A bill for an act relating to agriculture; establishing the NextGen Energy Board; appropriating money for development of renewable energy technology; proposing coding for new law in Minnesota Statutes, chapter 41A.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

Section 1. **[41A.10] NEXTGEN ENERGY.**

Subdivision 1. **Purpose; appropriation.** It is the goal of the state through the Department of Agriculture to research and develop energy sources to displace fossil fuels with renewable technology. The state shall invest $9,000,000 each fiscal year from 2010 to 2020 to devise and implement the next generation of biofuels. Of the annual appropriation, $6,000,000 is dedicated to financing and investment incentives and $3,000,000 is dedicated to direct payments to facilities producing biofuels.

Subd. 2. **NextGen Energy Board.** There is created a NextGen Energy Board consisting of the commissioners of agriculture, commerce, the Pollution Control Agency, and employment and economic development; two members of the senate appointed by the majority leader; and two members of the house of representatives appointed by the speaker of the house. A member may designate another to represent the member.

Subd. 3. **Duties.** The board shall research and report to the commissioner of agriculture and to the legislature recommendations as to how the state can invest the appropriations under subdivision 1 to most efficiently achieve energy independence. The board shall:

(1) examine the future of fuels, such as synthetic gases, biobutanol, hydrogen, methanol, diesel, and ethanol within Minnesota;

(2) develop equity grant programs to assist locally owned facilities;

(3) study the proper role of the state in creating financing and investing and providing incentives;

(4) evaluate how state and federal programs, including the Farm Bill, can best work together and leverage resources; and

(5) report to the legislature before February 1 each year with recommendations as to appropriations and results of past actions and projects.

Subd. 4. **Commissioner's duties.** The commissioner of agriculture shall administer this section.

Sec. 2. **APPROPRIATION.**

$5,000,000 in fiscal year 2008 and $5,000,000 in fiscal year 2009 are appropriated from the general fund to the commissioner of agriculture for grants to promote the installation of gasification technologies and to lessen dependency on fossil energy. This appropriation is available until spent. For the purpose of this paragraph, "gasification" means the conversion of a feedstock (biomass) to a combustible gas. The process is completed via thermal decomposition of organics in the absence of or with very small amounts of air. Grants must be awarded by the commissioner of agriculture according to the recommendations of a panel consisting of six people with expertise related to the subject who shall examine applications. Each of the following individuals shall appoint a member to the panel:

(1) commissioner of agriculture;

(2) commissioner of commerce;

(3) commissioner of employment and economic development;

(4) commissioner of the Pollution Control Agency;

(5) the majority leader of the senate; and

(6) the speaker of the house.

Grants must be awarded in a competitive process adopted by the commissioner with advice from the panel. A grant must pay up to 20 percent of the total project cost, with a minimum of $50,000 and a maximum of $500,000 award to each applicant. At least 25 projects must be granted. Investor cost-share must be at least 50 percent and applicant's facilities must be at least 51 percent Minnesota-owned. Projects must have a qualified engineer certification on the technology and fuel source. Grantees shall provide reports at the request of the commissioner. The commissioner's costs in administering the program may be paid from the appropriation.