

# HOUSE RESEARCH

## Bill Summary

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**Authors:** Hamilton and others

**Subject:** Renewable fuels and chemicals

**Analyst:** Colbey Sullivan

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### Overview

This bill would establish three production-based bioenergy grant programs administered by the Minnesota Department of Agriculture (MDA). The programs would be funded by a base appropriation of \$2,500,000 per fiscal year. The language for the grant programs is similar to the Ethanol Producer Payment Program statute first enacted in 1986 and repealed in 2013.

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- 1** **Definitions.** Defines key terms including “advanced biofuels,” “cover crops,” “MMbtu,” “perennial crops,” and “renewable chemical.” “Advanced biofuel” is defined as 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).
- 2** **Advanced biofuel production incentive.** Requires MDA to issue quarterly grants to eligible producers of advanced biofuel based on the number of MMbtu produced during the period. In general, an eligible facility must produce at least 95,000 MMbtu/year of advanced biofuel that is derived primarily from Minnesota-sourced agricultural or forestry biomass or solid waste. Establishes production standards for 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 or expand production of advanced biofuel between July 1, 2015, and June 30, 2025. Requires eligible producers to submit quarterly claims for payment (supported by a CPA audit statement) 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 than

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those who use sugar or starch. Conventional ethanol and biodiesel are not eligible. A 20 percent payment bonus would be available for each MMBtu produced from perennial or cover crops.

- 3 Renewable chemical production incentive.** Creates a new grant program substantially similar to the Advanced Biofuel Production Incentive program in section 1, but for grants to eligible producers of at least three million pounds/year of cellulosic sugar or renewable chemicals derived from sugar or cellulosic materials. Qualifying cellulosic sugar and renewable chemicals must be sourced from “biobased content,” as defined in Minnesota Statutes, § 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.” A 20 percent payment bonus would be available for each pound of renewable chemical produced from perennial or cover crops.
- 4 Biomass thermal production incentive.** Creates a new grant program substantially similar to the programs in section 1 and 2, but for biomass thermal production, as defined in section 1. Sets requirements for production of the agricultural or forestry biomass used to produce grant-eligible biomass thermal energy. A 20 percent payment bonus would be available for each MMBtu produced from perennial or cover crops.
- 5 Report; incentive programs.** Requires MDA to submit an annual report to the legislative agriculture and environment committees.
- 6 Appropriation.** Appropriates \$2,500,000 each fiscal year from the general fund for purposes of sections 2 to 4. If an appropriation exceeds demand, the remainder is available to MDA for NextGen energy grants. Appropriations do not cancel. MDA may use up to 4.5 percent each year for program administration.