

## MINUTES OF THE HOUSE TRANSPORTATION.

The meeting was called to order by Chairperson Gary Hazylett at 2:05 p.m. on March 14, 2001 in Room 519-S of the Capitol.

All members were present except:

Representative Andrew Howell, excused

Representative Eber Phelps, excused

Committee staff present:

Bruce Kinzie, Revisor

Hank Avila, Research

Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Senator Mark Taddiken

Richard Nelson, Kansas State University

Jim Ploger, Manager, Energy Programs Section, Kansas Corporation Commission

Bill Wiley, Kansas Soybean Association

Bill Hampel, Hampel Oil Distributors, Inc.

Kenlon Johannes, Kansas Soybean Association

Leslie Kaufman, Kansas Farm Bureau

Steve Woolington, Director of Operations, Kansas Department of Transportation

Joe Fritton, Director, Division of Facilities Management, State of Kansas

Greg Krissek, Director of Operations, Kansas Corn Growers Assn./Kansas Grain Sorghum

Producers

Others attending:

See attached sheet

**SB 4 - certain percentage of fuel purchased for state motor pool required to be biodiesel blend**

Chairman Hayzlett opened hearings on **SB 4** and called on Senator Taddiken as the first proponent. He told the committee the bill originated in the Senate Utilities committee with the intent of encouraging the acceptance and use of alternative fuels, with the desire of increasing fuel supplies while decreasing our dependence on foreign oil. He said bio-diesel has several advantages over conventional diesel fuel - 1) it burns cleaner which is environmentally friendly and 2) has increased lubricity which reduces engine wear and extends the life of the engine. He also presented a study showing the increased performance of vehicles using bio-diesel. He concluded that considering all of the above factors, using bio-diesel fuel is in the best interest of the State of Kansas. (Attachment 1)

Richard Nelson, Kansas State University, presented charts showing how biodiesel is being used in Kansas, how the use of biodiesel affects the environment, biodiesel and the energy policy, the potential for school bus usage and concluded that biodiesel is a good energy policy, a good environmental policy, a good economic policy and that **SB 4** is good legislation. (Attachment 2)

Jim Ploger, Kansas, Energy Programs, Kansas Corporation Commission, was the next proponent to speak in favor of **SB 4**. He said the buildup of greenhouse gases such as carbon dioxide and their effect on the environment, in conjunction with recent increases in petroleum fuel costs, have prompted a genuine concern regarding the continued reliance on petroleum-based fuels and their effect on our air quality and energy security. He told the committee biodiesel production and its use produces nearly 80% less carbon dioxide emissions than petroleum-based diesel fuel. He concluded the Kansas Corporation Commission, in conjunction with the Kansas Soybean Association, are sponsoring a project that involves quantifying the macro-economic benefits associated with the construction and operation of a soybean-based biodiesel plant in various locations throughout the state. (Attachment 3)

Bill Wiley, Kansas Soybean Association, told the committee the product has the support of two major Kansas oil refiners and is now available at more than 30 different distributors across the state with more being added each month. He said other states such as Nebraska, Iowa and Minnesota already have their state government

vehicles operating on a soybean oil additive diesel fuel and it is time Kansas also shows its support for the farmers and the environment by passing **SB 4**. ([Attachment 4](#))

Bill Hampel, Hampel Oil Distributors, Inc. said for the past year Hampel Oil has been studying soy diesel and whether or not it would be a viable product to carry and sell within their trade area. He told the committee last farming season they purchased some soy diesel from one supplier which was premixed at the pipeline terminal. However, a drawback is that it is not available at all pipeline terminals or refineries throughout Kansas and the additional freight costs to purchase fuel from these select few terminals carrying soy diesel is prohibitive in many cases because the product quickly becomes uncompetitive with fuel purchased from closer terminals. From Hampel Oil's standpoint it is too early to tell if soy diesel will become a product that is demanded in the agricultural sector, however they have invested a lot of time and money in faith that it will. In conclusion he said there were three things necessary to make it a viable product - 1) promoted by petroleum marketers, 2) demanded by farmers and 3) its usage incentivized by the Kansas legislature. ([Attachment 5](#))

Kenlon Johannes, Kansas Soybean Association, said that as third world countries are moving from a grain based diet to a meat based diet this has caused an increase in the demand for soybean meal. While the soybean is 80% high protein meal, the remaining 20% is soybean oil. Since there is not a high demand worldwide for soybean oil there is a tremendous excess of the oil. He told the committee the soybean check-off program has invested over 20 million dollars, over the past 9 years, into the development of biodiesel as a renewable fuel for diesel engines. Biodiesel is good for engines, good for the environment, good for farmers and good for reducing dependence on foreign oil. He asked support for sound energy policy, sound environmental policy and sound economic policy by passing **SB 4**. ([Attachment 6](#))

Leslie Kaufman, Kansas Farm Bureau, spoke in support of **SB 4**. She said their members are encouraging agriculture producers to take the lead in utilizing crop-based fuels in their vehicles and machinery. They support the expansion of retail outlets to increase the availability of ethanol and bio-diesel and encourage the State of Kansas to further the production and use of bio-diesel, wherever available, to power state-owned machinery and equipment. ([Attachment 7](#))

Steven Woolington, Director of Division of Operations, Kansas Department of Transportation, said the department is supportive of the development of Kansas' production of renewable fuels such as biodiesel but has some concern about implementation. He said a survey of their fuel suppliers indicate that the department would incur increase fuel costs for biodiesel as well as concerns about the availability of the required fuel stocks. Another concern was the fuel gelling problems and the cost for adding in-tank heaters in addition to fuel-line heaters which KDOT does not currently have in their trucks. Also, since the majority of KDOT fuel storage tanks are above ground there would be a need to install heaters in these storage tanks if biodiesel were to be used at those location. He concluded that while KDOT is not opposed to trying a low percentage biodiesel product, they would recommend a pilot program be initiated before statewide implementation. ([Attachment 8](#))

Following questions from the committee Chairman Hayzlett closed hearings on **SB 4**.

### **SB 3 - certain percentage of fuel purchased for state motor pool required to be ethanol blend**

Chairman Hayzlett opened hearings on **SB 3** and called on Joe Fritton, Director, Division of Facilities Management for the State of Kansas to provide testimony. He offered two amendments the Department of Administration would like to request. The first amendment would require for bulk fuel purchase 80% by volume of the bulk fuel purchased be 10% ethanol instead of all bulk fuel purchases. The second amendment for individual fuel purchases would add a cost cap that is the same 10 cents or more per gallon as that currently in the amended bill for bulk fuel purchases. The Central Motor Pool supports the use of alternative fueled vehicles. ([Attachment 9](#))

Greg Krissek, Kansas Grain Sorghum Producers/Kansas Corn Growers, gave some of the statistics and background for ethanol production and told the committee that the Special Committee on Utilities gave a report on what state government could do to provide incentives for ethanol, a domestically renewable and environmentally friendly fuel that helps provide new markets for agricultural products and identified increased use of ethanol blends by state agencies as one positive outcome. ([Attachment 10](#))

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Leslie Kaufman, Kansas Farm Bureau, also spoke in support of **HB 3**.

Steve Woolington, Director of Operations, Kansas Department of Transportation, stated the department is supportive of the development of Kansas' production of renewable fuels such as ethanol, however, they did have some concerns with the cost and availability. He said the department supports the proposed amendment which was requested by the Department of Administration. (Attachment 11)

Rebecca Reed, Department of Agriculture, presented written testimony on the importance of ethanol to Kansas agriculture and information on its potential use in the department's vehicles. (Attachment 12)

There being no other proponents, and no opponents listed, Chairman Hayzlett closed hearing on **SB 3**.

The Chairman adjourned the House Transportation Committee at 3:30 p.m. The next meeting of the House Transportation Committee will be Thursday, March 15<sup>th</sup> at 1:30 p.m. in Room 519-S.