

**Proponent Testimony in Support of HB2012:** Providing an income tax credit for the sale and distribution of ethanol blends for motor vehicle fuels.

**House Agriculture and Natural Resources Committee, February 12, 2025**

**Josh Roe, CEO, Kansas Corn Growers Association**

Good afternoon, Chairman Rahjes and members of the committee, my name is Josh Roe, and I am with the Kansas Corn Growers Association (KCGA). KCGA represents more than 1,000 members on state and national legislative and regulatory issues and actively works with other organizations to maximize the voice of Kansas corn producers. KCGA stands in support of this bill to provide a tax credit on sales and distribution of higher blends of ethanol.

While a vast majority of all gasoline sold today contains at least 10 percent ethanol, Kansas corn is actively working to increase the availability of E15 and higher ethanol blends. These higher blends of ethanol benefit the Kansas consumer, agricultural producers, and the environment.

Since 2016, fuel containing 15 percent ethanol and 85 percent unleaded gasoline, commonly known as E15, has been approved for use in all vehicles model year 2001 and newer (more than 96 percent of the cars on the road today), while higher blends are approved for flex-fuel vehicles. Ethanol is used as a cost-effective, non-toxic additive that increases the octane levels of gasoline.

Ethanol blended fuels save consumers money across the board. Regular unleaded, which is E10, sells for 49 cents per gallon less than the pricey no-ethanol premium choice. E15 sells for about 15 cents per gallon less than regular E10 fuel. If you have a flex fuel vehicle, you can buy E85 (85% ethanol) fuel for about a dollar a gallon less than regular E10 fuel.

Modern vehicles have higher compression engines, especially compared to their predecessors prior to 2000. The higher compression allows them to efficiently operate on the higher-octane content of ethanol, which means that burning ethanol allows for greater performance of the vehicle, with a negligible drop in fuel economy. So, not only do consumers benefit from a decrease in the price at the gas pump, but they also benefit from a higher performing vehicle with comparable fuel efficiency.

Expansion of ethanol demand is vital to the future of rural Kansas. In the past five years, an average of 33 percent of corn production in Kansas is used in ethanol production, approximately the same amount of corn that goes directly to livestock.

Technology and improved farming practices are allowing our growers to sustainably produce more corn on fewer acres. We see expanded ethanol demand as the most effective short- and long-term solution to increase corn demand, which in turn increases income of agricultural producers and enhances the Kansas economy.

Kansas consumers purchase just under 1.1 billion gallons of gasoline per year, so just a 1% increase in the blend percent of ethanol leads to 16 million additional gallons of ethanol, or 5.7 million bushels of corn or grain sorghum. While it's not possible to accurately estimate how that could impact corn prices across the state,



additional demand for our Kansas grown commodities is vital to farmer prosperity, especially in this time of depressed prices and agricultural incomes.

Kansas is blessed with highly efficient, modern ethanol biorefineries located in rural communities across the state. During the production of ethanol, the starchy portion of the corn kernel is converted to alcohol, leaving a solid protein behind. This solid protein coproduct, known as distiller's grains, is a highly sought-after feed for livestock. Thus, the production of ethanol not only increases demand for corn but provides a cost-effective feed source for our livestock producers. The expansion of ethanol has enabled us to produce **food and fuel** from our crops.

Ethanol also plays a crucial role in reducing emissions and enhancing the sustainability of our fuel supply. Independent research from the United States Department of Agriculture, Harvard University, and Tufts University has shown that using ethanol will reduce greenhouse gas emissions by 46 percent compared ethanol-free gasoline. When our partners in the petroleum industry blend ethanol at higher levels, they can reduce the aromatic content of gasoline as the source of octane. Aromatics are among the most expensive ingredients in a gallon of gasoline that produce the most greenhouse gases. Ethanol is by far the most studied gasoline additive and has shown to be cost-effective while being good for the environment.

The benefits of higher-level blends of ethanol are evident in the recent actions of both the incoming Trump Administration and our partners in the petroleum and fuel retail industries. Last week, President Trump signed an Executive Order "Declaring a National Energy Emergency". This Executive Order specifically highlights the use of E15 in meeting national energy independence goals. Additionally, leading petroleum trade associations and companies such as Valero and CHS Refining have partnered with corn organizations like Kansas Corn and continue to work hand in hand with the ethanol and agricultural industries for increased E15 access.

If this bill is altered from the current mechanism as a tax credit into a grant program administered by the Kansas Department of Agriculture (KDA), Kansas Corn stands at the ready to provide any needed assistance. Kansas Corn has provided infrastructure grants since the original USDA grant program for higher blends was issued in 2016, when KDA contracted with Kansas Corn to administer the funds. Kansas Corn has significant experience, and a 100% success rate at applying for federal funds on behalf of Kansas retailers. Additionally, Kansas Corn has administered its own grant fund in the past and currently administers \$1.25 million in payments to California retailers utilizing funds from Kansas, Nebraska, Iowa and Missouri.

Passage of this bill will lead to direct benefits for the struggling farm economy in terms of increased incomes, and the benefits to consumers of lower fuel prices will far outweigh the associated fiscal note. As such, we believe legislation such as HB2012 that will further encourage the adoption of higher-level blends of ethanol will provide economic and environmental benefits to the state of Kansas. Thank you once again for allowing me to provide this testimony on behalf of our members, and I am happy to stand for questions at the appropriate time.

#### Sources:

For further references on ethanol's environmental benefits, see this Government study from 2019 that evaluates the carbon footprint of ethanol, via a full lifecycle analysis that takes corn production into account:

<https://www.usda.gov/media/press-releases/2019/04/02/usda-study-shows-significant-greenhouse-gas-benefits-ethanol>

