

SESSION OF 2026

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 498**

As Recommended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 498 would create a non-refundable income tax credit for retail sales of higher-ethanol blends of fuel for tax years 2026 through 2031 and discontinue the current alternative-fuel tax credit beginning tax year 2027.

The new credit would be in an amount of \$0.05 for each gallon of E15 or higher-ethanol blend fuel sold at retail and could be carried forward for up to five years. The total amount of tax credits that could be claimed would be capped at \$2.5 million per tax year. In the event the amount claimed pursuant to the credit exceeds \$2.5 million in any tax year, the amount of credit awarded to retailers would be apportioned to all retailers claiming the credit in proportion to their share of the total amount of all higher-ethanol blend fuel sold and reported to the Department of Revenue.

For purposes of the bill, higher-ethanol blend would mean E15 ethanol-blended fuel as defined in federal law as in effect on July 1, 2026, or any higher-percent ethanol blend.

The carryover provisions of the alternative-fuel tax credit would continue to apply to unused credits.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

## **Background**

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of a representative of Renew Kansas Biofuels Association.

### ***Senate Committee on Assessment and Taxation***

In the Senate Committee hearing, **proponent** testimony was provided by representatives of Fuel True, Kansas Corn Growers Association, POET Biofuels, Renew Kansas Biofuels Association, and a private citizen. The proponents generally discussed the benefits of higher-blended ethanol fuels, stating the bill would increase sales and incentivize greater adoption of E15 fuel, which would benefit Kansas consumers and provide an economic benefit to Kansas corn and sorghum farmers and the state as a whole.

Written-only proponent testimony was provided by representatives of Growth Energy, Kansas Cooperative Council, Kansas Farm Bureau, and Kansas Sorghum Producers.

No other testimony was provided.

## **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill could reduce State General Fund revenues by \$2.4 million per year, beginning FY 2027.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Taxation; tax credits; alternative-fuel fueling stations; ethanol blends of fuel