

This Document can be made available
in alternative formats upon request

State of Minnesota

Printed
Page No. **277**

HOUSE OF REPRESENTATIVES

NINETIETH SESSION

H. F. No. **3442**

03/08/2018 Authored by Backer, Hamilton, Miller and Poppe
The bill was read for the first time and referred to the Committee on Agriculture Policy
03/15/2018 Adoption of Report: Re-referred to the Committee on Agriculture Finance
03/22/2018 Adoption of Report: Placed on the General Register as Amended
Read for the Second Time

1.1 A bill for an act
1.2 relating to agriculture; reducing the quarterly minimum production level for
1.3 advanced biofuel production incentive payments; expanding the options for
1.4 ingredients allowed to be used in advanced biofuel production to qualify for
1.5 incentive payments; reducing the minimum production level for renewable chemical
1.6 production incentive; amending Minnesota Statutes 2016, sections 41A.16,
1.7 subdivisions 1, 2; 41A.17, subdivision 1.

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

1.9 Section 1. Minnesota Statutes 2016, section 41A.16, subdivision 1, is amended to read:

1.10 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this section must
1.11 source at least 80 percent raw materials from Minnesota. If a facility is sited 50 miles or
1.12 less from the state border, raw materials may be sourced from within a 100-mile radius.
1.13 Raw materials must be from agricultural or forestry sources or from solid waste. The facility
1.14 must be located in Minnesota, must begin production at a specific location by June 30, 2025,
1.15 and must not begin operating above 23,750 MMbtu of quarterly advanced biofuel production
1.16 before July 1, 2015. Eligible facilities include existing companies and facilities that are
1.17 adding advanced biofuel production capacity, or retrofitting existing capacity, as well as
1.18 new companies and facilities. Production of conventional corn ethanol and conventional
1.19 biodiesel is not eligible. Eligible advanced biofuel facilities must produce at least ~~23,750~~
1.20 1,500 MMbtu of advanced biofuel quarterly.

1.21 (b) No payments shall be made for advanced biofuel production that occurs after June
1.22 30, 2035, for those eligible biofuel producers under paragraph (a).

1.23 (c) An eligible producer of advanced biofuel shall not transfer the producer's eligibility
1.24 for payments under this section to an advanced biofuel facility at a different location.

2.1 (d) A producer that ceases production for any reason is ineligible to receive payments
2.2 under this section until the producer resumes production.

2.3 (e) Renewable chemical production for which payment has been received under section
2.4 41A.17, and biomass thermal production for which payment has been received under section
2.5 41A.18, are not eligible for payment under this section.

2.6 (f) Biobutanol is eligible under this section.

2.7 Sec. 2. Minnesota Statutes 2016, section 41A.16, subdivision 2, is amended to read:

2.8 Subd. 2. **Payment amounts; limits.** (a) The commissioner shall make payments to
2.9 eligible producers of advanced biofuel. The amount of the payment for each eligible
2.10 producer's annual production is \$2.1053 per MMbtu for advanced biofuel production from
2.11 cellulosic biomass, and \$1.053 per MMbtu for advanced biofuel production from sugar ~~or~~₂
2.12 starch, oil, or animal fat at a specific location for ten years after the start of production.

2.13 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
2.14 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
2.15 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
2.16 necessary for 17,100,000 MMbtu of biofuel production. The commissioner shall award
2.17 payments on a first-come, first-served basis within the limits of available funding.

2.18 (c) For purposes of this section, an entity that holds a controlling interest in more than
2.19 one advanced biofuel facility is considered a single eligible producer.

2.20 Sec. 3. Minnesota Statutes 2016, section 41A.17, subdivision 1, is amended to read:

2.21 Subdivision 1. **Eligibility.** (a) A facility eligible for payment under this program must
2.22 source at least 80 percent biobased content from Minnesota. If a facility is sited 50 miles
2.23 or less from the state border, biobased content must be sourced from within a 100-mile
2.24 radius. Biobased content must be from agricultural or forestry sources or from solid waste.
2.25 The facility must be located in Minnesota, must begin production at a specific location by
2.26 June 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds of chemicals
2.27 quarterly before January 1, 2015. Eligible facilities include existing companies and facilities
2.28 that are adding production capacity, or retrofitting existing capacity, as well as new
2.29 companies and facilities. Eligible renewable chemical facilities must produce at least ~~750,000~~
2.30 250,000 pounds of renewable chemicals quarterly. Renewable chemicals produced through
2.31 processes that are fully commercial before January 1, 2000, are not eligible.

3.1 (b) No payments shall be made for renewable chemical production that occurs after June
3.2 30, 2035, for those eligible renewable chemical producers under paragraph (a).

3.3 (c) An eligible producer of renewable chemicals shall not transfer the producer's eligibility
3.4 for payments under this section to a renewable chemical facility at a different location.

3.5 (d) A producer that ceases production for any reason is ineligible to receive payments
3.6 under this section until the producer resumes production.

3.7 (e) Advanced biofuel production for which payment has been received under section
3.8 41A.16, and biomass thermal production for which payment has been received under section
3.9 41A.18, are not eligible for payment under this section.