



AGRI Biofuels Infrastructure Financial Assistance Program

Annual Report

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Executive Summary

The Minnesota Department of Agriculture’s Agricultural Growth, Research, and Innovation (AGRI) Biofuels Infrastructure Grant Program was established by the Legislature during the 2021, 1st Special Session (Session Law Chapter 3). The purpose of the program is to provide grants to retail petroleum businesses that enable the installation of replacement or new retail petroleum dispensers, fuel storage tanks, and other equipment to dispense biofuels to the public in accordance with the biofuel replacement goals established under the Petroleum Replacement Promotion statute (MINN. STAT. 239.7911).

A retail petroleum dispenser selling petroleum for use in spark ignition engines for vehicle model years after 2000 is eligible for grant money under this clause if the retail petroleum dispenser has no more than 10 retail petroleum dispensing sites and each site is located in Minnesota. The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25. A grant award must not exceed 65% of the cost of the appropriate technology. A grant award must not exceed \$200,000 per station.

This program is funded through the AGRI Program (MINN. STAT. 41A.12). Funding is \$3 million in Fiscal Year (FY) 2022 and \$3 million in FY 2023. In addition, a gift of \$1 million was provided to the program by the Minnesota Corn Growers Association (MCGA).

Introduction

This report is submitted as requested by the Legislature (2021 Minn. Laws 1st Sp. Sess. Chap. 3 Art. 1 Sec. 2 Subd 4(b)(3)):

The commissioner, in cooperation with any economic or community development financial institution and any other entity with which it contracts, must submit a report on the biofuels infrastructure financial assistance program by January 15 of each year to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over agriculture policy and finance. The annual report must include but not be limited to a summary of the following metrics: (i) the number and types of projects financed; (ii) the amount of dollars leveraged or matched per project; (iii) the geographic distribution of financed projects; (iv) any market expansion associated with upgraded infrastructure; (v) the demographics of the areas served; (vi) the costs of the program; and (vii) the number of grants to minority-owned or female-owned businesses.

Background

During the 2021 legislative 1st special session, the Legislature adopted statutory language (2021 Minn. Laws 1st Sp. Sess. Chap. 3 Art. 1 Sec. 2 Subd 4(b)(3)) and appropriated funds for grants to retail petroleum dispensers selling petroleum for use in spark ignition engines.

The AGRI Biofuels Infrastructure Grant Program is a competitive funding opportunity for Minnesota retail service stations (including service stations, convenience stations, and hypermarket fueling stations) seeking to invest in

retail petroleum dispensers, fuel storage tanks, and other equipment needed to dispense biofuels to the public in accordance with the biofuel replacement goals established by the legislature (MINN. STAT. 239.7911). The intent of the program is to increase access and sales of motor fuel blends containing at least 15% ethanol by investing in equipment that is certified as compatible with E25 or higher blends.

Request for Proposals

Approximately \$6,610,000 will be awarded in Fiscal Year (FY) 2022 and FY2023 through the AGRI Biofuels Infrastructure Financial Assistance Program Request for Proposals (RFP). This includes \$5.61 million appropriated by the Legislature to the AGRI Program (\$2.805 million in FY 2022 and FY 2023) and \$1 million from the Minnesota Corn Growers Association (MCGA). Projects may be funded through AGRI funds, MCGA funds, or a combination of both.

Statutory requirements for eligibility include:

- A retail petroleum dispenser must have no more than 10 retail petroleum dispensing sites.
- Each retail petroleum dispensing site requesting grant funds must be located in Minnesota.
- The grant money must be used to replace or upgrade equipment that does not have the ability to be certified for E25.
- A grant award must not exceed 65% of the cost of the appropriate technology.
- A grant award must not exceed \$200,000 per station.

Priorities, outcomes, and implementation approaches of the grant program are being developed through cooperative discussion with biofuel stakeholders in Minnesota, pursuant to statutory requirements. We anticipate releasing the RFP in late January 2022 and accepting applications through mid-March. We expect to make funding decisions in May with projects beginning as early as June and July.