



Renew Kansas Biofuels Association
816 SW Tyler, Topeka, Kansas 66612 | 785.220.5211

January 25, 2021

To: House Committee on Financial Institutions and Rural Development
From: Randy E. Stookey, Senior Vice President of Government Affairs
RE: **Proponent Written Testimony on HB 2069, Kansas economic recovery loan deposit program**

Chairman Kelly and members of the Committee, thank you for the opportunity to provide testimony in support of HB 2069. This testimony is submitted on behalf of the Renew Kansas Biofuels Association (Renew Kansas). Renew Kansas is the trade association of the biofuels processing industry in Kansas whose mission is to protect and promote the biofuels industry, and demonstrate the positive impacts of biofuels on the Kansas economy.

The Kansas biofuels industry includes processors of ethanol, biodiesel and renewable diesel. Our industry provides high-quality jobs for Kansans in rural communities across our state, and generates nearly \$4 billion in annual economic activity. Each biofuel processing facility employs an average of 45 people, with an average salary of nearly \$60,000. In addition, the Kansas biofuels industry contributes significantly to the local and state economies, and pays millions of dollars in taxes that support schools and local and state government.

Biofuel production directly benefits Kansas farmers by increasing the demand, and local price, for corn, sorghum, and soybeans. Kansas produces more than 600 million gallons of ethanol each year, utilizing 27 percent of the state's corn crop and 30 percent of the state's grain sorghum. Similarly, Kansas annually produces 60 million gallons of biodiesel.

Unfortunately, our industry experienced much financial loss last year due to market down turn related to the COVID-19 pandemic. The pandemic caused a drastic decline in demand for vehicle fuels of all kinds, which drove down the price of biofuels and agricultural commodities. As a result, each of our eleven ethanol processing plants in Kansas slowed down production, and two plants stopped production entirely for a time.

Nationally, the idling of dozens of ethanol plants reverberated throughout rural America and sent ripple impacts across the farm economy. While we have seen conditions improve, somewhat, since the low point in April, ethanol and biodiesel consumption remain well below pre COVID-19 levels. The negative hit the biofuels industry suffered from the pandemic caused the industry to seek federal assistance. However, economic assistance in response to the pandemic, specifically for the biofuels industry, has not developed.

In an effort to find state-level solutions to the economic impacts of the pandemic, the proposed legislation would make low-cost credit available to our industry. Through the economic recovery loan program, the bill would allow eligible borrowers access to reduced interest business loans through a state-administered lending program.

We appreciate the work of the stakeholders in putting this legislation together. In as much as this program would benefit our member businesses, and provide for increased investment and liquidity in our industry, we would join with other stakeholders and stand in support of the legislation.

Thank you for allowing us the opportunity to testify in support of House Bill 2069. We would respectfully request that the committee pass the bill out favorably.