

MINUTES OF THE SENATE AGRICULTURE

The meeting was called to order by Chairman Mark Taddiken at 8:30 a.m. on January 31, 2006 in Room 423-S of the Capitol.

All members were present.

Committee staff present:

Amy VanHouse, Kansas Legislative Research
Lisa Montgomery, Office of Revisor of Statutes
Judy Seitz, Committee Secretary

Conferees appearing before the Committee:

Opponent:

Tom Whitaker, Kansas Motor Carriers Association
Tom Palace, Petroleum Marketers and Convenience Store Association of Kansas
Ken Peterson, Kansas Petroleum Council (written testimony)

Proponent:

Representative Mitch Holmes
Bob Rhoton, Kan Agri Energy LLC
Jeff Otott, NCKP, LLC
Jeff Swearingen, Northeast Kansas Bioenergy LLC (NEK BIO)
Kenlon Johannes, Kansas Soybean Association
Tim R. Schwab, U.S. Bio Energy (written testimony)

Others attending:

See attached list.

Chairman Taddiken said that each Committee member should have a copy of the 2006 Kansas Grain Commodity Commissions Annual Report and the Report of the Kansas Grape and Wine Industry Advisory Council. (Attachments 1 and 2)

Hearings continued on **SB 387-- Requiring motor fuels sold in Kansas to contain ethanol or biodiesel.**

Tom Whitaker appeared in opposition to **SB 387** (Attachment 3). The KMCA's position is that the state should focus on developing production of biodiesel and creating an infrastructure for the distribution of such alternative fuels before mandating that such fuels are the only ones available to the consumer. He further stated that a mandate at this time would be a statewide research project on an experimental fuel paid for by its users.

Mr. Whitaker stood for questions.

Tom Palace spoke in opposition to **SB 387** (Attachment 4). He said the PMCA of Kansas supports the expansion of renewable fuels for both ethanol and biodiesel fuel but do not support mandating the use of these products.

Mr. Palace stood for questions.

Ken Peterson was not able to appear, but presented written testimony opposing **SB 387** because it is a mandate (Attachment 5).

Hearings on **SB 387** were closed.

Chairman Taddiken opened the hearings on **SB 388 – Establishing Kansas qualified biodiesel fuel producer incentive fund.**

Representative Mitch Holmes testified in support of **SB 388**. He stated that the incentive fund will boost the construction of biodiesel plants in Kansas (Attachment 6).

CONTINUATION SHEET

MINUTES OF THE Senate Agriculture at 8:30 a.m. on January 31, 2006 in Room 423-S of the Capitol.

Representative Holmes stood for questions.

Bob Rhoten spoke in favor of **SB 388** (Attachment 7). He said this incentive is needed in order for biodiesel plants in Kansas to compete with neighboring states. He also spoke in favor of **SB 393** but he will not be able to appear for that hearing.

Mr. Rhoten took questions from the Committee.

Jeff Otott offered testimony in support of **SB 388** (Attachment 8). He said the biodiesel industry could provide another opportunity for soybean processing plants to expand and enhance the value of Kansas grown soybeans.

The Committee had questions for Mr. Otott.

Written testimony in support of **SB 388** was presented by Tim R. Schwab (Attachment 9).

Jeff Swearingen testified in favor of **SB 388** (Attachment 10). He stated that this bill would make sure that some of the money for biodiesel production facilities would be invested in Kansas.

Mr. Swearingen stood for questions.

Kenlon Johannes spoke in favor of **SB 388** (Attachment 11). He said that in order for Kansas to compete with nearby states in biodiesel production facilities this bill would set up an incentive fund and adopt the 30 cents per gallon producer incentive. He suggested the adoption of the definition of biodiesel as defined in K. S. A. 55-443

Mr. Johannes stood for questions. He also had a hand out from Prairie Pride, Inc. (Attachment 12)

Chairman Taddiken said the hearings on **SB 388** will be continued tomorrow.

The meeting was adjourned at 9:30 a.m. The next meeting will be February 1.