



2006 State Legislation Highlights

Highlights of 2006 State Legislation Through May 25, 2006

- The National Biodiesel Board is currently tracking more than 160 pieces of biodiesel legislation at the state level
- The bills includes incentives, use requirements, point of taxation clarification, authorization of studies, state fleet use requirements, biodiesel promotion, and others
- Below are some examples of bills under consideration or have been adopted into law in various states.

Arizona

SB 1346

Sen. Huppenthal

Awaiting Governor's signature

Use of Biodiesel to Meet Alt. Fuel Vehicle Purchase Mandates - This bill allows for a fuel purchase equivalency for biodiesel at one vehicle equivalent for every 450 gallons of neat biodiesel or 2,250 gallons of diesel fuel substitute. The bill also adds property that is used specifically to produce biodiesel fuel to qualify as a Class 6 Property, for purposes of taxation. Currently, Class 6 property is assessed at a 5 percent assessment ratio.

Arkansas

HB 1002A

Rep. Petrus

Signed by Gov. Huckabee 04/10/2006

Tax Refund for Biodiesel Fuel Suppliers – provides for an excise-tax refund of 50 cents for each gallon of B100 that is used to produce any biodiesel mixture. Refund is limited to first 2 percent of total gallons of biodiesel blended.

California

Executive Order

Issued by Gov. Schwarzenegger 04/25/2006

Executive Order that, among other things, establishes a target for the state of California to produce and use a minimum of 20 percent of its biofuels within California by 2010, 40 percent by 2020, and 75 percent by 2050. Biofuels includes both ethanol and biodiesel. In addition, the E.O. urges CARB to consider as part of its rulemaking the most flexible possible use of biofuels, which includes its Rulemaking to Update the Predictive Model and Specification for Reformulated Gasoline



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Colorado

SB 3

Sen. Kester

Signed by Gov. Owens 03/31/2006

Use of Biofuels in State Buildings – The life-cycle cost analysis performed for each major facility will now include the use of biofuel to provide supplemental or exclusive heating, power, or both for the major facility. The cost analysis regarding the use of biofuel must consider stranded utility costs. Definition of biofuel includes biodiesel.

SB 16

Sen. Entz

Signed by Gov. Owens 03/31/2006

Use of Biodiesel in State Fleets – Requires all state vehicles be fueled with B20, by Jan. 1 2007, subject to availability and so long as the price is no greater than 10 cents more per gallon than regular diesel fuel. Law goes into effect July 1, 2006.

Georgia

SB 636

Signed by Gov. Perdue on 04/28/006

Defines biodiesel according to ASTM D 6751. It also makes it illegal to sell, purchase or blend biodiesel unless it meets this definition.

Hawaii

HB 2175

Rep. Say

Signed by Gov. Lingle 05/12/2006

State Fleet Use – State agencies with diesel fuel purchases are directed to evaluate a purchase preference for biodiesel blends. Also allows agencies that use biodiesel fuel to offset their vehicle purchase requirements at the rate of one vehicle for each 450 gallons of neat biodiesel fuel used. Defines neat biodiesel fuel as B100 by volume.

Indiana

HB 1285

Rep. Heim

Study on Use of Biodiesel – Requires Environmental Quality Service Council to study, among other things, the feasibility of requiring motor vehicles sold in Indiana to meet standards for B20 use.



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SB 353

Sen. Weatherwas

Signed by Gov. Daniels 03/21/2006

Tax Credits for Biodiesel Production, Blending & Retail Sales - Increases the maximum amount of credits that may be granted for biodiesel production, biodiesel blending, and ethanol production and indicates that the Indiana economic development corporation may grant a credit that is less than the maximum permissible statutory credit. Extends the tax credit for the retail sale of blended biodiesel to 2010.

Kansas

SB 388

Signed by Gov. Sebelius 04/18/2006

Establishes the Kansas Qualified Biodiesel Fuel Producer Incentive Fund (KQBPIF), which will provide qualified biodiesel producers a \$.30/gallon production incentive for each gallon of biodiesel sold by the producer. A "Kansas qualified biodiesel fuel producer" is any producer of biodiesel fuel whose principal place of business and facility for the production of biodiesel are located within the state of Kansas. The Fund is to be administered by the state Dept. of Revenue. Program begins April 1, 2007 with an authorized transfer of \$437,500. Beginning July 1, 2007, and quarterly thereafter, \$875,000 will be made available to the KQBPIF. The program expires July 1, 2016.

Maryland

SB 54

Sen. Giannetti

Signed by Gov. Ehrlich 05/16/2006

State Fleet Biodiesel Use - Requiring the State to ensure that, in fiscal year 2008 and in each subsequent fiscal year, at least 50 percent of vehicles using diesel fuel in the State vehicle fleet use a blend of fuel that is at least 5 percent biodiesel fuel.

Mississippi

SB 2942

Sen. Lee

Signed by Gov. Barbour 04/24/2006

Creates a Study Committee on the Potential Use of Biodiesel Fuel, effective July 1, 2006. The study committee will study the need for mandated use of biodiesel and the benefits accruing to agriculture and the environment. The committee shall report to the Legislature no later than January 2, 2007.



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New York

Bill A11331

Assemblyman Tonko

Signed by Gov. Pataki 05/21/2006

Residential Bioheat Tax Credit. A tax credit for bioheat in residential heating applications will provide one cent (\$0.01) per percent of biodiesel per gallon of bioheat with a cap at the B20 level. For example, B5 will be eligible for a five cents per gallon New York State income tax credit, and B20 will be eligible for a 20 cent per gallon tax credit. Higher percentage blends, if used, will receive 20 cents per gallon. Effective July 1, 2006, through June 30, 2007.

SB 6460

Budget Bill

Vetoed by Gov. Pataki

This bill provided, among other things, a Biofuel Production Credit. Biodiesel is defined as a biofuel and eligible under the program. The bill provided for a \$.15/gallon after the first 40,000 gallons is produced in a tax year. Credits are capped at \$2.5MM per taxpayer/tax year/plant for up to no more than four consecutive taxable years per biofuel plant.

Virginia

HB 680

Del. Wittman

Signed by Gov. Kaine 04/06/2006

Establishes a Biofuels Production Fund and Grant Incentive Program. The Program offers grants to producers of neat biofuels, which includes B100. To be eligible for a grant the producer must produce in excess of 10 million gallons of neat biofuels within the Commonwealth in a calendar year using feedstock originating domestically within the United States. The producer must commence eligible sales on or after January 1, 2007, and pre-existing producers are only eligible if their production increases over prior calendar year levels by at least 10 million gallons of neat biofuels. Producers that qualify for a grant under the program may be granted \$0.10 per gallon for neat biofuels produced in the given calendar year. If moneys in the fund are not sufficient to pay all qualified applicants, disbursements from the Fund shall be made on a pro-rata basis. The Program and Fund would expire on December 31, 2016. The payment of grants is subject to an appropriation to the fund.



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Washington

SB 6386

Sen. Prentice

Signed by Gov. Gregoire 03/30/2006

Biofuels Education Fund – \$98,000 appropriated for FY 2007 is provided solely to establish a biofuels consumer education and outreach program at the Washington State University extension energy program.

SB 6508

Sen. Rasmussen

Signed by Gov. Gregoire 03/30/2006

B2 Requirement – Requires 2 percent of diesel sold in the state to be biodiesel starting Dec. 1, 2008, or when feedstock grown in the state can satisfy the 2 percent requirement; requirement to increase to 5 percent when certain triggers are met (in state crush capacity, grown feedstocks).

OTHER HIGHLIGHTS

- Tax Exemptions, Credits or Rebates – AZ, CA, HI, IA, IL, IN, KS, KY, MA, MD, NE, NH, NJ, NY, OK, SC, SD, VA, WA
At least 19 states considering some form of tax reform to encourage use and/or production of biodiesel.
- State Fleets – AZ, CO, HI, IL, MI, MO, MS, TN, VA, WA
At least 10 states considering some form of mandate or encouragement to use biodiesel in fleets.
- B2/B5 Mandates – CA, KS, LA, MO, MS, VA
At least 6 states considering some form of biodiesel mandate for the state diesel pool.
- Infrastructure – IA, IL, KS, NE
At least 4 states considering legislation to improve their state's infrastructure to improve access to biodiesel.
- Miscellaneous Incentives – CT, HI, KS, MN, MO, NY, PA, VT, WA
At least 9 states considering legislation that offer various other incentives for biodiesel use and/or production such as issuance of state bonds, use of public lands for oilseed production, conversion allowance programs and grants.



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- Schools and Buses – CT, GA, IA, MS
At least 4 states are considering legislation that offer incentives to schools and school districts for purchase of biodiesel fuel for school buses.

Note: This document is not intended to be an exhaustive list of biodiesel-related bills under consideration in the states. New bills are continually being introduced in the state legislatures. Every effort is made to track all bills under consideration and are maintained for NBB members at the Members' web site.

For more information: The National Biodiesel Board maintains the most comprehensive biodiesel Web site in the US at www.biodiesel.org. Contact Scott Hughes, Director of Governmental Affairs for the National Biodiesel Board at shughes@biodiesel.org or Josh Zahn at jzahn@sbcglobal.net.

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