

# HOUSE RESEARCH

## Bill Summary

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**Subject:** Renewable fuels and chemicals

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### Overview

This bill would establish three new grant programs and one new revolving loan program administered by the Minnesota Department of Agriculture (MDA). The grant programs would be funded by ongoing, statutory appropriations from the general fund. The language for the three grant programs (sections 2 through 4) is similar to the Ethanol Producer Payment Program statute first enacted in 1986 and repealed in 2013.

#### Section

- 1 Renewable chemical and advanced biofuel capital equipment loans.** Establishes a new capital equipment loan program and state treasury fund. MDA would issue capital equipment loans to persons participating in advanced biofuel and renewable chemical production facilities. No funding is provided.
- 2 Advanced biofuel development.** Creates a statutory appropriation of up to \$30,000,000 per fiscal year from the general fund. Defines key terms including “advanced biofuel,” which means a renewable fuel, other than ethanol derived from corn starch, that has lifecycle greenhouse gas emissions that are at least 50 percent less than baseline lifecycle greenhouse gas emissions, as determined by the federal Environmental Protection Agency (Minnesota Statutes § 239.051 and (federal) Public Law 110-140). To be eligible, a facility must produce advanced biofuel from primarily Minnesota-sourced agricultural or forestry biomass or organic matter generated by a municipal solid waste facility.

Sets requirements for production of the agricultural or forestry biomass used to produce grant-eligible advanced biofuels. A qualifying facility would be eligible for up to ten years of grants. An eligible facility must begin production of advanced biofuel between January 1,

## Section

2015, and June 30, 2020. Requires eligible producers to submit quarterly claims for payment and annual disclosure reports. Directs MDA to issue cash grants to eligible persons at specified rates. Those who produce advanced biofuel from cellulosic sources (as defined) would receive a higher payment per million btu of energy produced. A producer who becomes ineligible within five years of receiving its final grant must refund all grant money it received.

- 3 Renewable chemical production incentive.** Creates a new program substantially similar to the Advanced Biofuel Development program in section 1, but for grants to eligible renewable chemical producers. This program would have a separate statutory appropriation of up to \$30,000,000 per fiscal year from the general fund. A qualifying renewable chemical would contain “biobased content,” as defined in Minnesota Statutes, section 41A.105, as “a chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or fuel and that has a biobased percentage of at least 51 percent as determined by testing representative samples using American Society for Testing and Materials specification D6866.”
- 4 Biomass thermal production incentive.** Creates a new program substantially similar to the programs in sections 1 and 2, but for eligible producers of biomass thermal energy. This program would have a separate statutory appropriation of up to \$1,000,000 per fiscal year from the general fund.