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## Biofuels Infrastructure Grant

Fiscal Year 2025 Legislative Report

Laws of Minnesota 2023, chapter 43, article 1, section 2, subdivision 4(c)(3)

Laws of Minnesota 2025, chapter 32 article 1, section 2, subdivision 3(f)(3)

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## Executive Summary

The Minnesota Legislature established the Agricultural Growth, Research, and Innovation Program (AGRI) Biofuels Infrastructure Program Grant during the 2021 Session to increase access and sales of motor fuel blends containing at least 15% ethanol. The program invests in equipment certified as compatible with E25 or higher blends such as fuel pumps, fuel storage tanks, and other equipment. To date, the Minnesota Department of Agriculture (MDA) has awarded more than \$12.77 million in funding for 80 projects across the state. Of those, 41 projects have been completed, 19 expect to be completed by spring 2028, and 20 were cancelled by the grantees for various reasons.

In Fiscal Year (FY) 2025, the MDA awarded \$3.56 million for 20 projects, with grants ranging from \$146,000 to \$199,000.

In fall 2025, the MDA released the FY26 Biofuels Infrastructure Grant Program Request for Proposals (RFP). Approximately \$5 million was available. The MDA received 28 proposals requesting approximately \$5.35 million. Evaluations took place at the end of 2025, and pre-award risk assessments are being processed at the time of this report.

The MDA expects to release another RFP for Biofuels Infrastructure projects in spring 2026.

## Introduction

This report is required by the Minnesota Legislature (Laws of Minnesota 2023, chapter 43, article 1, section 2, subdivision 4(c)(3) and Laws of Minnesota 2025, chapter 32 article 1, section 2, subdivision 3(f)(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 agricultural policy and finance. The annual report must include but not be limited to a summary of the following metrics:

- (1) The number and types of projects financed;
- (2) The amount of dollars leveraged or matched per project;
- (3) The geographic distribution of financed projects;
- (4) Any market expansion associated with upgraded infrastructure;
- (5) The demographics of the areas served;
- (6) The costs of the program; and
- (7) The number of grants to minority-owned or female-owned businesses.

## Background

The Minnesota Legislature established the AGRI Biofuels Infrastructure Program Grant during the 2021 Session. The program invests in equipment certified as compatible with E25 or higher blends in order to increase consumer access to and sales of motor fuel blends that contain at least 15% ethanol. The program makes grants

to fueling stations for the replacement or installation of new fuel pumps, fuel storage tanks, and other equipment needed to dispense higher ethanol blend biofuels. This program supports the biofuel replacement goals established under the Petroleum Replacement Promotion Statute (MINN. STAT. 239.7911).

Grants are awarded competitively based on recommendations made by a panel of MDA and external reviewers who have experience in the biofuels industry. Grant awards cover 65% of qualifying expenses up to a maximum of \$199,000 per retail location. To be eligible for grant funding, a fueling station must be located in Minnesota and own no more than 10 retail petroleum dispensing sites; in the FY 2026-2027 budget rider, this limit was increased to 20.

## Program Activities Completed

In fall 2024, the MDA issued an RFP for \$3.695 million, including \$3.25 million appropriated by the Legislature to the AGRI Program and \$246,000 remaining from \$1 million gift from the Minnesota Corn Growers Association in 2022. The MDA received 64 proposals requesting approximately \$11.36 million. Grant awards totaled \$3.56 million for 20 projects, with grants ranging from \$146,000 to \$199,000. A list of awardees and a map of their locations are available in Appendices A and B. This \$3.56 million investment of state funds leveraged more than \$3.1 million in private investment. See Appendix C for dollars leveraged by individual project.

According to an anonymous survey with all BIP grantees in fall 2025, 38% of respondents indicated their business was majority owned by a woman or a member of a community of color. Demographic data for districts served by funded projects are available in Appendix D.

Throughout 2025, the MDA worked with these grantees and grantees from Fiscal Year (FY) 2022, 2023, and 2024. Forty-one grantees to-date have completed their projects. Most plan to finish by the end of 2025, and all anticipate being operational by the summer of 2026. In the annual progress report, 77% of grantees that have completed their projects stated that MDA grant funds made their project possible. All the grantees who have not completed their project said they would be very unlikely to complete their project without the grant funding.

The projects funded through this program expand consumer access to higher-blend ethanol fuels. According to the Minnesota Department of Commerce (DOC) Division of Energy Resources, in September 2024 there were 484 retail fuel stations selling mid-blend ethanol fuels (E15 through E50). The remaining 19 projects yet to be completed through this program will expand market access by another 4% (source: [2025 Minnesota E85 + Mid-Blends Station Report \(PDF\)](#)). Minnesota E15 sales reached 10 million gallons in May 2023 for the first time and have continued to climb, averaging 12,076,342 gallons per month in 2025. Data from DOC shows that E15 is priced on average \$0.12 per gallon lower than regular 87 octane gasoline. Stations that received funding in 2025 estimate that the equipment and infrastructure upgrades funded by this program will result in the following sales in 2026:

- 2,719,000 gallons of E15;
- 150,000 gallons of E30;
- 30,000 gallons of E50;
- 560,000 gallons of E85.

## Fiscal Year 2026

For FY26 and 2027, the Legislature appropriated \$2.75 million per year and increased eligibility to allow businesses that owned no more than 20 retail petroleum dispensing sites (up from 10 previously).

In the fall of 2025, the MDA released the RFP for the fourth round of Biofuels Infrastructure Grants. Approximately \$5 million was available, which included funds appropriated by the legislature to the AGRI Program, funds from projects that were cancelled or not completed by their contract expiration date from FY 2022 and 2023, and remaining funds from the Minnesota Corn Growers Association gift. Projects could be funded through AGRI funds, Minnesota Corn Growers funds, or a combination of both. The MDA received 28 proposals requesting approximately \$5.35 million. Evaluations took place at the end of 2025 and pre-award risk assessments and contracts are being processed at the time of this report.

The MDA expects to release another RFP for the fifth round of Biofuels Infrastructure projects in spring 2026.

## Grantee Spotlight

Farmers Cooperative Oil was formed in Elbow Lake in 1929. Their retail store offers a variety goods to their community including convenience foods, pet food, softener salt, liquefied petroleum tank filling, hardware fasteners, fishing and hunting licenses, full-service fueling, and are now the only station in the area to offer access to biofuels. Manager Derek Birdsall shares “We are feeling an excitement in our small farming community to offer ethanol blends. As the only provider in the close area, it’s a big deal. We would have had a difficult time funding the project without the grant.” Farmers Cooperative Oil received a grant award of \$187,464 in FY25 and completed their project in summer of 2025. They are now able to offer E85, E30, and E20 at both of their two dispensers in all four fueling positions and report seeing an increase in traffic since completing their project.



**Photo 1 and Photo 2. Farmers Cooperative Oil, located in Elbow Lake, is the only retailer in their area to offer access to biofuels.**

Bemidji Cooperative Association, located in Bemidji, was another recipient of a FY25 Biofuel Infrastructure Program Grant. They were awarded \$196,174 for their project and despite tornados and severe flooding early in the summer, they completed their project July 2025. They report that the grant funding enabled them to upgrade their station, which would not have been financially possible otherwise. With a planned development in the nearby rail corridor, they expect this project will significantly benefit both the business and the community they serve. Since completing their project, they have already seen an increase in customers filling up at their station.



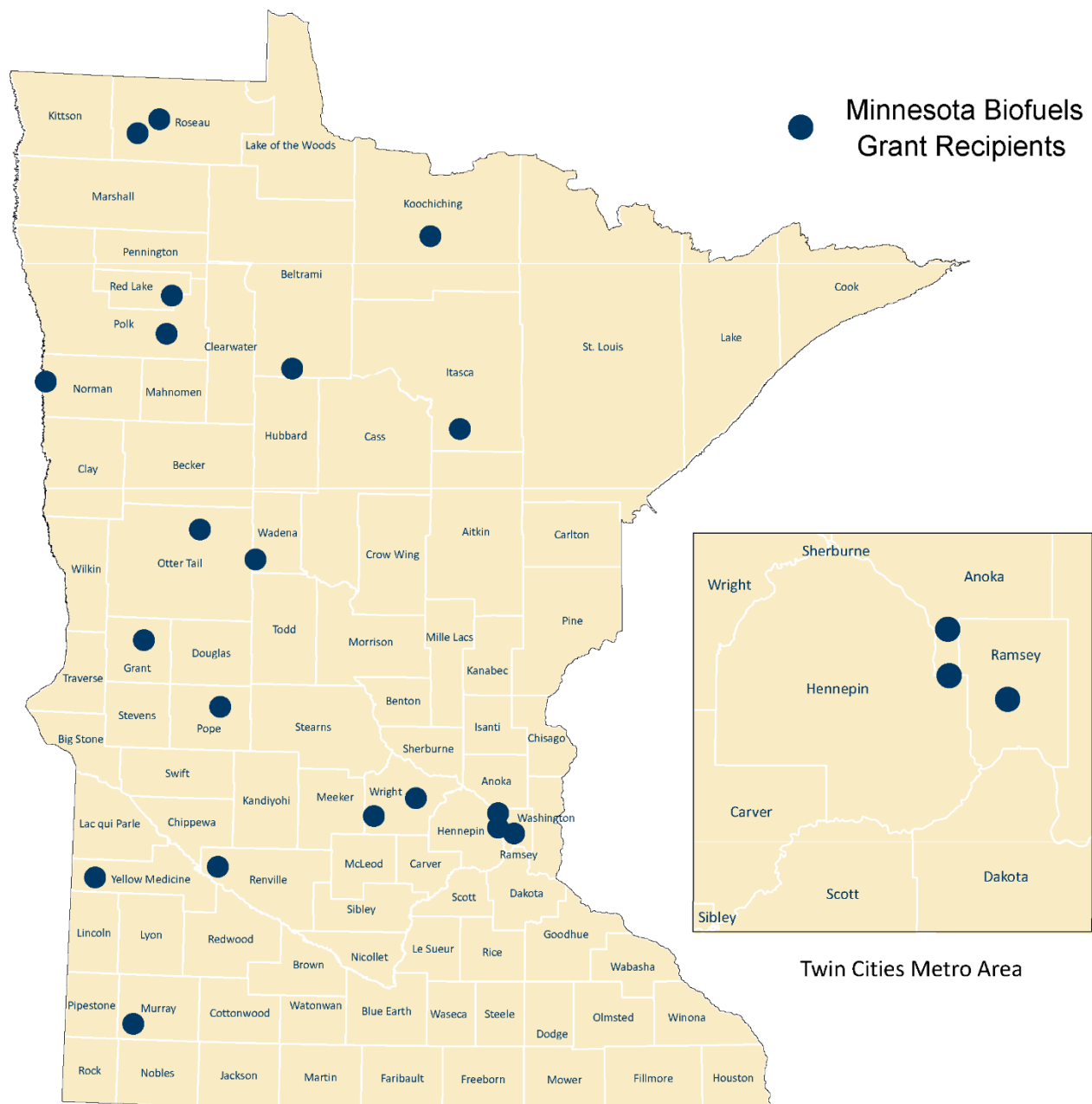
**Photo 3. Bemidji Cooperative Association, located in Bemidji, now offers E15, E30, E50, and E85 at all four of their upgraded dispensers.**

## Appendix A: FY25 Biofuels Infrastructure Grant Recipients by District

Legislative District	County	Business Name	City
01A	Roseau	Roseau County Co-op Association	Greenbush
01A	Roseau	Roseau County Co-op Association	Badger
01B	Polk	Red Lake County Cooperative Inc	McIntosh
01B	Red Lake	Red Lake County Cooperative Inc	Oklee
01B	Norman	Valley United Co-op	Halstad
02A	Beltrami	Bemidji Cooperative Association	Bemidji
03A	Koochiching	Pritchard's Corner LLC	Big Falls
05B	Otter Tail	John's Car Care Center Inc.	Wadena
06A	Itasca	Bales Enterprises, Inc.	Grand Rapids
09A	Grant	Farmers Cooperative Oil Company	Elbow Lake
09B	Otter Tail	Meyers Service Inc.	Perham
12A	Pope	Fuel Express, Inc.	Glenwood
15A	Yellow Medicine	Independent Oil & Sports LLC	Canby
16A	Renville	Meadowland Farmers Coop	Sacred Heart
17A	Wright	Lake Region Coop Oil Association	Cokato
21A	Murray	Chandler Coop	Chandler
29B	Wright	Lake Region Coop Oil Association	Buffalo
39A	Anoka	Panoramic Properties LLC	Fridley
60A	Hennepin	Prime Oil & Gas Corp.	Minneapolis
66B	Ramsey	Dale Inc.	St. Paul



## Appendix B: Map of FY25 Biofuels Infrastructure Grant Recipients



**Figure 1. Map representing locations of FY25 Biofuels Infrastructure Grant recipients reported in Appendix A.**

## Appendix C: Funds Leveraged by Project (FY25 Grant Recipients)

Organization Name	Location	Grant Award	Estimated Match
Bales Enterprises, Inc.	Grand Rapids	\$194,622	\$104,798
Bemidji Cooperative Association	Bemidji	\$196,174	\$105,634
Chandler Coop	Chandler	\$177,044	\$95,348
Dale Inc.	St. Paul	\$199,000	\$519,596
Farmers Cooperative Oil Company	Elbow Lake	\$187,464	\$100,945
Fuel Express, Inc.	Glenwood	\$199,000	\$189,766
Independent Oil & Sports LLC	Canby	\$176,053	\$94,799
John's Car Care Center Inc.	Wadena	\$152,940	\$82,354
Lake Region Coop Oil Association	Buffalo	\$199,000	\$157,676
Lake Region Coop Oil Association	Cokato	\$199,000	\$178,562
Meadowland Farmers Coop	Sacred Heart	\$172,936	\$93,122
Meyers Service Inc.	Perham	\$168,999	\$91,001
Panoramic Properties LLC	Fridley	\$199,000	\$307,431
Prime Oil & Gas Corp.	Minneapolis	\$199,000	\$497,080
Pritchard's Corner LLC	Big Falls	\$146,056	\$78,647
Red Lake County Cooperative Inc.	McIntosh	\$167,989	\$90,457
Red Lake County Cooperative Inc.	Oklee	\$146,981	\$79,145
Roseau County Co-op Association	Greenbush	\$152,496	\$82,116
Roseau County Co-op Association	Badger	\$152,496	\$82,116
Valley United Co-op	Halstad	\$175,915	\$94,725
<b>Total</b>	--	<b>\$3,562,165</b>	<b>\$3,125,318</b>

## Appendix D: Demographic Data for Districts Served by Projects (FY25 Grant Recipients)

District	Total Population	(%) Black or African American	(%) American Indian and Alaska Native	(%) Asian	(%) Native Hawaiian and Other Pacific Islander	(%) Some Other Race	(%) Two or More Races	Median Household Income in Dollars	(%) All people whose income fell below the poverty level in the last 12 months
01A	42,302	0.9	0.7	1.5	0.0	1.0	4.7	\$72,548	9.8
01B	42,322	1.8	1.3	0.7	0.0	1.6	6.5	\$69,929	11.1
02A	43,648	1.5	18.3	0.6	0.1	0.7	6.6	\$66,716	15.4
03A	42,250	0.5	3.2	0.5	0.0	0.8	5.2	\$68,498	11.1
05B	43,149	0.7	0.3	0.4	0.1	0.9	7.9	\$63,028	11.0
06A	43,298	0.6	1.2	0.4	0.1	0.7	4.8	\$69,109	10.8
09A	42,790	1.2	0.8	0.8	0.0	2.1	4.6	\$67,379	10.1
09B	42,073	0.3	0.2	0.3	0.0	1.5	3.5	\$75,954	8.6
12A	42,198	0.8	0.6	0.7	0.4	2.5	4.1	\$69,467	10.2
15A	42,507	1.8	1.2	3.0	0.0	3.7	4.1	\$71,660	10.9
16A	42,544	0.6	0.7	0.8	0.5	3.9	3.8	\$70,542	11.0
17A	41,712	0.4	0.3	0.6	0.0	2.9	4.3	\$79,086	7.8
21A	41,748	0.6	0.5	1.6	0.1	2.2	4.6	\$69,201	10.3
29B	43,497	0.7	0.3	1.9	0.0	2.8	4.4	\$89,668	6.9
39A	42,663	17.2	0.9	4.9	0.0	8.5	8.8	\$78,153	11.8
60A	42,563	11.7	0.7	4.0	0.0	4.2	8.6	\$88,821	11.1
66B	40,776	15.2	0.9	35.4	0.2	2.9	6.5	\$65,382	21.8

Source: American Community Survey Profile Report, 2019-2023 (5-year estimates)