



General Assembly

**Substitute Bill No. 1329**

January Session, 2007

\* SB01329GAE\_\_050907\_\_ \*

**AN ACT CONCERNING BIODIESEL.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. (NEW) (*Effective July 1, 2007*) For the purposes of sections  
2 1 to 7, inclusive, of this act:

3 (1) "Biodiesel" means a fuel comprised of mono-alkyl esters of long  
4 chain fatty acids derived from vegetable oils or animal fats, designated  
5 B100, and meeting the requirements of designation D6751 of the  
6 American Society for Testing and Materials.

7 (2) "Qualified biodiesel producer" means a facility that produces  
8 biodiesel and is registered with the state of Connecticut, domiciled in  
9 Connecticut and actively engaged in the production of biodiesel in  
10 Connecticut for commercial purposes.

11 (3) "Qualified biodiesel distributor" means a facility that stores and  
12 distributes biodiesel and is registered with the state of Connecticut,  
13 domiciled in Connecticut and actively engaged in the storage and  
14 distribution of biodiesel in Connecticut for commercial purposes.

15 Sec. 2. (NEW) (*Effective July 1, 2007*) (a) There is established an  
16 account to be known as the "Connecticut qualified biodiesel producer  
17 incentive account", which shall be a separate, nonlapsing account  
18 within the General Fund. The account shall contain any moneys

19 required by law to be deposited in the account.

20 (b) The moneys in said account shall be expended by the  
21 Connecticut Center for Advanced Technology for the purpose of  
22 administration of the program providing grants to qualified biodiesel  
23 producers and qualified biodiesel distributors pursuant to sections 3 to  
24 7, inclusive, of this act.

25 Sec. 3. (NEW) (*Effective July 1, 2007*) (a) A qualified biodiesel  
26 producer shall be eligible for not more than sixty monthly grants from  
27 the account. The Connecticut Center for Advanced Technology shall  
28 determine monthly grant amounts by calculating the estimated gallons  
29 of biodiesel produced during the preceding month, as certified by the  
30 Connecticut Center for Advanced Technology, and multiplying such  
31 figure by the following per gallon amount or amounts: (1) For the first  
32 five million gallons of biodiesel produced, thirty cents per gallon; (2)  
33 for the second five million gallons of biodiesel produced, twenty cents  
34 per gallon; and (3) for the third five million gallons of biodiesel  
35 produced, ten cents per gallon.

36 (b) Biodiesel produced by a qualified biodiesel producer in excess of  
37 fifteen million gallons shall not be eligible for a grant pursuant to this  
38 section.

39 Sec. 4. (NEW) (*Effective July 1, 2007*) (a) To receive a grant pursuant  
40 to section 3 of this act, a qualified biodiesel producer shall file an  
41 application for such funds not later than fifteen days after the last day  
42 of the month for which the grant is sought. The application shall  
43 include, but not be limited to, (1) the location of the qualified biodiesel  
44 producer; (2) the number of Connecticut citizens employed by the  
45 qualified biodiesel producer in the preceding month; (3) the number of  
46 gallons of biodiesel produced during the month for which the grant is  
47 sought; (4) a copy of the qualified biodiesel producer's Connecticut  
48 registration; and (5) any other information deemed necessary by the  
49 Connecticut Center for Advanced Technology to ensure that such  
50 grants shall be made only to qualified biodiesel producers.

51 (b) The Connecticut Center for Advanced Technology shall pay all  
52 grants for a particular month by the fifteenth day after receipt and  
53 approval of the application filed pursuant to subsection (a) of this  
54 section.

55 Sec. 5. (NEW) (*Effective July 1, 2007*) A qualified biodiesel producer  
56 shall be eligible for a one-time grant pursuant to section 2 of this act to  
57 assist with purchasing equipment or constructing, modifying or  
58 retrofitting production facilities. Such grant shall not exceed three  
59 million dollars, regardless of the number of facilities owned by said  
60 qualified biodiesel producer.

61 Sec. 6. (NEW) (*Effective July 1, 2007*) A qualified biodiesel distributor  
62 shall be eligible for a grant pursuant to section 2 of this act for  
63 purposes other than to assist with purchasing equipment or  
64 constructing, modifying or retrofitting facilities, including, but not  
65 limited to, the actual costs of creating storage and distribution capacity  
66 for biodiesel during the month. Such grants shall not exceed fifty  
67 thousand dollars for any one distributor at any one site. The  
68 Connecticut Center for Advanced Technology shall create an  
69 application process and adopt rules for the administration of this grant  
70 provision.

71 Sec. 7. (NEW) (*Effective July 1, 2007*) The management of the  
72 Connecticut Center for Advanced Technology, in consultation with the  
73 Department of Economic and Community Development, shall  
74 promulgate rules and regulations necessary for the administration of  
75 the provisions of this section on the progress of the grant programs  
76 administered pursuant to sections 2 to 7, inclusive, of this act. The  
77 Connecticut Center for Advanced Technology shall submit an annual  
78 report, in accordance with the provisions of section 11-4a of the general  
79 statutes, to the joint standing committees of the General Assembly  
80 having cognizance of matters relating to energy and technology and  
81 the environment.

82       Sec. 8. (NEW) (*Effective October 1, 2007*) (a) The Institute for  
83 Sustainable Energy shall (1) compile and distribute educational  
84 materials regarding biodiesel to municipalities, local boards of  
85 education and private commercial entities to educate future  
86 consumers, and (2) establish and administer a Connecticut biodiesel  
87 link program to establish a database of schools, restaurants,  
88 institutional cafeterias and other institutions and businesses in the  
89 state that produce waste vegetable oil or other comparable food  
90 product suitable for conversion to biodiesel. The database shall be  
91 maintained by the Institute for Sustainable Energy and shall be made  
92 available to the public on said institute's Internet web site. Businesses  
93 interested in selling their waste vegetable oil or other comparable food  
94 product to producers of biodiesel heating and motor vehicle fuel may  
95 notify the Institute for Sustainable Energy and have their names,  
96 contact information and intentions regarding such businesses placed  
97 on said web site. The Institute for Sustainable Energy shall make  
98 reasonable efforts to facilitate contact between parties with similar  
99 interests.

100       (b) The Institute for Sustainable Energy shall post educational  
101 materials regarding the Connecticut biodiesel link program on said  
102 institute's Internet web site, and such information shall be posted on  
103 the Internet web sites of the Department of Economic and Community  
104 Development, the Department of Agriculture, the Connecticut  
105 Agricultural Experiment Station, The University of Connecticut Biofuel  
106 Consortium and The University of Connecticut Cooperative Extension  
107 System, including, but not limited to, information regarding the  
108 starting of a waste vegetable oil business and strategies for conducting  
109 such business.

110       Sec. 9. (NEW) (*Effective July 1, 2007*) (a) There is established a grant  
111 program for service stations, which shall be administered by the  
112 Department of Economic and Community Development to reduce or  
113 eliminate the upfront costs of installing new alternative fuel pumps or  
114 converting gas or diesel pumps to dispense alternative fuels.

115 (b) The Commissioner of Economic and Community Development  
116 shall adopt regulations, in accordance with the provisions of chapter  
117 54 of the general statutes, for the administration of the program  
118 established by this section.

119 Sec. 10. Subdivision (16) of section 12-412 of the general statutes is  
120 repealed and the following is substituted in lieu thereof (*Effective from*  
121 *passage and applicable to sales occurring on or after July 1, 2007*):

122 (16) (A) Sales of fuel used for heating purposes (i) in any residential  
123 dwelling or (ii) in any building, location or premise utilized directly in  
124 agricultural production, fabrication of a finished product to be sold or  
125 an industrial manufacturing plant, provided the exemption under this  
126 subdivision (ii) shall only be allowed with respect to a building,  
127 location or premise in which not less than seventy-five per cent of the  
128 fuel used in such building, location or premise is used for the purpose  
129 of such production, fabrication or manufacturing.

130 (B) This exemption also applies to (i) the renewable fuel content of  
131 fuel used for heating purposes, and (ii) the purchase of equipment and  
132 machinery used to store, distribute, manufacture and blend renewable  
133 fuels for heating purposes.

134 (C) "Renewable fuel content" means fuels that meet the  
135 specifications of the American Society of Testing and Materials  
136 designation D396 or D975 of not less than five per cent or D6751.

137 Sec. 11. Subsection (a) of section 12-701 of the general statutes is  
138 amended by adding subdivisions (37) to (39), inclusive, as follows  
139 (*Effective from passage and applicable to income years commencing on or after*  
140 *January 1, 2008*):

141 (NEW) (37) "Biodiesel blended heating fuel" means a fuel comprised  
142 of a minimum of two per cent biodiesel blended with conventional  
143 home heating oil, which meets the specifications of the American  
144 Society of Testing and Materials designation D396 or D975 or the latest  
145 version of D6751.

146 (NEW) (38) "Biodiesel" means a fuel comprised of mono-alkyl esters  
147 of long chain fatty acids derived from vegetable oils or animal fats,  
148 designated B100 (pure biodiesel), which meets the specifications of the  
149 American Society of Testing and Materials designation D6751.

150 (NEW) (39) "Residential purposes" means the use of any structure,  
151 or part of a structure, in Connecticut used as a place of abode  
152 maintained by or for a person, whether or not owned by such person,  
153 on other than a temporary or transient basis. "Residential purposes"  
154 includes multifamily dwelling units, such as multifamily homes,  
155 apartment buildings, condominiums and cooperative apartments.  
156 "Residential purposes" does not include the part of a structure used as  
157 a hotel, motel or similar space, except for those units used by the same  
158 occupant for not less than ninety consecutive days.

159 Sec. 12. (NEW) (*Effective from passage and applicable to income years*  
160 *commencing on or after January 1, 2008*) (a) Any resident of this state, as  
161 defined in subdivision (1) of subsection (a) of section 12-701 of the  
162 general statutes, subject to the tax under chapter 229 of the general  
163 statutes for any taxable year shall be entitled to a credit in determining  
164 the amount of tax liability under chapter 229 of the general statutes  
165 equal to one cent per gallon for each per cent of biodiesel, as defined in  
166 subdivision (38) of subsection (a) of section 12-701 of the general  
167 statutes, as amended by this act, included in the biodiesel blended  
168 heating fuel, as defined in subdivision (37) of subsection (a) of section  
169 12-701 of the general statutes, as amended by this act, purchased by the  
170 taxpayer on or after January 1, 2008, but before December 31, 2012.  
171 Said credit shall not exceed twenty cents per gallon. The biodiesel  
172 blended heating fuel shall be used for space heating or hot water  
173 production for residential purposes, as defined in subdivision (39) of  
174 subsection (a) of section 12-701 of the general statutes, as amended by  
175 this act, within the state. If a taxpayer makes more than one qualifying  
176 purchase of biodiesel blended heating fuel and the percentage of  
177 biodiesel included in the biodiesel blended heating fuel varies, said  
178 taxpayer shall calculate each purchase of biodiesel blended heating  
179 fuel separately. If two or more taxpayers share in the purchase of

180 biodiesel blended heating fuel, the amount of the credit allowable to  
181 each taxpayer is to be prorated according to the percentage of the total  
182 biodiesel blended heating fuel purchased by each taxpayer.

183 (b) The credit allowed under this section shall not exceed five  
184 hundred dollars for each taxable year. In the case of two or more  
185 taxpayers sharing in the purchase of biodiesel blended heating fuel,  
186 the credit allowed, in the aggregate, shall not exceed five hundred  
187 dollars for each taxable year.

188 Sec. 13. Subdivision (2) of subsection (b) of section 12-587 of the  
189 general statutes is repealed and the following is substituted in lieu  
190 thereof (*Effective July 1, 2007*):

191 (2) Gross earnings derived from the first sale of the following  
192 petroleum products within this state shall be exempt from tax: (A) Any  
193 petroleum products sold for exportation from this state for sale or use  
194 outside this state; (B) the product designated by the American Society  
195 for Testing and Materials as "Specification for Heating Oil D396-69", or  
196 the latest version, commonly known as number 2 heating oil, to be  
197 used exclusively for heating purposes or to be used in a commercial  
198 fishing vessel, which vessel qualifies for an exemption pursuant to  
199 section 12-412, as amended by this act; (C) kerosene, commonly known  
200 as number 1 oil, to be used exclusively for heating purposes, provided  
201 delivery is of both number 1 and number 2 oil, and via a truck with a  
202 metered delivery ticket to a residential dwelling or to a centrally  
203 metered system serving a group of residential dwellings; (D) the  
204 product identified as propane gas, to be used exclusively for heating  
205 purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and  
206 marine gas oil to be used in any vessel having a displacement  
207 exceeding four thousand dead weight tons; (F) for any first sale  
208 occurring prior to July 1, 2008, propane gas to be used as a fuel for a  
209 motor vehicle; (G) for any first sale occurring on or after July 1, 2002,  
210 grade number 6 fuel oil, as defined in regulations adopted pursuant to  
211 section 16a-22c, to be used exclusively by a company which, in  
212 accordance with census data contained in the Standard Industrial

213 Classification Manual, United States Office of Management and  
214 Budget, 1987 edition, is included in code classifications 2000 to 3999,  
215 inclusive, or in Sector 31, 32 or 33 in the North American Industrial  
216 Classification System United States Manual, United States Office of  
217 Management and Budget, 1997 edition; (H) for any first sale occurring  
218 on or after July 1, 2002, number 2 heating oil to be used exclusively in a  
219 vessel primarily engaged in interstate commerce, which vessel  
220 qualifies for an exemption under section 12-412, as amended by this  
221 act; (I) for any first sale occurring on or after July 1, 2000, paraffin or  
222 microcrystalline waxes; (J) for any first sale occurring prior to July 1,  
223 2008, petroleum products to be used as a fuel for a fuel cell, as defined  
224 in subdivision (113) of section 12-412; [or] (K) a commercial heating oil  
225 blend containing not less than [ten] five per cent of alternative fuels  
226 derived from agricultural produce, food waste, waste vegetable oil or  
227 municipal solid waste, including, but not limited to, biodiesel or low  
228 sulfur dyed diesel fuel; (L) for any first sale occurring on or after July 1,  
229 2007, biofuels or biodiesel that meet the specifications of the American  
230 Society of Testing and Materials designation D396, D975 or D6751  
231 containing a blend of no less than five per cent renewable content; or  
232 (M) for any first sale occurring on or after July 1, 2007, additives of any  
233 derivation added to heating oil that is used exclusively for heating  
234 purposes to maintain the stability or operational performance of  
235 petroleum products.

236 Sec. 14. (NEW) (*Effective July 1, 2007*) (a) The Commissioner of  
237 Administrative Services, in consultation with the Office of Policy and  
238 Management, shall establish a program designed to encourage the use  
239 in state buildings and facilities of biodiesel blended heating fuel mixed  
240 from (1) not more than ninety-five per cent ultra low sulfur number 2  
241 heating oil and not less than five per cent of biodiesel on or after July 1,  
242 2008, and until June 30, 2010; (2) not more than ninety per cent ultra  
243 low sulfur number 2 heating oil and not less than ten per cent of  
244 biodiesel on or after July 1, 2010, and until June 30, 2012; and (3) not  
245 more than eighty per cent ultra low sulfur number 2 heating oil and  
246 not less than twenty per cent of biodiesel on or after July 1, 2012, and

247 until July 1, 2017.

248 (b) On or before January 1, 2008, the commissioner shall prepare a  
249 plan for implementation of such program which shall include, but not  
250 be limited to, (1) identification of state buildings and facilities suitable  
251 for biodiesel blended heating fuel, (2) evaluation of energy efficiency  
252 and reliability of biodiesel blended heating fuel in such buildings and  
253 facilities, and (3) the availability and feasibility of exclusively using  
254 such fuels or fuel products, including agricultural products or waste  
255 yellow grease, produced in Connecticut.

256 Sec. 15. (NEW) (*Effective July 1, 2007*) (a) Notwithstanding section  
257 10-266m of the general statutes, on and before July 1, 2008, and until  
258 June 30, 2010, the Commissioner of Education shall, within available  
259 appropriations, award grants annually to municipalities and to local  
260 and regional boards of education to provide funds for the purchase of  
261 biodiesel fuel mixed from not less than five per cent B100 biofuel for  
262 school buses and school and municipal buildings. On and before July  
263 1, 2010, and until June 30, 2012, said grants shall be awarded for the  
264 purchase of biodiesel fuel mixed from not less than ten per cent B100  
265 biofuel. On and after July 1, 2012, and until June 30, 2017, said grants  
266 shall be awarded for the purchase of biodiesel fuel mixed from not less  
267 than twenty per cent B100 biofuel.

268 (b) The commissioner shall adopt regulations, in accordance with  
269 the provisions of chapter 54 of the general statutes, to set the standards  
270 for the grant program established in subsection (a) of this section.

271 Sec. 16. (NEW) (*Effective July 1, 2007*) (a) The Connecticut  
272 Agricultural Experiment Station, in consultation with The University  
273 of Connecticut Cooperative Extension Service, The University of  
274 Connecticut Biodiesel Consortium, and other state universities and  
275 agencies, shall develop a program to enable The Connecticut  
276 Agricultural Experiment Station, The University of Connecticut and  
277 the other state universities and agencies to serve as testing centers for  
278 biodiesel and biodiesel fuels for heating and transportation and to

279 develop quality monitoring standards that comply with the standards  
 280 of the American Society of Testing and Materials.

281 (b) The Connecticut Agricultural Experiment Station shall, on or  
 282 before February twenty-eighth, annually, submit a report regarding its  
 283 progress in accordance with the provisions of section 11-4a of the  
 284 general statutes to the joint standing committees of the General  
 285 Assembly having cognizance of matters relating to the environment,  
 286 commerce and energy and technology.

287 Sec. 17. (*Effective July 1, 2007*) The sum of one million three hundred  
 288 thousand dollars is appropriated to the Connecticut Agricultural  
 289 Experiment Station, from the General Fund, for the fiscal year ending  
 290 June 30, 2008, for biodiesel crop research and biodiesel testing in  
 291 accordance with section 16 of this act.

292 Sec. 18. (*Effective July 1, 2008*) The sum of eight hundred thousand  
 293 dollars is appropriated to the Connecticut Agricultural Experiment  
 294 Station, from the General Fund, for the fiscal years ending June 30,  
 295 2009, for biodiesel crop research and biodiesel testing in accordance  
 296 with section 16 of this act.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>July 1, 2007</i>	New section
Sec. 2	<i>July 1, 2007</i>	New section
Sec. 3	<i>July 1, 2007</i>	New section
Sec. 4	<i>July 1, 2007</i>	New section
Sec. 5	<i>July 1, 2007</i>	New section
Sec. 6	<i>July 1, 2007</i>	New section
Sec. 7	<i>July 1, 2007</i>	New section
Sec. 8	<i>October 1, 2007</i>	New section
Sec. 9	<i>July 1, 2007</i>	New section
Sec. 10	<i>from passage and applicable to sales occurring on or after July 1, 2007</i>	12-412(16)

Sec. 11	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	12-701(a)
Sec. 12	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 13	<i>July 1, 2007</i>	12-587(b)(2)
Sec. 14	<i>July 1, 2007</i>	New section
Sec. 15	<i>July 1, 2007</i>	New section
Sec. 16	<i>July 1, 2007</i>	New section
Sec. 17	<i>July 1, 2007</i>	New section
Sec. 18	<i>July 1, 2008</i>	New section

**CE**      *Joint Favorable Subst.*

**GAE**      *Joint Favorable*