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State of Minnesota
HOUSE OF REPRESENTATIVES

**EIGHTY-FIFTH
SESSION**

HOUSE FILE No. 2987

February 14, 2008

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The bill was read for the first time and referred to the Committee on Commerce and Labor

February 18, 2008

By motion, recalled and re-referred to the Agriculture, Rural Economies and Veterans Affairs

1.1 A bill for an act
1.2 relating to motor fuels; modifying definition of biodiesel; increasing minimum
1.3 biodiesel content; creating tiered biodiesel content goal; establishing B20 panel
1.4 with authority to increase minimum content; requiring a proposal; appropriating
1.5 money; amending Minnesota Statutes 2006, section 239.77, as amended;
1.6 Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 8a.

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

1.8 Section 1. Minnesota Statutes 2006, section 239.77, as amended by Laws 2007, chapter
1.9 62, sections 3 and 4, is amended to read:

1.10 **239.77 BIODIESEL CONTENT MANDATE.**

1.11 Subdivision 1. **Biodiesel fuel.** "Biodiesel fuel" means a renewable, biodegradable,
1.12 mono alkyl ester combustible liquid fuel that is derived from agricultural plant oils or
1.13 animal fats ~~and that~~, meets American Society for Testing and Materials specification
1.14 D6751-07 for Biodiesel Fuel (B100) Blend Stock for Distillate Fuels; and is manufactured,
1.15 marketed, and distributed solely by persons certified by the BQ-9000 National Biodiesel
1.16 Accreditation Program. Biodiesel fuel does not mean renewable diesel derived from
1.17 biomass using the process of thermal depolymerization.

1.18 Subd. 2. **Minimum content.** Except as otherwise provided in this section, all diesel
1.19 fuel sold or offered for sale in Minnesota for use in internal combustion engines must
1.20 contain at least ~~2.0~~ 5.0 percent biodiesel fuel oil by volume.

1.21 Subd. 2a. **Biodiesel content goals.** (a) It is the goal of this state that all diesel fuel
1.22 sold or offered for sale in Minnesota for use in internal combustion engines must contain
1.23 at least the stated percentage of biodiesel fuel oil by volume by July 1 of the associated
1.24 year, as listed below.

2.1	<u>(1)</u>	<u>2011</u>	<u>10 percent</u>
2.2	<u>(2)</u>	<u>2013</u>	<u>15 percent</u>
2.3	<u>(3)</u>	<u>2015</u>	<u>20 percent</u>

2.4 (b) The content goal in paragraph (a), clause (3), is effective during the months of
 2.5 April, May, June, July, August, and September only. The minimum content goal for
 2.6 the remainder of the year is 15 percent.

2.7 Subd. 2b. **B20 panel; minimum content increases.** (a) A B20 panel is established
 2.8 and comprised of the commissioners of agriculture, commerce, and pollution control.
 2.9 Guided by, but not limited to, the target dates in subdivision 2a, the B20 panel may
 2.10 prescribe, via an executive order of the governor, a minimum biodiesel content that
 2.11 supersedes the minimum content in subdivision 2. The new minimum biodiesel content is
 2.12 effective statewide nine months after the executive order is published in the State Register.

2.13 (b) Before requesting an executive order, the B20 panel must inform the chairs of
 2.14 the committees with jurisdiction over agriculture finance and the leadership of both houses
 2.15 of the legislature of its intention, providing evidence sufficient to demonstrate that the
 2.16 conditions in paragraph (c) have been met or will be met by the time the proposed increase
 2.17 would take effect. An executive order to increase the minimum biodiesel content may not
 2.18 be issued until the conclusion of the state legislative session in progress at the time of the
 2.19 proposed increase or the conclusion of the subsequent legislative session if the legislature
 2.20 is not convened in session when the B20 panel proposes the increase.

2.21 (c) The B20 panel may increase the minimum biodiesel content only if the following
 2.22 conditions have been met:

2.23 (1) an American Society for Testing and Materials specification or equivalent federal
 2.24 standard exists for the new minimum diesel-biodiesel blend;

2.25 (2) a sufficient supply of biodiesel is available and the amount of biodiesel produced
 2.26 in this state is equal to at least 50 percent of anticipated demand at the proposed minimum
 2.27 content level; and

2.28 (3) adequate blending infrastructure and regulatory protocol are in place in order to
 2.29 promote biodiesel quality and avoid any potential economic disruption.

2.30 (d) The B20 panel must seek the input of the biodiesel task force when evaluating
 2.31 the conditions in paragraph (c) and in general must seek the guidance of the biodiesel task
 2.32 force regarding labeling, enforcement, and other issues. The B20 panel must inform the
 2.33 biodiesel task force of its intention to increase biodiesel content by October 1 of the
 2.34 calendar year preceding the effective date of the proposed biodiesel content increase.

2.35 (e) The B20 panel may increase the minimum biodiesel content no more than once
 2.36 every two calendar years, not including any seasonal, temporary increase.

3.1 Subd. 3. **Exceptions.** (a) The minimum content requirement of subdivision 2, or any
 3.2 superseding minimum content issued by executive order under the authority of subdivision
 3.3 4, does not apply to fuel used in the following equipment:

3.4 (1) motors located at an electric generating plant regulated by the Nuclear
 3.5 Regulatory Commission;

3.6 (2) railroad locomotives; and

3.7 (3) off-road taconite and copper mining equipment and machinery.

3.8 (b) The exemption in paragraph (a), clause (1), expires 30 days after the Nuclear
 3.9 Regulatory Commission has approved the use of biodiesel fuel in motors at electric
 3.10 generating plants under its regulation.

3.11 Subd. 4. **Disclosure.** A refinery or terminal shall provide, at the time diesel fuel
 3.12 is sold or transferred from the refinery or terminal, a bill of lading or shipping manifest
 3.13 to the person who receives the fuel. For biodiesel-blended products, the bill of lading or
 3.14 shipping manifest must disclose biodiesel content, stating volume percentage, gallons of
 3.15 biodiesel per gallons of petroleum diesel base-stock, or an ASTM "Bxx" designation
 3.16 where "xx" denotes the volume percent biodiesel included in the blended product. This
 3.17 subdivision does not apply to sales or transfers of biodiesel blend stock between refineries,
 3.18 between terminals, or between a refinery and a terminal.

3.19 **EFFECTIVE DATE.** This section is effective May 1, 2009.

3.20 Sec. 2. Minnesota Statutes 2007 Supplement, section 296A.01, subdivision 8a, is
 3.21 amended to read:

3.22 Subd. 8a. **Biodiesel fuel.** "~~Biodiesel fuel" means a renewable, biodegradable, mono~~
 3.23 ~~alkyl ester combustible liquid fuel derived from agricultural plant oils or animal fats~~
 3.24 ~~and that meets American Society for Testing and Materials specification D6751-07 for~~
 3.25 ~~Biodiesel Fuel (B100) Blend Stock for Distillate Fuels~~ has the meaning given in section
 3.26 239.77, subdivision 1.

3.27 **EFFECTIVE DATE.** This section is effective May 1, 2009.

3.28 Sec. 3. **PROPOSAL; PETROLEUM INSPECTION FEE REVENUE.**

3.29 The commissioners of finance, commerce, and pollution control must develop and
 3.30 submit to the legislature as part of their next biennial budget request a proposal for
 3.31 eliminating redundant fuel inspections and dedicating all revenue from the petroleum
 3.32 inspection fee levied on petroleum products under Minnesota Statutes, section 239.101,
 3.33 subdivision 3, to the Weights and Measures Division of the Department of Commerce.

4.1 Sec. 4. **APPROPRIATION.**

4.2 \$..... is appropriated in fiscal year 2009 from the general fund to the commissioner
4.3 of agriculture for infrastructure grants to fuel terminals that serve Minnesota for
4.4 cold-weather biodiesel blending.