

S.F. No. 1178 – Incentives for advanced biofuel, renewable chemical, and biomass thermal production

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Sections 1 and 2 relate to the advanced biofuel production incentive. “Advanced biofuel” is defined in section 41A.15, subdivision 2 as “a renewable fuel, other than ethanol derived from corn starch, that has lifecycle greenhouse gas emissions that are at least 50 percent less than baseline lifecycle greenhouse gas emissions.”

Section 1 (section 41A.16, subd. 1) extends the eligibility for the incentive to facilities that have begun production from on or before April 1, 2023, to on or before June 30, 2023. This section would be effective from March 31, 2023.

Section 2 (section 41A.16, subd. 2) allows eligible producers to reapply for payments that were not made due to the funds being fully allocated and requires the commissioner to make those payments. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sections 3 and 4 relate to the renewable chemical production incentive. “Renewable chemical” is defined in section 41A.15, subd. 10 as “a chemical, polymer, monomer, plastic, or composite material that is entirely produced from biomass.”

Section 3 (section 41A.17, subd. 1) extends the eligibility for the incentive to facilities that have begun production from on or before April 1, 2023, to on or before June 30, 2023. This section would be effective from March 31, 2023.

Section 4 (section 41A.17, subd. 2) allows eligible producers to reapply for payments that were not made due to the funds being fully allocated and requires the commissioner to make those payments. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Sections 5 and 6 relates to the biomass thermal production incentive. “Biomass thermal production” is defined in section 41A.15, subd. 3 as “the generation of energy for commercial heat

or industrial process heat from a cellulosic material or other material composed of forestry or agricultural feedstocks for a new or expanding capacity facility or a facility that is displacing existing use of fossil fuel after July 1, 2015.”

Section 5 (section 41A.18, subd. 1) extends the eligibility for the incentive to facilities that have begun production from on or before April 1, 2023, to on or before June 30, 2023. This section would be effective from March 31, 2023.

Section 6 (section 41A.18, subd. 2) allows eligible producers to reapply for payments that were not made due to the funds being fully allocated and requires the commissioner to make those payments. This section is effective retroactively from January 1, 2020, and applies to claims filed after January 1, 2020.

Section 7 [41A.185] sets a ceiling of \$15,000,000 per year for appropriations from the general fund to the commissioner of agriculture from fiscal year 2023 to fiscal year 2036. The amount appropriated shall be sufficient to the amount needed to make the incentive payments. This section is effective the day following final enactment.

Section 8 appropriates \$10,000,000 in fiscal year 2023 from the general fund to the commissioner of agriculture to pay claims not previously claimed as detailed in sections 2, 4, and 6 of this bill.

Section 9 repeals sections of the statute that would have given incentives to facilities that began production after April 1, 2023, through June 30, 2025.