

HOUSE RESEARCH

Bill Summary

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Authors: Westrom and Others
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Analyst: Sam Rankin, 651-296-5047

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Overview

This bill mandates that all diesel fuel sold in the state contain minimum percentages of biodiesel fuel oil, meaning diesel fuel made from vegetable oils. The requirements would be conditional on Minnesota having enough capacity to supply at least half of the necessary biodiesel to meet the mandate. The bill also requires a study of a system of diesel tax credits to compensate diesel users for increased costs resulting from biodiesel use.

Section

1 **Biodiesel requirement.** Requires that all diesel fuel in the state contain specified percentages of biodiesel fuel oil.

Subd. 1. Definition. Defines "biodiesel fuel oil" as a biodegradable, combustible liquid fuel derived from vegetable oils, meeting ATSM specifications, and suitable for blending with diesel fuel oil for use in internal combustion diesel engines.

Subd. 2. Minimum biodiesel content requirements. Sets minimum biodiesel content requirements.

(a) Requires all diesel fuel sold in the state for internal combustion engines to contain at least 2 percent biodiesel fuel oil by volume on July 1, 2002, or 6 months after the commissioner of agriculture determines that Minnesota has the capacity to produce enough biodiesel fuel oil to equal 1 percent of the total amount of diesel fuel sold in the state in the previous year, whichever is later.

(b) Requires all diesel fuel sold in the state for internal combustion engines to contain at least 5 percent biodiesel fuel oil by volume on July 1, 2006, or 6 months after the commissioner of agriculture determines that Minnesota has the capacity to produce enough biodiesel fuel oil to equal 2.5 percent of the total amount of diesel fuel sold in the state in the previous year, whichever is later. Requires the capacity to be "Minnesota farmer-owned," defined as having at least 51 percent of the control and investment in the

processing enterprise in the hand of Minnesota farmers.

- 2 **Study.** Directs the commissioner of transportation, in consultation with the commissioners of agriculture and revenue, to study a system of diesel fuel tax credits based on a taxpayer's increased costs resulting from biodiesel use. Requires the commissioner to report to the governor and legislature by January 15, 2002.
- 3 **Appropriation.** Makes a blank appropriation from the general fund to the commissioner of transportation for the study.