



January 23, 2025

To: House Committee on Taxation  
From: Kaleb Little, Kansas Soybean Association (KSA)

**RE: Proponent Testimony on HB 2012, providing an income tax credit for the sale and distribution of ethanol blends for motor vehicle fuels.**

Chairman Smith and members of the committee, thank you for the opportunity to appear today in support for H.B. 2012 and the opportunity to introduce a companion bill related to biodiesel and renewable diesel that mirrors H.B. 2012, which we support. This testimony is submitted on behalf of the Kansas Soybean Association and our farmer members.

Kansas was the eleventh ranked state for soybean production at 154.7 million bushels in 2024, a significant increase year-over year. The Kansas Dept. of Agriculture (KDA) reports that oilseeds, mainly soybeans, in Kansas have a direct output of more than \$2.67 billion on the Kansas economy. Ninety-seven percent of soybean meal is fed to livestock, bringing essential and quality protein to their diets.

A significant driver of soybean oil demand, a co-product of producing protein-rich soybean meal, in recent years has come from biofuels. The same way ethanol is to gasoline markets, biodiesel and renewable diesel are to the diesel markets. Our economy is powered by the diesel engine: heavy-duty trucking, railroads, delivery trucks, agricultural equipment, and so many more. And these markets are increasingly turning to American-made, cleaner burning options like biodiesel and renewable diesel made from soybean oil, animal fats, used cooking oil, corn oil, and other agricultural products.

Here in Kansas, this new demand has led to the opening of two new oilseed processing plants in the state. Scoular in Goodland will process 11 million bushels of soybeans and canola annually and has added more than 30 new jobs in the community. Bartlett in Cherryvale will process a whopping 49 million bushels of soybeans a year, providing more than 60 new jobs in southeast Kansas. Both plants held ribbon cuttings in September with great fanfare from the Governor's office, federal, local, and other state officials for the economic impact they will provide.

Our proposed companion bill that Chairman Smith has for consideration closely mirrors House Bill 2012, proposing to create a non-refundable income tax credit for retailers or distributors of higher biodiesel and renewable diesel blended fuel (above 10 percent) directly to the final user. The income tax credit of 5 cents per gallon of higher blends sold by the dealer could be claimed in tax years 2026 through 2031 and would be capped at \$5 million per year.

This approach of incentivizing ethanol, biodiesel, and renewable diesel is similar to legislation successfully passed in neighboring states including Nebraska, Missouri, Iowa, and Illinois, and is

also being considered in Indiana and Wisconsin this legislative session. This end-user approach encourages the production and use of the fuel here in our state, while at the same time, ensuring the cost savings is afforded to consumers.

Our Midwest peers clearly see the economic benefit to supporting a clean-fuel industry that is grown, produced, and used right here at home. Kansas soybean farmers face many challenges in sustaining and increasing their profitability. At a time when the agriculture and rural economies are struggling to keep pace with ever-rising costs of doing business, incentivizing and growing market opportunities will be critical to addressing those challenges.

KSA believes the combination of H.B. 2012 and the newly proposed companion bill are a thoughtful, measured approach to supporting economic activity for the benefit of all Kansans and respectfully request the committee pass both favorably.

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "Kaleb Little".

Kaleb Little  
Kansas Soybean Association  
Chief Executive Officer