

DATE: February 18, 2020
TO: Kansas House of Representatives Taxation Committee
ATTN: Chairman Johnson and Members of the Committee
FROM: Tami Alexander, Program Coordinator
Metropolitan Energy Center, Central Kansas Clean Cities Coalition
RE: **Testimony on HB 2543**

Metropolitan Energy Center (MEC) is a nonprofit organization with a 37-year history of transforming energy use in the building and transportation sectors in Kansas and Missouri. Through the Kansas City and Central Kansas Clean Cities Coalitions, MEC has brought together public and private stakeholders to promote clean fuels, fuel efficiency, and new transportation technology. We have over 20 years of experience and expertise in working with alternative fueled vehicles of all types, including biofuels, gaseous fuels and hybrid electric and battery electric vehicles.

We wish to offer testimony regarding HB 2543 which concerns changes to the definition of alternative fuels to include blends for 15% or higher ethanol/methanol and 10% or higher biodiesel.

1. **MEC supports adding biofuel blends to the alternative fuel definition.** 15% ethanol (E15) is one of the more common blends used and is approved for gasoline vehicles MY2001 and newer. 10% biodiesel (B10) is a common biofuel blend for diesel vehicles as nearly all vehicle manufacturers warrantee usage of blends up to B20. Costs for blender pumps to dispense these fuels are higher than for standard fuel pumps. Adding these blends to the state's alternative fuel definition will increase their availability and usage within Kansas. Increased usage will support the agricultural economy of the state by increasing the market for their primary feedstocks of corn and soybeans and keep more fueling dollars within Kansas.
2. **MEC would like to see other alternative fuels added to the definition such as electric, propane, hydrogen and compressed or liquid natural gas.** Many alternative fueling stations have higher initial costs for infrastructure, therefore it is important to include these alternative fuels in the current tax credit in order to support their growth. Electricity is one of the fastest growing alternative fuels, as shown in the first attached graph. Equipment and installation costs can be over \$100,000 for DC fast charging stations. Compressed natural gas (CNG) and liquefied natural gas (LNG) stations vary considerably but can be considerably higher than for gasoline or diesel stations. As the second graph shows, CNG usage has increased significantly in the past decade. Kansas needs to be ready to support electric and CNG vehicles. Propane is a common alternative fuel for school buses and hydrogen is showing promise as a fuel for heavy-duty trucking. Kansas needs to support buildout of these alternative fuel stations to be ready for the next phase of transportation.

3. **MEC would like the proposed bill to include all businesses, not just C-corps.** Currently as written, the tax credit is only available to C-corporations. MEC has worked with multiple small business owners in Kansas that are interested in installing alternative fuel fueling infrastructure, but their businesses are not incorporated as C-corporations. We would like to see the tax credit extended to other types of small businesses such as LLCs and S-corps so that they can also take advantage of the credit and help to expand alternative fuel fueling infrastructure within Kansas.

Thank you for the opportunity to provide testimony to the Committee. Please reach out if you would like additional information: Tami Alexander – Tami@MetroEnergy.org

REFERENCES

Alternative Fuels Data Center: Maps and Data - U.S. Alternative Fueling Stations by Fuel Type
<https://afdc.energy.gov/data/>

