Notice

Notice Number: 01-05
Tax Type: Motor Vehicle Fuel Tax
Brief Description: Alcohol Incentive Fund Changes (House Bill 2011)
Keywords:
Approval Date: 08/20/2001

Body:

KANSAS DEPARTMENT OF REVENUE
CUSTOMER RELATIONS

NOTICE 01-05
Alcohol Incentive Fund

The 2001 Kansas legislature enacted House Bill 2011, which takes effect July 1, 2001, and provides for the following changes to the current Alcohol Incentive Program.

"The Kansas Qualified Agricultural Ethyl Alcohol Producer Fund enables qualified agricultural ethyl alcohol producers to apply to the Department of Revenue for a production incentive for the distillation of agricultural ethyl alcohol. During fiscal years 2002, 2003, and 2004, producers who are in production before July 1, 2001 shall receive five cents for each gallon of agricultural ethyl alcohol sold to an alcohol blender. If such a producer increases their agricultural ethyl alcohol production capacity on or after July 1, 2001 by 5,000,000 gallons over their base sales (the number of gallons of agricultural ethyl alcohol sold by the producer in calendar year 2000), the producer may collect 7.5 cents for each gallon of agricultural ethyl alcohol sold to an alcohol blender that is in excess of the producer's base sales (up to 15,000,000 gallons sold)."

"Producers who commence production on or after July 1, 2001 and who have sold at least 5,000,000 gallons of agricultural ethyl alcohol shall receive 7.5 cents for each gallon of agricultural ethyl alcohol sold to an alcohol blender (up to 15,000,000 gallons sold)."

This bill will affect the producers in the following manner:

Ethanol Producers in production prior to July 1st 2001:
¨ Will receive for fiscal years 2002, 2003, and 2004 a rate of $0.05 for each gallon of agricultural ethyl alcohol produced in the state of Kansas and sold to an alcohol blender until producer exceeds base production sales by 5,000,000 gallons in the production year.
¨ Producers will receive $0.075 a gallon on all gallons in excess of base sales as soon as production capacity exceeds base sales by 5,000,000 gallons in the production year.

Ethanol Producers that commence production on or after July 1st 2001:
¨ Will receive $0.075 for each gallon produced in the State of Kansas and sold to an alcohol blender once the producer has sold at least 5,000,000 gallons in the production year.
¨ The production year shall start in the quarter that the application was received. A new producer's annual period for the production year will be based upon production start date and application to the department.

All Ethanol Producers:
¨ Beginning with fiscal year 2005, all producers who increase their base production by 5,000,000 gallons will be paid .075 cent per gallon only on those gallons over base sales.
¨ The amounts payable from the new account shall be payable for no more than seven years to any one producer.
¨ No producer shall receive monies from the new account for more than 15,000,000 gallons, per production year.

TAXPAYER ASSISTANCE
To obtain additional copies of this or any other notice call the Kansas Department of Revenue's voice mail forms

request line at 785-296-4937 or download them from our web site: **www.ink.org/public/kdor**. If you have any questions about this notice, please contact our Motor Fuel Tax area.

Motor Fuel Tax Correspondence
Docking State Office Building
915 SW Harrison St.
Topeka, KS 66625-8100
In Topeka call: 368-8222
Outside Topeka call toll free: 1-877-526-7738
Fax: (785) 291-3614

Notice 01-05
August 20, 2001

Date Composed: **09/05/2001** **Date Modified:** **10/10/2001**

Return to KSA Listing