates at our November 19-21, 1992 Annual Meeting concerning ethanol production. You will also find a reference in our policy position on Highway Development and Funding which lets you know that we are seeking the support of the Federal Government to provide a tax credit on ethanol.

Prior to the ethanol producer incentive program there was an exemption from the motor fuel tax for ethanol-enhanced motor fuel. Frankly, we believe that exemption was a better incentive than the producer incentive program. But the Legislature determined the Highway Fund was diminished by that fuel tax exemption and replaced it with the producer incentive. While we would have preferred the exemption, that is not what we have in Kansas today.

We believe ethanol can help significantly in reducing U.S. reliance on foreign oil, in addressing environmental concerns, and in grain consumption and grain price enhancement. The Kansas Legislature has been supportive of programs and projects which stabilize agriculture in Kansas and enhance the opportunity for agricultural producers in Kansas. For this we are thankful. We would appreciate greatly a favorable response of your committee to support S.B. 59 which will extend the incentive for qualified agricultural ethyl alcohol producers to continue their production of ethanol and to increase that production.

Thank you for taking our views into consideration as you examine S.B. 59.

Sincerely,


Paul E. Fleener, Director
Public Affairs Division

attachment
PEF/sc

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Ethanol Production

AG-11

We believe ethanol has great potential for reducing U.S. reliance on foreign oil, for addressing environmental concerns, and for grain consumption and grain price enhancement. We strongly support ethanol production and encourage:

1. Consumer education concerning ethanol use;
2. Promotion of ethanol as an octane rating enhancer and an emissions-reducing additive;
3. Utilization of ethanol fuels by state vehicles, by farmers and other consumers;
4. Suppliers to make significantly increased quantities of ethanol-enhanced fuels available to customers; and
5. Establishment of research projects for the utilization of all by-products of the ethanol production process.

We support tax credits and other appropriate measures which will promote production and sale of ethanol-blended gasoline.

Highway Development and Funding

TU-4

We believe safety of drivers and vehicle passengers will be enhanced by maintaining present weight and length limits on tractor-trailers and motor carriers.

We support the concept of highway users paying, through gallonage taxes, vehicle registration fees and sales taxes on motor vehicles, for the construction and maintenance of highways, roads and bridges. We oppose the shift of any funds now designated for highways.

We believe the federal government should provide a tax credit equal to the federal motor fuel tax for ethanol used in motor fuel.

Toll road and turnpike construction in Kansas should not be contemplated unless a feasibility study on any such project shows the toll road or turnpike will pay its own way.

We are opposed to the use of State General Fund revenue to guarantee toll road or turnpike bonds, or to provide for highway construction or maintenance.

Highway design and planning should avoid, where feasible, diagonal routing. Diagonal cuts are most disruptive to agricultural operations.

**KANSAS HIGHWAY PATROL
SUMMARY OF TESTIMONY**

**Before the
House Transportation Committee**

1993 Senate Bill 135

**Presented by
Lieutenant Samuel G. Grant
March 9, 1993**

Senate Bill 135 would amend K.S.A. 40-112a and transfer the authority for approving motor vehicle accident prevention courses which qualify automobile insurance policy holders for premium reductions, to the Highway Patrol. The bill would also allow the Patrol to adopt rules and regulations and charge fees to cover costs associated with approval of these programs.

K.S.A. 40-112a was enacted last year and language in the statute did not clearly delineate responsibility or authority regarding approval of motor vehicle accident prevention programs. As a result, considerable confusion regarding methods of approval and approved programs has existed throughout the public, program providers, state agencies and the insurance industry. This confusion has undoubtedly prevented some consumers from receiving the premium discounts that the legislature intended.

Although we cannot predict the actual number of courses that may become available, our conversations with other states and other agencies indicate that proper regulation and monitoring of these programs can be accomplished with minimal impact on agency operations. With this in mind, we feel that SB 135 would ultimately enhance highway safety in our state while benefiting Kansas consumers.

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MEMORANDUM

TO: The Honorable Rex Crowell, Chairman
House Transportation Committee

FROM: William W. Sneed
Legislative Counsel
The State Farm Insurance Companies

DATE: March 9, 1993

RE: Senate Bill 135

Mr. Chairman, Members of the Committee: My name is Bill Sneed and I am legislative counsel for the State Farm Insurance Companies. Please accept this memorandum as our testimony in regard to S.B. 135.

I am sure that staff will inform you that this bill relates to the utilization of motor vehicle accident prevention courses and the appropriate insurance rating credit that an individual will receive after successfully completing this course. My client was very involved in S.B. 217, which passed the legislature last year and enacted the language you see in S.B. 135.

After S.B. 217 was enacted, there were several questions in regard to its implementation. Most of these questions were resolved by virtue of a bulletin issued by the Kansas Insurance Department (Bulletin 1992-13), which clarified several points in regard to current law. Inasmuch as S.B. 135 has been introduced to handle some clean-up language, my client thought it best to recommend to the Legislature some additional clean-up language which corresponds to the procedures outlined by the Kansas Insurance Department's bulletin. Attached to my testimony is a balloon of S.B. 135 with the various

proposed amendments. Please be advised that it is our position that these amendments are technical in nature and simply conform to the procedures outlined by the Kansas Insurance Department in their 1992 bulletin. Thus, I do not believe these amendments will have any adverse affect on the current law or the amendments that are proposed in S.B. 135. Thus, we would respectfully request that the Committee give its due consideration to these amendments and act favorably upon their passage with S.B. 135.

I appreciate your assistance, and if you have any questions please feel free to contact me.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Will W. Sneed".

William W. Sneed

SENATE BILL No. 135

By Senator Praeger

1-29

9 AN ACT relating to motor vehicle insurance; approval of motor
10 vehicle accident prevention course by highway patrol; amending
11 K.S.A. 1992 Supp. 40-1112a and repealing the existing section.
12

13 *Be it enacted by the Legislature of the State of Kansas:*

14 Section 1. K.S.A. 1992 Supp. 40-1112a is hereby amended to
15 read as follows: 40-1112a. (a) Any rates, rating schedules, or rating
16 manuals for the liability, personal injury protection, and collision
17 coverages of a motor vehicle insurance policy submitted to or filed
18 with the insurance commissioner shall provide for an appropriate
19 reduction in premium charges as to such coverages for a two-year
20 period after the principal operator of the covered vehicle successfully
21 completes a motor vehicle accident prevention course approved by
22 the ~~national safety council or a governmental agency such as~~
23 ~~the state board of education~~ *Kansas highway patrol. The Kansas*
24 *highway patrol may charge a fee in an amount established by rules*
25 *and regulations adopted by the superintendent for the approval of*
26 *such courses.* The rates, rating schedule or rating manuals required
27 by *this* section ~~(a)~~ shall be submitted to or filed with the commis-
28 sioner of insurance at the time of the next regular filing with the
29 commissioner after the effective date of this act. Any discount used
30 by an insurer shall be presumed appropriate unless credible data
31 demonstrates otherwise. Only one discount shall be allowed for each
32 qualified person.

33 (b) The premium reduction required by this section shall be
34 effective for an insured for a two-year period after successful com-
35 pletion of the approved course, except that the insurer may require,
36 as a condition of providing and maintaining the discount, that the
37 insured for a two-year period after course completion not be involved
38 in an accident for which the insured is at fault, nor be convicted of
39 more than one moving violation.

40 (c) Upon successfully completing the approved course, each per-
41 son shall be issued a certificate by the organization offering the course
42 which shall be used to qualify for the premium discount required
43 by this section.

Only one discount shall be allowed for a motor vehicle.

An insured shall not be eligible for a discount for two years following an accident for which the insured is at fault.

(d) This section shall not apply in the event the approved course is specified by an administrative order of the director of vehicles or by a court order as a result of a moving traffic violation.

(e) Each participant shall take an approved course every two years to continue to be eligible for the reduction in premiums.

(f) *The superintendent of the Kansas highway patrol shall adopt rules and regulations establishing the procedure and criteria for the approval of motor vehicle accident prevention courses under the provisions of this section.*

Sec. 2. K.S.A. 1992 Supp. 40-1112a is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the ~~Kansas register~~ *Statute Book*.

(g) For the purposes of this section, "motor vehicle" shall not include commercial vehicles, trailers, and fleets.

SUMMARY OF TESTIMONY

Before the House Transportation Committee

March 9, 1993

Senate Bill 297

Presented by The Kansas Highway Patrol
(Lieutenant Sam Grant)

Appeared in Support of Senate Bill 297

Mr. Chairman, members of the Committee, I appear on behalf of Colonel Lonnie McCollum in support of Senate Bill 297.

This Bill was requested to correct what we perceive as a deficiency in K.S.A. 8-1741. Current law prohibits the operation of a motor vehicle with any sign, poster or other nontransparent material upon the front windshield, side or rear windows which materially obstructs, obscures or impairs the driver's clear view of the highway or any intersecting highway. Existing law does not address a windshield, side or rear window that is **damaged** (shattered, spider webbed) to a degree that materially obstructs a driver's view.

The new language in paragraph (b) makes it unlawful to operate a vehicle with a damaged windshield, side or rear window that substantially obstructs the drivers clear view of the highway or intersecting highway.