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State of Minnesota

HOUSE OF REPRESENTATIVES

NINETY-SECOND SESSION

H. F. No. 804

02/08/2021 Authored by Sundin
The bill was read for the first time and referred to the Committee on Agriculture Finance and Policy
03/01/2021 Adoption of Report: Re-referred to the Committee on Climate and Energy Finance and Policy

1.1 A bill for an act
1.2 relating to agriculture; modifying bioincentive program; appropriating money;
1.3 amending Minnesota Statutes 2020, sections 41A.16, subdivision 2; 41A.17,
1.4 subdivision 2; 41A.18, subdivision 2; proposing coding for new law in Minnesota
1.5 Statutes, chapter 41A.

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

1.7 Section 1. Minnesota Statutes 2020, section 41A.16, subdivision 2, is amended to read:

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

1.13 (b) Total payments under this section to an eligible biofuel producer in a fiscal year may
1.14 not exceed the amount necessary for 2,850,000 MMbtu of biofuel production. Total payments
1.15 under this section to all eligible biofuel producers in a fiscal year may not exceed the amount
1.16 necessary for 17,100,000 MMbtu of biofuel production. If the total amount for which all
1.17 producers are eligible in a quarter exceeds the amount available for payments, the
1.18 commissioner shall make the payments on a pro rata basis. An eligible producer may reapply
1.19 for payment of the amount of the difference between the claim for payment filed under
1.20 subdivision 6 and the pro rata amount received until the full amount of the original claim
1.21 is paid.

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

2.1 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020, and  
2.2 applies to claims filed after January 1, 2020.

2.3 Sec. 2. Minnesota Statutes 2020, section 41A.17, subdivision 2, is amended to read:

2.4 Subd. 2. **Payment amounts; bonus; limits.** (a) The commissioner shall make payments  
2.5 to eligible producers of renewable chemicals located in the state. The amount of the payment  
2.6 for each producer's annual production is \$0.03 per pound of sugar-derived renewable  
2.7 chemical, \$0.03 per pound of cellulosic sugar, starch, oil, or animal fat, and \$0.06 per pound  
2.8 of cellulosic-derived renewable chemical produced at a specific location for ten years after  
2.9 the start of production.

2.10 (b) An eligible facility producing renewable chemicals using agricultural cellulosic  
2.11 biomass is eligible for a 20 percent bonus payment for each pound produced from agricultural  
2.12 biomass that is derived from perennial crop or cover crop biomass.

2.13 (c) Total payments under this section to an eligible renewable chemical producer in a  
2.14 fiscal year may not exceed the amount necessary for 99,999,999 pounds of renewable  
2.15 chemical production. Total payments under this section to all eligible renewable chemical  
2.16 producers in a fiscal year may not exceed the amount necessary for 599,999,999 pounds of  
2.17 renewable chemical production. If the total amount for which all producers are eligible in  
2.18 a quarter exceeds the amount available for payments, the commissioner shall make the  
2.19 payments on a pro rata basis. An eligible producer may reapply for payment of the amount  
2.20 of the difference between the claim for payment filed under subdivision 5 and the pro rata  
2.21 amount received until the full amount of the original claim is paid.

2.22 (d) An eligible facility may blend renewable chemicals with other chemicals that are  
2.23 not renewable chemicals, but only the percentage attributable to renewable chemicals in  
2.24 the blended product is eligible to receive payment.

2.25 (e) For purposes of this section, an entity that holds a controlling interest in more than  
2.26 one renewable chemical production facility is considered a single eligible producer.

2.27 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020, and  
2.28 applies to claims filed after January 1, 2020.

2.29 Sec. 3. Minnesota Statutes 2020, section 41A.18, subdivision 2, is amended to read:

2.30 Subd. 2. **Payment amounts; bonus; limits; blending.** (a) The commissioner shall make  
2.31 payments to eligible producers of biomass thermal located in the state. The amount of the

3.1 payment for each producer's annual production is \$5.00 per MMbtu of biomass thermal  
3.2 production produced at a specific location for ten years after the start of production.

3.3 (b) An eligible facility producing biomass thermal using agricultural cellulosic biomass  
3.4 is eligible for a 20 percent bonus payment for each MMbtu produced from agricultural  
3.5 biomass that is derived from perennial crop or cover crop biomass.

3.6 (c) Total payments under this section to an eligible thermal producer in a fiscal year  
3.7 may not exceed the amount necessary for 30,000 MMbtu of thermal production. Total  
3.8 payments under this section to all eligible thermal producers in a fiscal year may not exceed  
3.9 the amount necessary for 150,000 MMbtu of total thermal production. If the total amount  
3.10 for which all producers are eligible in a quarter exceeds the amount available for payments,  
3.11 the commissioner shall make the payments on a pro rata basis. An eligible producer may  
3.12 reapply for payment of the amount of the difference between the claim for payment filed  
3.13 under subdivision 5 and the pro rata amount received until the full amount of the original  
3.14 claim is paid.

3.15 (d) An eligible facility may blend a cellulosic feedstock with other fuels in the biomass  
3.16 thermal production facility, but only the percentage attributable to biomass meeting the  
3.17 cellulosic forestry biomass requirements or agricultural cellulosic biomass sourcing plan is  
3.18 eligible to receive payment.

3.19 (e) When a facility is eligible due to adding production capacity or retrofitting existing  
3.20 capacity, the entire amount of biomass meeting the cellulosic forestry biomass requirements  
3.21 or agricultural cellulosic biomass sourcing plan is assumed to have been used for the biomass  
3.22 thermal production from the added or retrofitted production capacity.

3.23 (f) For purposes of this section, an entity that holds a controlling interest in more than  
3.24 one biomass thermal production facility is considered a single eligible producer.

3.25 **EFFECTIVE DATE.** This section is effective retroactively from January 1, 2020, and  
3.26 applies to claims filed after January 1, 2020.

3.27 Sec. 4. **[41A.195] BIOINCENTIVE ACCOUNT.**

3.28 A bioincentive account is established in the agricultural fund. The account consists of  
3.29 money appropriated, deposited, or transferred by law to the account and any other money  
3.30 donated, allotted, or otherwise provided to the account. Money in the account, including  
3.31 interest, is annually appropriated to the commissioner for the purposes of making incentive  
3.32 payments under sections 41A.16, 41A.17, and 41A.18.

4.1 **Sec. 5. TRANSFERS; APPROPRIATION.**

4.2 **Subdivision 1. Bioincentive account.** (a) \$5,000,000 in fiscal year 2021 is transferred  
4.3 from the general fund to the bioincentive account under Minnesota Statutes, section 41A.195.  
4.4 This is a onetime transfer and is in addition to any other transfer or appropriation.

4.5 (b) \$10,000,000 in fiscal year 2022 and \$10,000,000 in fiscal year 2023 are transferred  
4.6 from the general fund to the bioincentive account.

4.7 **Subd. 2. Renewable development account.** Notwithstanding Minnesota Statutes, section  
4.8 116C.779, subdivision 1, paragraph (j), sums sufficient to make payments for claims under  
4.9 sections 41A.16, 41A.17, and 41A.18, not otherwise paid, are annually appropriated from  
4.10 the renewable development account under section 116C.779, subdivision 1, to the  
4.11 commissioner of agriculture. This subdivision expires September 1, 2024.

4.12 **EFFECTIVE DATE.** This section is effective the day following final enactment.