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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-THIRD SESSION

H. F. No. 1586

02/13/2023

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The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy

1.1 A bill for an act
1.2 relating to agriculture; modifying advanced biofuel production incentive and
1.3 renewable chemical production incentive provisions; amending Minnesota Statutes
1.4 2022, sections 41A.16, subdivision 7; 41A.17, subdivision 6; 41A.18, subdivision
1.5 6.

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

1.7 Section 1. Minnesota Statutes 2022, section 41A.16, subdivision 7, is amended to read:

1.8 Subd. 7. Eligibility for participants after April 1, 2023. (a) A facility eligible for
1.9 payment under this section must source from Minnesota at least 80 percent ~~raw materials~~
1.10 ~~from Minnesota~~ of the biomass used to produce an advanced biofuel. If a facility is sited
1.11 50 miles or less from the state border, ~~raw materials~~ biomass that the facility uses to produce
1.12 an advanced biofuel may be sourced from out of state when at least 80 percent of the biomass
1.13 is sourced within a 100-mile radius of the facility or from Minnesota. ~~Raw materials must~~
1.14 ~~be from agricultural or forestry sources or from solid waste~~. The facility must be located in
1.15 Minnesota, must begin production at a specific location after April 1, 2023, and before June
1.16 30, 2025, and must not begin operating above 23,750 MMbtu of quarterly advanced biofuel
1.17 production before July 1, 2015. Eligible facilities include existing companies and facilities
1.18 that are adding advanced biofuel production capacity, or retrofitting existing capacity, as
1.19 well as new companies and facilities. Production of conventional corn ethanol and
1.20 conventional biodiesel is not eligible. Eligible advanced biofuel facilities must produce at
1.21 least ~~23,750~~ 1,500 MMbtu of advanced biofuel quarterly.

1.22 (b) No payments shall be made for advanced biofuel production that occurs after June
1.23 30, 2035, for those eligible biofuel producers under paragraph (a).

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

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

2.5 (e) Renewable chemical production for which payment has been received under section
2.6 41A.17, and biomass thermal production for which payment has been received under section
2.7 41A.18, are not eligible for payment under this section.

2.8 (f) Biobutanol is eligible under this section.

2.9 Sec. 2. Minnesota Statutes 2022, section 41A.17, subdivision 6, is amended to read:

2.10 Subd. 6. **Eligibility for participants after April 1, 2023.** (a) A facility eligible for
2.11 payment under this program must source from Minnesota at least 80 percent ~~biobased~~
2.12 ~~content from Minnesota. For the purposes of this subdivision, "biobased content" means a~~
2.13 ~~chemical, polymer, monomer, or plastic that is not sold primarily for use as food, feed, or~~
2.14 ~~fuel and that has a biobased percentage of at least 51 percent as determined by testing~~
2.15 ~~representative samples using American Society for Testing and Materials specification~~
2.16 ~~D6866~~ of the biomass used to produce a renewable chemical. If a facility is sited 50 miles
2.17 or less from the state border, ~~biobased content must~~ biomass that the facility uses to produce
2.18 a renewable chemical may be sourced from out of state when at least 80 percent of the
2.19 biomass is sourced from within a 100-mile radius of the facility or from Minnesota. ~~Biobased~~
2.20 ~~content must be from agricultural or forestry sources or from solid waste.~~ The facility must
2.21 be located in Minnesota, must begin production at a specific location after April 1, 2023,
2.22 and before June 30, 2025, and must not begin production of ~~750,000~~ 250,000 pounds or
2.23 more of chemicals quarterly before January 1, 2015. Eligible facilities include existing
2.24 companies and facilities that are adding production capacity, or retrofitting existing capacity,
2.25 as well as new companies and facilities. Eligible renewable chemical facilities must produce
2.26 at least ~~750,000~~ 250,000 pounds of renewable chemicals quarterly. Renewable chemicals
2.27 produced through processes that are fully commercial before January 1, 2000, are not
2.28 eligible.

2.29 (b) No payments shall be made for renewable chemical production that occurs after June
2.30 30, 2035, for those eligible renewable chemical producers under paragraph (a).

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

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

3.3 (e) Advanced biofuel production for which payment has been received under section
3.4 41A.16, and biomass thermal production for which payment has been received under section
3.5 41A.18, are not eligible for payment under this section.

3.6 Sec. 3. Minnesota Statutes 2022, section 41A.18, subdivision 6, is amended to read:

3.7 Subd. 6. **Eligibility for participants after April 1, 2023.** (a) A facility eligible for
3.8 payment under this section must source from Minnesota at least 80 percent ~~raw materials~~
3.9 ~~from Minnesota~~ of the biomass used for biomass thermal production. If a facility is sited
3.10 50 miles or less from the state border, ~~raw materials should~~ biomass that the facility uses
3.11 for biomass thermal production may be sourced from out of state when at least 80 percent
3.12 of the biomass is sourced from within a 100-mile radius of the facility or from Minnesota.
3.13 ~~Raw materials~~ Biomass must be from agricultural or forestry sources. The facility must be
3.14 located in Minnesota, must have begun production at a specific location after April 1, 2023,
3.15 and before June 30, 2025, and must not begin before July 1, 2015. Eligible facilities include
3.16 existing companies and facilities that are adding production capacity, or retrofitting existing
3.17 capacity, as well as new companies and facilities. Eligible biomass thermal production
3.18 facilities must produce at least 250 MMbtu of biomass thermal quarterly.

3.19 (b) No payments shall be made for biomass thermal production that occurs after June
3.20 30, 2035, for those eligible biomass thermal producers under paragraph (a).

3.21 (c) An eligible producer of biomass thermal production shall not transfer the producer's
3.22 eligibility for payments under this section to a biomass thermal production facility at a
3.23 different location.

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

3.26 (e) Biofuel production for which payment has been received under section 41A.16, and
3.27 renewable chemical production for which payment has been received under section 41A.17,
3.28 are not eligible for payment under this section.