



General Assembly

Substitute Bill No. 372

February Session, 2008

* SB00372ENV 030308 *

**AN ACT CONCERNING GRANTS AND OTHER INCENTIVES FOR
BIODIESEL.**

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

1 Section 1. Section 32-324 of the 2008 supplement to the general
2 statutes is repealed and the following is substituted in lieu thereof
3 (*Effective from passage*):

4 For the purposes of this section and sections 32-324a to 32-324f,
5 inclusive:

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

10 (2) "Qualified biodiesel producer" means a facility that produces
11 biodiesel, is registered with the state of Connecticut, is domiciled in
12 Connecticut and is actively [engaged in the production of] committed
13 to producing biodiesel in Connecticut for commercial purposes.

14 (3) "Qualified biodiesel distributor" means a facility that stores and
15 distributes biodiesel, is registered with the state of Connecticut, is
16 domiciled in Connecticut and is actively [engaged in the storage and
17 distribution of] committed to storing and distributing biodiesel in

18 Connecticut for commercial purposes.

19 Sec. 2. Subdivision (2) of subsection (b) of section 12-587 of the 2008
20 supplement to the general statutes is repealed and the following is
21 substituted in lieu thereof (*Effective July 1, 2008*):

22 (2) Gross earnings derived from the first sale of the following
23 petroleum products within this state shall be exempt from tax: (A) Any
24 petroleum products sold for exportation from this state for sale or use
25 outside this state; (B) the product designated by the American Society
26 for Testing and Materials as "Specification for Heating Oil D396-69",
27 commonly known as number 2 heating oil, to be used exclusively for
28 heating purposes or to be used in a commercial fishing vessel, which
29 vessel qualifies for an exemption pursuant to section 12-412 of the 2008
30 supplement to the general statutes; (C) kerosene, commonly known as
31 number 1 oil, to be used exclusively for heating purposes, provided
32 delivery is of both number 1 and number 2 oil, and via a truck with a
33 metered delivery ticket to a residential dwelling or to a centrally
34 metered system serving a group of residential dwellings; (D) the
35 product identified as propane gas, to be used exclusively for heating
36 purposes; (E) bunker fuel oil, intermediate fuel, marine diesel oil and
37 marine gas oil to be used in any vessel having a displacement
38 exceeding four thousand dead weight tons; (F) for any first sale
39 occurring prior to July 1, 2008, propane gas to be used as a fuel for a
40 motor vehicle; (G) for any first sale occurring on or after July 1, 2002,
41 grade number 6 fuel oil, as defined in regulations adopted pursuant to
42 section 16a-22c, to be used exclusively by a company which, in
43 accordance with census data contained in the Standard Industrial
44 Classification Manual, United States Office of Management and
45 Budget, 1987 edition, is included in code classifications 2000 to 3999,
46 inclusive, or in Sector 31, 32 or 33 in the North American Industrial
47 Classification System United States Manual, United States Office of
48 Management and Budget, 1997 edition; (H) for any first sale occurring
49 on or after July 1, 2002, number 2 heating oil to be used exclusively in a
50 vessel primarily engaged in interstate commerce, which vessel
51 qualifies for an exemption under section 12-412 of the 2008 supplement

52 to the general statutes; (I) for any first sale occurring on or after July 1,
53 2000, paraffin or microcrystalline waxes; (J) for any first sale occurring
54 prior to July 1, 2008, petroleum products to be used as a fuel for a fuel
55 cell, as defined in subdivision (113) of section 12-412 of the 2008
56 supplement to the general statutes; (K) a commercial heating oil blend
57 containing not less than [ten] five per cent of alternative fuels derived
58 from agricultural produce, food waste, waste vegetable oil or
59 municipal solid waste, including, but not limited to, biodiesel or low
60 sulfur dyed diesel fuel; [or] (L) for any first sale occurring on or after
61 July 1, 2007, diesel fuel other than diesel fuel to be used in an electric
62 generating facility to generate electricity; (M) for any first sale
63 occurring on or after July 1, 2008, biofuels or biodiesel that meet the
64 specifications of the American Society for Testing and Materials
65 Designation D396, D975 or D6751 containing a blend of not less than
66 five per cent renewable content; or (N) for any first sale occurring on or
67 after July 1, 2010, additives of any derivation added to heating oil that
68 is used exclusively for heating purposes to maintain the stability or
69 operational performance of petroleum products.

70 Sec. 3. Subsection (a) of section 12-701 of the 2008 supplement to the
71 general statutes is amended by adding subdivisions (37) to (39),
72 inclusive, as follows (*Effective from passage and applicable to income years*
73 *commencing on or after January 1, 2008*):

74 (NEW) (37) "Biodiesel blended heating fuel" means a fuel comprised
75 of a minimum of two per cent biodiesel blended with conventional
76 home heating oil, which meets the specifications of the American
77 Society for Testing and Materials designation D396 or D975.

78 (NEW) (38) "Biodiesel" means a fuel comprised exclusively of mono-
79 alkyl esters of long chain fatty acids derived from vegetable oils or
80 animal fats, designated B100 (pure biodiesel), which meets the
81 specifications of the American Society for Testing and Materials
82 designation D6751.

83 (NEW) (39) "Residential purposes" means the use or maintenance of

84 any structure or part of a structure in this state as a place of abode by
85 or for a person, whether or not owned by such person, on other than a
86 temporary or transient basis. "Residential purposes" includes the use
87 or maintenance of multifamily dwelling units, such as multifamily
88 homes, apartment buildings, condominiums and cooperative
89 apartments as places of abode. "Residential purposes" does not include
90 the use or maintenance of any part of a structure used as a hotel, motel
91 or similar space, except for those units used by the same occupant for
92 not less than ninety consecutive days.

93 Sec. 4. (NEW) (*Effective from passage and applicable to income years*
94 *commencing on or after January 1, 2008*) (a) Any resident of this state, as
95 defined in subdivision (1) of subsection (a) of section 12-701 of the 2008
96 supplement to the general statutes, as amended by this act, subject to
97 the tax under chapter 229 of the general statutes for any taxable year,
98 shall be entitled to a credit in determining the amount of tax liability
99 under said chapter equal to one cent per gallon for each per cent of
100 biodiesel included in the biodiesel blended heating fuel purchased by
101 the taxpayer on or after January 1, 2008, but before December 31, 2013.
102 Said credit shall not exceed twenty cents per gallon. The biodiesel
103 blended heating fuel shall be used for space heating or hot water
104 production for residential purposes within the state. If a taxpayer
105 makes more than one qualifying purchase of biodiesel blended heating
106 fuel and the percentage of biodiesel included in the biodiesel blended
107 heating fuel varies, said taxpayer shall calculate each purchase of
108 biodiesel blended heating fuel separately. If two or more taxpayers
109 share in the purchase of biodiesel blended heating fuel, the amount of
110 the credit allowable to each taxpayer is to be prorated according to the
111 percentage of the total biodiesel blended heating fuel purchased by
112 each taxpayer.

113 (b) The credit allowed under this section shall not exceed five
114 hundred dollars for each taxable year. In the case of two or more
115 taxpayers sharing in the purchase of biodiesel blended heating fuel,
116 the credit allowed, in the aggregate, shall not exceed five hundred
117 dollars for each taxable year.

118 Sec. 5. (*Effective July 1, 2008*) The sum of six million dollars is
 119 appropriated to the Connecticut qualified biodiesel producer incentive
 120 account established under section 32-324a of the 2008 supplement to
 121 the general statutes, from the General Fund, for the fiscal year ending
 122 June 30, 2009, for the purposes specified in said section.

123 Sec. 6. (*Effective July 1, 2008*) The sum of two million dollars is
 124 appropriated to the Department of Economic and Community
 125 Development, from the General Fund, for the fiscal year ending June
 126 30, 2009, for the fuel diversification grant program established under
 127 section 32-324g of the 2008 supplement to the general statutes.

128 Sec. 7. (*Effective July 1, 2008*) The sum of forty thousand dollars is
 129 appropriated to the Department of Consumer Protection, from the
 130 General Fund, for the fiscal year ending June 30, 2009, for said
 131 department's motor fuel quality testing program established pursuant
 132 to sections 14-327a to 14-327e, inclusive, of the general statutes or the
 133 2008 supplement to the general statutes.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-324
Sec. 2	<i>July 1, 2008</i>	12-587(b)(2)
Sec. 3	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	12-701(a)
Sec. 4	<i>from passage and applicable to income years commencing on or after January 1, 2008</i>	New section
Sec. 5	<i>July 1, 2008</i>	New section
Sec. 6	<i>July 1, 2008</i>	New section
Sec. 7	<i>July 1, 2008</i>	New section

Statement of Legislative Commissioners:

The effective date in section 3 was changed to "2008" and in section 4 the date of January 1, 2009, was changed to January 1, 2008, for consistency and to reflect legislative intent.

ENV *Joint Favorable Subst.*