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## **Proponent Testimony in Support of HB 2543**

**February 18, 2020**

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Chairman Johnson and members of the Committee on Taxation, thank you for your consideration of this testimony in support of House Bill 2543 on behalf of the Kansas Grain Sorghum Producers Association (KGSPA). KGSPA is supportive of this legislation, which clarifies the guidelines of the currently available tax credit used by retailers who build alternative fueling stations.

Kansas Grain Sorghum, in partnership with the Kansas Department of Agriculture, Renew Kansas, and Kansas Corn, continue to partner with fuel retailers to encourage adoption of robust fueling infrastructure across the state in order to offer a variety of ethanol blends to consumers. This bill would augment an existing tax credit to clarify the qualifications available for investments in fuel infrastructure to meet the growing demand for mid-level ethanol blends, like E15, E20, and E30. Nearly 50 Kansas gas stations sell ethanol blends higher than E15, and passage of this bill will see that number continue to grow and local economies across the ethanol supply chain flourish.

Grain sorghum is a prolific and local input for ethanol plants in Kansas. Total grain demand from ethanol production in Kansas is 203 million bushels, of which 81 million bushels is met by sorghum. That is 40 percent of the 204 million bushels Kansas sorghum farmers produced in 2019. The total footprint of ethanol plants using sorghum in the state are:

- Arkalon (Liberal)
- Reeve (Garden City)
- Bonanza (Garden City)
- Western Plains (Oakley)
- PureField (Russell)
- Pratt (Pratt)
- Kansas Ethanol (Lyons)

The market for sorghum is traditionally diverse. Demand centers around three areas: one-third ethanol, one-third livestock feed and one-third export. In recent years, at least half of Kansas sorghum production has gone into the export market, largely to China for livestock and spirits production. However, as trade tensions have greatly diminished exports to China, we increasingly look to domestic markets, like ethanol production, to add value to our crops.

Kansas sorghum farmers know ethanol demand remains pivotal to their bottom lines. On behalf of our sorghum producers, thank you for the opportunity to provide testimony in support of this bill.