

**79-34,163. Production incentives; rules and regulations.** (a) A Kansas qualified agricultural ethyl alcohol producer shall be paid a production incentive for distilling agricultural ethyl alcohol. The incentive shall be payable to the Kansas qualified agricultural ethyl alcohol producer from the Kansas qualified agricultural ethyl alcohol producer incentive fund. The amount of the production incentive shall be as follows:

(1) During fiscal years 2002, 2003 and 2004, the amount shall be \$.05 for each gallon of agricultural ethyl alcohol sold by the producer who is in production prior to July 1, 2001, to an alcohol blender. Any such amounts pursuant to this subsection shall be paid from the current production account of the Kansas qualified agricultural ethyl alcohol producer incentive fund;

(2) If the producer who is in production prior to July 1, 2001, increases the producer's agricultural ethyl alcohol production capacity on or after July 1, 2001, by an amount of 5,000,000 gallons over the producer's base sales, such producer shall receive an amount equal to \$.035 for each gallon of agricultural ethyl alcohol sold by the producer to an alcohol blender that is in excess of the producer's base sales. No producer shall receive the production incentive pursuant to this subsection for more than 15,000,000 gallons sold. Any such amount shall be paid from the new production account of the fund;

(3) any producer who commences production on or after July 1, 2001, but prior to July 1, 2012, the amount shall be \$.035 for each gallon of agricultural ethyl alcohol sold by such producer to an alcohol blender, if such producer has sold at least 5,000,000 gallons. No producer shall receive the production incentive pursuant to this subsection for more than 15,000,000 gallons sold. Any such amounts shall be paid from the new production account of the fund; and

(4) any producer who commences cellulosic alcohol production on or after July 1, 2012, the amount shall be \$.035 for each gallon of agricultural ethyl alcohol sold by such producer to an alcohol blender, if such producer has sold at least 5,000,000 gallons. No producer shall receive the production incentive pursuant to this subsection for more than 15,000,000 gallons sold. Any such amounts shall be paid from the new production account of the fund. This provision shall not apply to producers who commence alcohol production from grain.

(b) For the purposes of subsection (a), a producer's base sales shall be the number of gallons of agricultural ethyl alcohol sold by the producer to an alcohol blender in calendar year 2000. All new production incentives pursuant to this section for a producer who is in production prior to July 1, 2001, shall be based on such producer's base sales.

(c) The amounts payable to a producer as provided in subsections (a)(2) and (a)(3) shall be payable for no more than seven years to any one producer.

(d) The Kansas qualified agricultural ethyl alcohol producer shall file for the production incentive beginning July 1, 2001, and quarterly thereafter, on a form furnished by the department of revenue. The form shall require the producer to file such information as the secretary of revenue may require by rules and regulations, but shall include information relating to the original production records and invoices issued to the alcohol blender at the time of delivery, showing the total number of gallons of agricultural ethyl alcohol sold to the alcohol blender for the previous three months.

(e) The secretary of revenue may adopt such rules and regulations necessary to administer the provisions of this act, including the development of a procedure for the payment of the production incentive.

**History:** L. 1987, ch. 388, § 4; L. 1988, ch. 385, § 1; L. 2001, ch. 53, § 3; L. 2011, ch. 23, § 2; July 1.