

Subject Bioeconomy incentives

Authors Sundin and others

Analyst Colbey Sullivan

Date March 11, 2019

Overview

This bill would modify eligibility criteria and other requirements for the Advanced Biofuel Production Incentive, Renewable Chemical Production Incentive, and Biomass Thermal Production Incentive programs administered by the Minnesota Department of Agriculture. Some refer to these programs collectively as the bioeconomy incentive programs. The legislature created all three in 2015.

Summary

Section	Description
1	<p>Biomass.</p> <p>Defines this term for purposes of eligibility and biomass sourcing requirements for the Advanced Biofuel Production Incentive, Renewable Chemical Production Incentive, and Biomass Thermal Production Incentive programs.</p>
2	<p>Renewable chemical.</p> <p>Modifies the definition of “renewable chemical” for purposes of determining a producer’s eligibility for payments under the Renewable Chemical Production Incentive Program. Eliminates the term “biobased content” from the definition.</p>
3	<p>Eligibility.</p> <p>Modifies biomass sourcing requirements for the Advanced Biofuel Production Incentive Program and removes language limiting eligibility to advanced biofuel produced from agriculture, forestry, or solid waste sources. Modifies biomass sourcing requirements for facilities located near the state border. Decreases the minimum eligible production level from 23,750 MMbtu of advanced biofuel per calendar quarter to 1,500 MMbtu per quarter.</p>
4	<p>Payment amounts; limits.</p> <p>Authorizes payment of \$1.053 per MMbtu to producers who create advanced biofuel from oil or animal fat. Eliminates a provision requiring MDA to award advanced biofuel incentive payments on a first-come, first-served basis.</p>

Section	Description
5	<p>Cellulosic forestry biomass requirements.</p> <p>Modifies requirements that apply to forestry biomass used to produce advanced biofuel eligible under the Advanced Biofuel Production Incentive Program. Establishes a definition of “forest management plan” by referencing the corresponding definition in the Sustainable Forest Incentive Act administered by the Department of Revenue, or its equivalent.</p>
6	<p>Eligibility.</p> <p>Similar to a prior section, this section modifies biomass sourcing requirements for the Renewable Chemical Production Incentive Program, removes language limiting eligibility to a renewable chemical produced from biobased content, and modifies biomass sourcing requirements for facilities located near the state border. Disqualifies facilities that produced between 250,000 and 750,000 pounds of renewable chemical quarterly before January 1, 2015. Lowers the minimum eligible quarterly production level for renewable chemicals to 250,000 pounds.</p>
7	<p>Payment amounts; bonus; limits.</p> <p>Eliminates a provision requiring MDA to award renewable chemical production incentive payments on a first-come, first-served basis. Provides that when a facility blends renewable chemicals with nonrenewable chemicals, only the percentage of the blended product attributable to renewable chemicals is eligible for payment under the Renewable Chemical Production Incentive Program.</p>
8	<p>Cellulosic forestry biomass requirements.</p> <p>Modifies requirements that apply to forestry biomass used to produce renewable chemicals under the Renewable Chemical Production Incentive Program. Establishes a definition of forest management plan by referencing the corresponding definition in the Sustainable Forest Incentive Act administered by the Department of Revenue, or its equivalent.</p>
9	<p>Eligibility.</p> <p>Similar to prior sections, this section modifies terminology and biomass sourcing requirements for the Biomass Thermal (energy) Production Incentive Program.</p>
10	<p>Payment amounts; bonus; limits; blending.</p> <p>Eliminates a provision requiring MDA to award biomass thermal incentive payments on a first-come, first-served basis.</p>
11	<p>Cellulosic forestry biomass requirements.</p> <p>Modifies requirements that apply to forestry biomass used to produce eligible biomass thermal energy under the Biomass Thermal Production Incentive Program. Establishes a definition of forest management plan by referencing the corresponding definition in the</p>

Section	Description
	Sustainable Forest Incentive Act administered by the Department of Revenue, or its equivalent.
12	Bioincentive account. Establishes a new dedicated account in the Agricultural Fund to hold money transferred by the legislature or received from other sources to support the three bioeconomy incentive programs modified in this bill. Creates a statutory appropriation to MDA to award account dollars to eligible bioeconomy producers.
13	Appropriation. Transfers \$15,000,000 per fiscal year from the general fund to the new bioincentive account established in the previous section.



Minnesota House Research Department provides nonpartisan legislative, legal, and information services to the Minnesota House of Representatives. This document can be made available in alternative formats.

www.house.mn/hrd | 651-296-6753 | 600 State Office Building | St. Paul, MN 55155