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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-FIRST SESSION

H. F. No. 3484

02/18/2020 Authored by Persell, Sundin, Layman and Hamilton
The bill was read for the first time and referred to the Agriculture and Food Finance and Policy Division

1.1 A bill for an act
1.2 relating to agriculture; establishing an industrial wood pellet incentive program;
1.3 proposing coding for new law in Minnesota Statutes, chapter 41A.

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

1.5 Section 1. 41A.30 INDUSTRIAL WOOD PELLET INCENTIVE.

1.6 Subdivision 1. Definitions. (a) For purposes of this section, the terms defined in this
1.7 subdivision have the meanings given.

1.8 (b) "Commissioner" means the commissioner of agriculture.

1.9 (c) "Industrial wood pellet" means a small, compressed mass of renewable forest biomass
1.10 that is burned to produce electricity or heat.

1.11 Subd. 2. Eligibility. (a) A facility receiving payment under this section must source
1.12 from Minnesota at least 80 percent of the forest biomass used to produce eligible industrial
1.13 wood pellets. If a facility is sited 50 miles or less from the state border, forest biomass may
1.14 be sourced from within a 100-mile radius. The facility must be located in Minnesota, must
1.15 begin production at a specific location by June 30, 2022, and must not begin operating
1.16 before July 1, 2020. Eligible facilities include existing companies and facilities that are
1.17 adding industrial wood pellet production capacity, or retrofitting existing capacity, as well
1.18 as new companies and facilities. Eligible facilities must produce at least 100,000 tons of
1.19 industrial wood pellets each year.

1.20 (b) The commissioner shall not issue payment for industrial wood pellet production that
1.21 occurs after June 30, 2032.

2.1 (c) An eligible industrial wood pellet producer cannot transfer the producer's eligibility
2.2 for payments under this section to a 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 Subd. 3. **Payment amounts; limits.** (a) The commissioner shall make payments to
2.6 eligible industrial wood pellet producers for up to ten years after the producer begins eligible
2.7 production. The payment rate for each eligible producer's annual production is \$12 per ton
2.8 of industrial wood pellets that are comprised of at least 90 percent ash tree biomass and \$10
2.9 per ton for other industrial wood pellets. Each fiscal year, a producer is eligible to receive
2.10 payment for up to 100,000 tons of industrial wood pellets produced. The commissioner
2.11 shall award payments on a first-come, first-served basis within the limits of available funding.

2.12 (b) For purposes of this section, an entity that holds a controlling interest in more than
2.13 one facility is considered a single eligible producer.

2.14 Subd. 4. **Forest biomass requirements.** (a) Forest biomass that comes from land parcels
2.15 greater than 160 acres must be certified by the Forest Stewardship Council, Sustainable
2.16 Forestry Initiative, or American Tree Farm System. Uncertified land, parcels of 160 acres
2.17 or less, and federal land must be harvested by a logger who has completed training from
2.18 the Minnesota logger education program or the equivalent and have a forest stewardship
2.19 plan.

2.20 (b) Ash tree biomass must be acquired and transported in a manner approved by the
2.21 commissioner.

2.22 Subd. 5. **Claims.** (a) By the last day of January, April, July, and October, each eligible
2.23 producer shall file a claim for payment for industrial wood pellets produced during the
2.24 preceding three calendar months. An eligible producer that files a claim under this subdivision
2.25 shall include a statement of the eligible producer's total industrial wood pellet tonnage
2.26 produced during the quarter covered by the claim. For each claim and statement of industrial
2.27 wood pellet tonnage filed under this subdivision, the tonnage must be examined by a certified
2.28 public accounting firm with a valid permit to practice under chapter 326A, in accordance
2.29 with Statements on Standards for Attestation Engagements established by the American
2.30 Institute of Certified Public Accountants.

2.31 (b) The commissioner must issue payments by February 15, May 15, August 15, and
2.32 November 15 and must make a separate payment for each claim filed.