



# BIOECONOMY

COALITION OF MINNESOTA

**RE: Support for HF 1477**

**February 16, 2023**

Dear Chair Vang, Vice Chair Pursell, Republican Lead Anderson, and members of the House Agriculture Finance and Policy Committee,

Thank you for the opportunity to provide written testimony on House File 1477. The Bioeconomy Coalition of Minnesota supports providing full funding for the Minnesota Bioincentive Program.

The Bioeconomy Coalition of Minnesota brings everyone involved in the Bioeconomy together to collaborate and grow the industry along the entire value chain from research and development to production and use. Coalition members include representatives from agriculture, forestry, local government, nongovernmental organizations, and start-ups. The coalition aims to position Minnesota as a global leader in the Bioeconomy by supporting innovation in biobased industries, add value to Minnesota's resources, and create a sustainable bioeconomy.

The Bioincentive Program is a low-risk investment with high rewards for Minnesota. Because companies participating in the program only receive payment *after* investment and job creation have occurred, the state is not at risk of paying for projects that fail to materialize. To date, every dollar spent by the state on this program has generated \$407.10 for Minnesota's economy and \$8.90 in new tax collections.<sup>1</sup> Companies receiving incentive payments employ thousands of Minnesotans and generate hundreds of millions of dollars each year in economic activity.

The Bioincentive Program is critical to attracting investments in advanced biofuels, renewable chemicals, and biomass thermal energy in the state. Since 2015, the program has supported the commercial deployment of corn kernel cellulosic ethanol in Minnesota, which results in a fuel with a lower carbon intensity than conventional ethanol. It also has the potential to position the state to attract new industry investments spurred by federal funding opportunities for clean fuel production.<sup>2</sup> However, the program has been significantly underfunded in recent years. Fully funding the program would allow the state to fulfill its commitments to existing projects, and to drive further investment into the future.

Thank you for your consideration of this important legislation.

Sincerely,

Carolyn Berninger

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Great Plains Institute (facilitator of the Bioeconomy Coalition of Minnesota)

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<sup>1</sup> Brigid Tuck, *Economic Contribution of the Biobased Industrial Products Industry in Minnesota: 2019*, University of Minnesota Extension Center for Community Vitality, August 2020, <https://conservancy.umn.edu/handle/11299/217094>

<sup>2</sup> Bioeconomy Coalition of Minnesota, "Inflation Reduction Act Invests in the Bioeconomy," August 16, 2022, <https://mnbioeconomy.org/inflation-reduction-act-invests-in-the-bioeconomy/>