#### MINUTES OF THE SENATE AGRICULTURE COMMITTEE.

The meeting was called to order by Chairperson Derek Schmidt at 8:30 a.m. on March 12, 2003 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Raney Gilliland, Legislative Research Lisa Montgomery, Revisor of Statutes Judy Swanson, Committee Secretary

Conferees appearing before the committee:

Kenlon Johannes, Kansas Soybean Association

Leslie Kaufman, Kansas Farm Bureau Greg Foley, Department of Agriculture Constantine Cotsoradis, Dept.of Agriculture Wendy Harms, Kansas Aggregate Producers

Others attending:

See attached guest list

Kenlon Johannes, Kansas Soybean Association, testified in support of <u>HB 2036</u>, regarding misrepresentations of biodiesel fuel. (<u>Attachment 1</u>) He said a minimum of 2% content of biodiesel in a biodiesel blend is desirable. The Committee requested his list of 25 retailers who sell biodiesel. Biodiesel blend with 2% biodiesel will not separate, and it depends on the diesel fuel in regards to the gel point. Committee discussion followed.

Leslie Kaufman, Kansas Farm Bureau, supported HB 2036. (Attachment 2)

Greg Foley, Department of Agriculture, reviewed what impact <u>HB 2245</u>, standards of commercial weighing and measuring devices, would have on the Department of Agriculture. (<u>Attachment 3</u>)

Constantine Cotsoradis, Department of Agriculture, testified how they handle consumer complaints. They send an inspector to get a sample, then take the sample to their lab. Penalties are administrative penalties. The Department of Agriculture's legal department will work with Committee staff on the appropriate language in the bill concerning the person responsible for the percentage of biodiesel in the diesel blends.

Representative Doug Gatewood said he appreciated the Senate passing resolutions concerning biodiesel. He requested on page 2, line 5, that the Committee add the following: used motor oil or recycled motor oil and recycled cooking oil.

Wendy Harms, Kansas Aggregate Producers' Association, testified in favor of HB 2245. (Attachment 4)

The meeting adjourned at 9:10 a.m.

# SENATE AGRICULTURE COMMITTEE GUEST LIST

DATE: March 12, 2003

NAME	REPRESENTING
Werdenstarms	KAPA
Constantine Cotsoradi,	KDA
Kenlon Johannes	Kauses Soybean Assoc,
Fodd Johnson	KLA
Dom Satared	House
Twila Debud	DOB
Duc Waveham	KCFA / KARIA
Keron Berone	Hen Lawfing
Greg Krissek	KS Corn / KS Grang Songhown
TOM PAMIE	PRICE OF KS.
J.P. Small	KOCH INDUSTRIES
	\$

# Kenlon Johannes Kansas Soybean Association Testimony to the Senate Agriculture Committee In support of HB 2036 March 12, 2003

Kansas Soybean Association (KSA) has made biodiesel blend sales in Kansas its number one priority. We are working with the Kansas Soybean Commission (KSC) to educate potential biodiesel blend consumers on the reasons to and benefits of buying and using biodiesel blends.

The cooperative market development effort we do with the KSC is initially focused on farmers, KDOT and school districts. In addition to working with KSC funds, we have obtained a \$17,000 Energy Education grant from the Kansas Corporation Commission and \$100,000 grant from the United Soybean Board to hold eighteen biodiesel workshops across Kansas.

In January we completed these series of workshop across the state. During these workshops we explained biodiesel and detailed the reasons why we feel certain consumers in Kansas would want to use a 2% or higher biodiesel blend. A similar presentation was given to diesel retailers in the afternoon that also included more details on how to obtain and handle 100% biodiesel in order to blend it and market it.

We currently have a list of 25 biodiesel retailers we have identified across the state Kansas. KSA and KSC have agreed to work with them, as funds permit, to promote the sale of biodiesel blends if they are marketed at a minimum 2% rate. Most of these outlets are bulk sales to off road users (farmers and KDOT), but we have recently identified two on road biodiesel blend outlets in Salina and Great Bend.

I have enclosed a sheet that contains the section with the wording of KSA's policy on the sales of 2% or higher biodiesel in Kansas.

During the initial development of the sales of biodiesel blends in Kansas, the biodiesel that was not blended and sold into the 20% or 2% markets was injected at the rack (bulk distribution point) at the maximum rate of ¼ of one percent rate. While this does provide certain biodiesel benefits to the diesel fuel, it does not use enough biodiesel to benefit soybean farmers, help us with US energy security, or provide better emission benefits. This "biodiesel blend" was sold at a premium price and marketed as containing up to 2% biodiesel. Many farmers were purchasing this ultra low blend at a premium price with the idea that they were using 2% biodiesel. HB 2036 addresses this issue on two levels. It identifies 2% as a

Senate Agriculture Attachment #1 03-12-03 minimum content of biodiesel in a biodiesel blend and provides blend testing enforcement with the department of Agriculture.

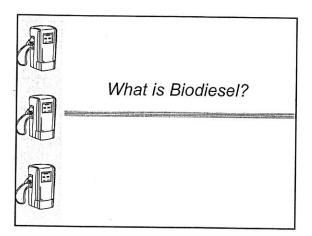
We urge you to adopt this legislation that requires anyone who claims to sell a biodiesel blend be required to have a minimum biodiesel content of 2%. This helps clearly identify those who inject a small amount of biodiesel into diesel fuel from those who blend higher rates into diesel fuel. We feel it is only fair to those retailers that go to the additional time and expense to handle a true 2% blend be protected from those who would market a biodiesel blend product at a minimal rate and use the good name of biodiesel to sell it but not contain the biodiesel content to help us in our efforts to market soybean products to producers, cleaner air to Kansas residents, and greater energy security to the US.

I would be happy to answer any questions you may have about our effort, the effort of the National Biodiesel Board and American Soybean Association or about biodiesel or biodiesel blends.



# Kansas Soybean Association 2003 Adopted Resolution

The Kansas Soybean Association believes that all sales of biodiesel blends should have as a minimum blend of at least two percent biodiesel and the Kansas Soybean Association encourages all distributors and marketers of biodiesel to feature a minimum of at least two percent blended fuel. Any distributor of biodiesel that fails to feature a blended fuel containing at least the minimum of two percent biodiesel derived from soybean oil should not make the claim that the fuel is soybean oil based biodiesel, and therefore should not advertise, promote, or otherwise market the product as being biodiesel, and having the full benefits of biodiesel.





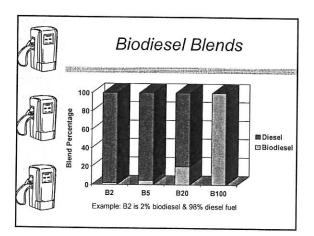
# Biodiesel Defined



\* Biodiesel, n. -- a fuel comprised of mono-alkyl esters of long chain fatty acids derived from vegetable oils or animal fats, designated B100, and meeting the requirements of ASTM D 6751.



\* Biodiesel blend, n. -- a blend of biodiesel fuel meeting ASTM D 6751 with petroleum-based diesel fuel designated BXX, where XX is the volume percent of biodiesel.



1-4



# Biodiesel Raw Materials

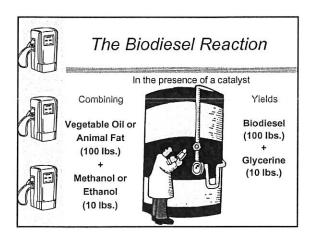
Oil or Fat Soybean Corn Alcohol Methanol Ethanol

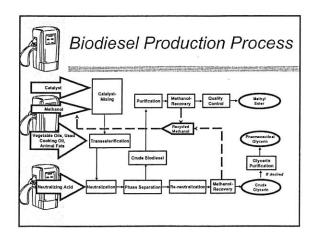
Canola Cottonseed Sunflower

Catalyst

Beef tallow Pork lard Sodium hydroxide Potassium hydroxide

Used cooking oils







# Biodiesel Physical Properties





- \* Flash Point
- (260° F vs. 150° F)
- Virtually Zero Sulfur
- Meets 2006 ULSD rule
- \* No Aromatic Content









# B2 Performance Properties



B2 has Similar Performance to Petrodiesel:

- \* Torque
- \* Horsepower
- \* Mileage
- \* Range



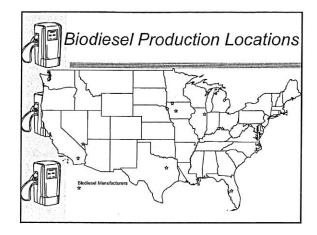
\* BTU Content

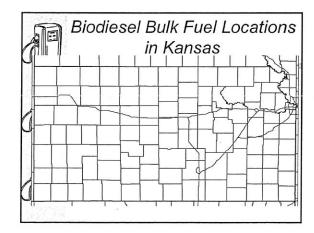


# B2 Handling Characteristics



- \* During winter, handle B2 just like #2 diesel
  - add pour point depressants
  - store vehicles indoors
  - or use block htrs
- \* Shelf life for B2 is same as #2 diesel
- \* Integrates into existing petroleum infrastructure







# What Does Biodiesel Cost?



\* Biodiesel blends typically cost more than #2 diesel fuel.

- \* Key Determinants of Price
  - Fat and oil prices
  - Distance from your supplier
  - Quantities purchased



\* As a general rule, B2 blends cost about 3 to 6 cents more per gallon.

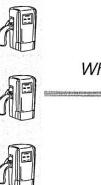


# Legislative Update



- \* Energy Bill left undone when 107th Congress Adjourned
  - Partial Excise Tax Exemption

  - Renewable Fuels StandardChanges in EPAct Provisions
- Blenders Tax Credit
- Legislation in 108th Congress could come in many different forms.
  - Energy Bill
  - Transportation BillRevenue Bill
- State Legislation is important in short term



# Why Use Biodiesel?

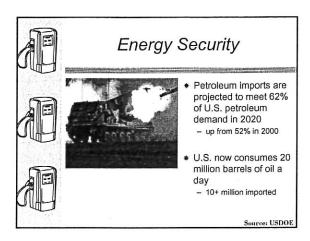


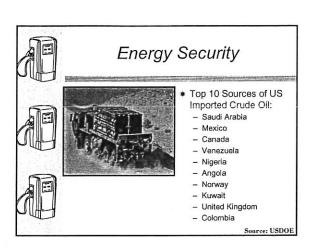
# How is Biodiesel being used?

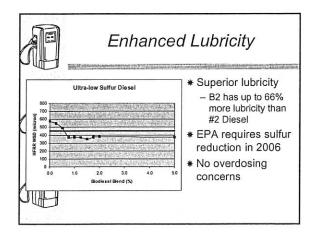


- \* As a pure fuel (B100)
  - Marinas
- Environmentally sensitive areas
- As a blending stock with petrodiesel (B20)
  - Federal, state, and alternative fuel providers
  - EPAct and Executive Order Compliance
  - Emissions Reductions
- In low levels with petrodiesel (B2)
  - Lubricity and Ultra Low Sulfur Diesel Fuel
  - Terminal locations primarily throughout the Midwest











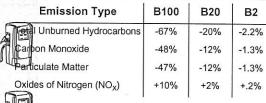
# Cleaner Emissions



- \* On average, biodiesel reduces almost all major pollutants:
  - Particulate Matter (PM)
  - Unburned Hydrocarbons (HC)
  - Carbon Monoxide (CO)
  - Polycyclic Aromatic Hydrocarbons (PAH)
  - Nitrogen Oxides (NOX) unchanged or up slightly
- \* Emissions are curvilinear with concentration
  - B2 or B20 has less impact than B100



# Cleaner Emissions









- \* Reduces particulate emissions
- \* Reduces targeted compounds thought to cause cancer: PAH, nPAH
- Biodiesel blends did not generate any unexpected new hydrocarbon species







# Environmental Attributes



- \* Energy Balance for every one unit of energy needed to produce biodiesel, 3.2 units of energy are gained.
- Biodegradable and Non-Toxic Tests sponsored by the United States Department of Agriculture confirm that biodiesel is safer than diesel and biodegrades as fast as dextrose, a test sugar.
- Greenhouse Gases A 78% life cycle decrease in CO<sub>2</sub> according to a USDA and DOE study.





# Economic Development



- \* Economic impacts:
  - Increased Employment
  - Sales of Product(s)
  - Income
  - Tax Revenues
  - School Enrollment



\* Economic impacts measured as direct, indirect, or induced effects







# Economic Development



5 Million Gallon Per Year bean Crushing and Biodiesel Plant



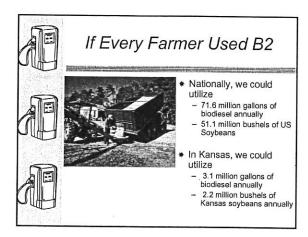
183 jobs (40 direct and 143 indirect and induced)

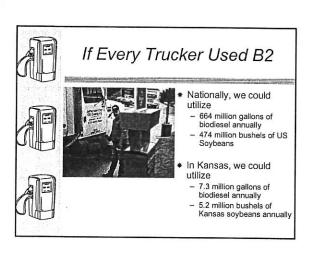


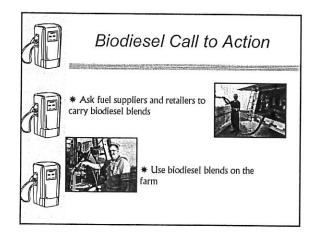
\* ~ \$51 million in associated labor income



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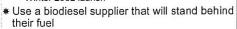
# Purchasing Biodiesel...

\* Specify that biodiesel meets ASTM D 6751





\* Biodiesel Fuel Accreditation Program
– Winter 2002 launch







# Additional Information

- \* Kenlon Johannes, Kansas Soybean Commission
  - 800-328-7390
- www.kansassoybeans.org
- \* National Biodiesel Board
  - 888-BIODIESEL
  - www.biodiesel.org



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# Kansas Farm Bureau

2627 KFB Plaza, Manhattan, Kansas 66503-8508 • 785.587.6000 • Fax 785.587.6914 • www.kfb.org 800 S.W. Jackson, Suite 817, Topeka, Kansas 66612 • 785.234.4535 • Fax 785.234.0278

## PUBLIC POLICY STATEMENT

RE: Sub. HB 2036 – making it a violation to represent diesel fuel with less than 2% esters as "biodiesel".

March 11, 2003 Topeka, Kansas

Presented by: Leslie Kaufman, State Director KFB Governmental Relations

Chairman Schmidt and members of the Committee, thank you for the opportunity to appear today to support the concept of defining "biodiesel" or "soydiesel" as a fuel containing at least 2% esters.

Promoting and increasing the use and production of agricultural-based fuels is one of our organization's focus areas. County Farm Bureau's are active in ethanol promotions, such as ethanol rallies, across the state. This past year, Farm Bureau and Kwik Shop sponsored a racecar rally at the state fair featuring ethanol-fueled cars.

Farm Bureau supports increased efforts to develop, promote and utilize products derived from crops and livestock produced by our nations' farmers and ranchers. We support consumer education, promotion efforts and incentives -- including retailers' incentives -- to expand the production and use of agricultural-based alternative fuels. We agree, that "biodiesel blend" fuels should contain at least 2% methyl esters.

The provision of Sub. HB 2036 establishing a 2% ester threshold for diesel fuel to be marketed as "biodiesel", "soydiesel", or "renewable" fuel is compatible with our policy positions. We appreciate the change made in the amended bill to move enforcement out of the realm of the Kansas Consumer Protection Act to the Department of Agriculture.

Thank you for the opportunity to comment today and we look forward to working with the legislature and others to increase agricultural-based fuel use in Kansas and across the nation.

Senate Agriculture
Attachment Z

C3-/Z-C3

Kansas Farm Bureau represents grassvoots agriculture. Established in 1919, this non-profit advocacy organization supports turm families who earn their living in a changing industry.

# **KANSAS**

DEPARTMENT OF AGRICULTURE ADRIAN J. POLANSKY, SECRETARY

KATHLEEN SEBELIUS, GOVERNOR

## Senate Agriculture Committee

March 12, 2003

#### House Bill 2245

# Assistant Secretary of Agriculture Greg A. Foley

Good morning Chairman Schmidt and members of the committee. I am Greg Foley, assistant secretary of agriculture. I appreciate the opportunity to discuss the impact House Bill 2045 will have on the Department of Agriculture.

In 2001, the Legislature decided that aggregate scales could, for a period of two years, be allowed a greater tolerance (+/- 100 pounds) for accuracy than originally allowed by weights and measures standards. In return, the Kansas Aggregate Producers Association was expected to pursue changing the tolerance requirements through the National Conference on Weights and Measures. The reason for having the aggregate association pursue the tolerance change at the national level was to maintain uniformity of weights and measures laws between Kansas and other states. This uniformity is one statutory mandate of the weights and measures program.

The aggregate association has made its proposal to the National Conference on Weights and Measures specification and tolerances committee. Because it still is being developed, we do not oppose HB 2245 and the two-year extension on the allowable tolerance. We believe it would be premature to revert to the original tolerance as long as there is a chance that it will change at the national level.

If the proposal is withdrawn, or fails at the National Conference on Weights and Measures, we expect the aggregate industry to comply with the tolerances for scales without any special consideration or further extensions.

Thank you. I will gladly stand for questions at the appropriate time.

Senate Agriculture
Attachment 3
03-12-03

# KAPA

Kansas Aggregate Producers' Association Edward R. Moses Managing Director

Testimony

By The Kansas Aggregate Producers' Association

Before the Senate Committee on Agriculture

Regarding HB 2245

March 12, 2003

Good Morning, Mr. Chairman and members of the committee. My name is Wendy Harms, Associate Director of the Kansas Aggregate Producers' Association. Thank you for the opportunity to come before you today with our comments regarding HB 2245. The Kansas Aggregate Producers' Association (KAPA) is a statewide trade association comprised of over 75 producer members and one of the few industries to be represented in every county of this state.

HB 2245 provides for the extension of a limited tolerance exemption of aggregate scales used for the purpose of weighing aggregate products until August 31, 2005. This extension is to allow our association the opportunity to present our issues to the National Conference on Weights and Measures concerning the granting of this exemption to be published in the National Institute of Standards and Technology (NIST) Handbook 44.

The current exemption was authorized by the Legislature in 2001 in order to allow older aggregate scales greater flexibility to meet current weights and measures standards. Since this time, the Kansas Aggregate Producers' Association has met with Constantine Cotsoradis, Director, Kansas Division of Weights and Measures; on many occasions to amend these changes into the NIST Handbook 44, which is published by the National Conference on Weights and Measures. We have attended several of their conferences on this issue. At this time, we have asked the National Stone, Sand & Gravel Association as well as other industry associations for support in this change. Due to the timing of their conferences, the original two-year extension has not provided enough time to get these changes into effect. With the passage of HB 2245, granting a further extension, should provide adequate time to resolve this issue.

After consideration, the House Agriculture committee recommended this bill be placed on the Consent Calendar. Due its non-controversial nature, it was placed on the Consent Calendar and passed the House floor 123-0. We urge this committee to recommend HB 2245 favorable for passage. Once again, thank you for allowing me the opportunity to appear before you today. At this time, I am willing to respond to any questions you may have.

Senate Agriculture Attachment 4 03-12-03

#### NCWM Form 15

#### **Proposal to a Standing Committee**

Committee: Specifications & Tolerances

Date: April 19, 2002

Regional Association: Central Weights and

Measures Association

Name, Address, Telephone of Contact Person:

Regional Actions: (votes for and against)

Edward R. Moses, Managing Director Kansas Aggregate Producers Association 800 SW Jackson - #1408 Topeka, Kansas 66612

PHONE: 785-235-1188 FAX: 785-235-2544 EMAIL: emoses@ink.org

Constantine V. Cotsoradis, Director Kansas Division of Weights & Measures Forbes Field - Building 282 PO Box 19282

Topeka, KS 66619-0282 PHONE: (785) 862-2415 FAX: 785-862-2460

EMAIL: ccotsora@kda.state.ks.us

# Please Attach Additional Pages and Information as Needed

**Proposal:** Amend NIST Handbook 44 (2001) by inserting the following text in the appropriate place on page 2-23: T.N.x-x. Vehicle Scales equipped only with weigh beam and used to weigh aggregate. The minimum tolerance applied to vehicle scales equipped only with weigh beam and used solely to weigh aggregate products shall be 100 pounds.

**Problems/Justification:** The purpose of this amendment is to provide limited relief to aggregate scale operators with older weigh beam type scales unable to change divisions in order to comply with current tolerances set forth in NIST Handbook 44 (2001). In many areas of the country where limestone ledges are shallow (thin) it is not uncommon for quarry operators to mine and crush 2-3 years supply of material over a 2-6 month period. The material is then sold and weighed during the 2-3 year time frame. In most cases this will amount to 10,000-20,000 tons per year. The majority of the material is sold to townships, counties and small villages. Scales used to measure products in this market are very old and in many cases it is impossible to or cost prohibitive, especially when the low volumes of material are considered, to modify the tolerances by changing the divisions to align with the unit of measure. Further it is equally difficult and distinctly uneconomic to maintain these scales at a  $\pm 20$  lbs. Tolerance. This is of national concern as; (a) many states have shallow ledges in some or most portions of their geology and geography, (b) it is easier to maintain uniformity in all states through adoption of the amendment.

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#### Other Contacts:

Ms. Joy Wilson, President, National Stone, Sand & Gravel Association, 2101 Wilson Blvd, Arlington, VA 22201, Phone: (800) 342-1415, FAX (703) 525-7782

Mr. Robert Garbini, P.E., President, National Ready Mixed Concrete Association, 900 Spring Street, Silver Spring, MD 20910, Phone: (301) 587-1400, FAX (301) 585-4219

#### Other Reasons For:

- 1. Conserves resources for enforcement agencies.
- 2. Improve aggregate scale compliance.
- 3. Provides counties, townships and other small rural users with reasonably priced aggregate products.
- 4. Does not affect current tolerances in major markets as: (a) tolerances are current handbook the same over 50,000-ton level, and (b) most urban markets (99%) have modern scales with digital readouts.

#### Other Reasons Against:

Additional Considerations: Adoption of the proposal will provide greater uniformity for all parties, economic benefit to all parties, while not adversely affecting the accurate measurement of materials. Adoption of this proposal will allow for the equalization of measurement system for all devices weighing aggregate.

#### Attachments:

- 1. Proposed amendment in engrossed form.
- 2. Testimony of the Kansas Aggregate Producers Association before the Kansas Senate Agriculture Committee on March 14, 2001.

Suggested Action: The Specifications & Tolerances Committee of the Central Weights and Measures Association recommend the amendment as set forth above favorable for adoption by the National Conference on Weights and Measures.

**Recommend NCWM:** Adoption Withdrawal

Submit as a Regional Developing Issue

Other (Please describe)

43

T.N.3.4. Crane and Hopper (Other than Grain Hopper) Scales. - The maintenance and acceptance tolerances shall be as specified in T.N.3.1. and T.N.3.2. for Class III L, except that the tolerance for crane and construction materials hopper scales shall not be less than 1d or 0.1 percent of the scale capacity, whichever is less.

(Amended 1986)

T.N.3.5. Separate Main Elements: Load Transmitting Element, Indicating Element, Etc. - If a main element separate from a weighing device is submitted for type evaluation, the tolerance for the element is 0.7 that for the complete weighing device. This fraction includes the tolerance attributable to the testing devices used.

T.N.3.6. Coupled-In-Motion Railroad Weighing Systems. - The maintenance and acceptance tolerance values for the group of weight values appropriate to the application must satisfy the following conditions: (Amended 1990 and 1992)

T.N.3.6.1. - For any group of weight values, the difference in the sum of the individual in-motion car weights of the group as compared to the sum of the individual static weights shall not exceed 0.2 percent. (Amended 1990)

T.N.3.6.2. - If a weighing system is used to weigh trains of five or more cars, and if the individual car weights are used, any single weight value within the group must meet the following criteria:

- (a) no single error may exceed three times the static maintenance tolerance;
- (b) not more than 5 percent of the errors may exceed two times the static maintenance tolerance; and
- (c) not more than 35 percent of the errors may exceed the static maintenance tolerance.

  (Amended 1990 and 1992)

T.N.3.6.3. - For any group of weight values wherein the sole purpose is to determine the sum of the group, T.N.3.6.1. alone applies. (Amended 1990)

T.N.3.6.4. - For a weighing system used to weigh trains of less than five cars, no single car weight

within the group may exceed the static maintenance tolerance.

(Amended 1990 and 1992)

T.N.3.7. Uncoupled-in-Motion Railroad Weighing Systems. - The maintenance and acceptance tolerance values for any single weighment within a group of non-interactive (i.e., uncoupled) loads, the weighment error shall not exceed the static maintenance tolerance. (Amended 1992)

T.N.3.8. Dynamic Monorail Weighing System. - Acceptance tolerance shall be the same as the maintenance tolerance shown in Table 6. On a dynamic test of 20 or more individual test loads, 10 percent of the individual test loads may be in error, each not to exceed two times the tolerance. The error on the total of the individual test loads shall not exceed +0.2 percent. (See also Note in N.1.3.6.1.)

(Added 1986) (Amended 1999)

T.N.3.9. Materials Test on Customer-Operated Bulk Weighing Systems for Recycled Materials. - The maintenance and acceptance tolerance shall be  $\pm$  5 percent of the applied materials test load except that the average error on 10 or more test materials test loads shall not exceed  $\pm$ 2.5 percent. (Added 1986)

T.N.4.0 Vehicle Scales used to Weigh Aggregate The minimum tolerance applied to vehicle scales solely used to weigh aggregate products shall be 100 pounds.

4-4