



# Senate

General Assembly

**File No. 81**

February Session, 2010

Substitute Senate Bill No. 118

*Senate, March 23, 2010*

The Committee on Environment reported through SEN. MEYER of the 12th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

## **AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.**

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

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 Section 32-324 of the general statutes is repealed and the  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

3 For the purposes of this section and sections 32-324a to 32-324f,  
4 inclusive, as amended by this act:

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

9 (2) "Qualified biodiesel producer" means [a facility that produces  
10 biodiesel,] an entity that is registered with the state of Connecticut, is  
11 domiciled in Connecticut and is actively engaged in, or intends to  
12 actively engage in, the production of biodiesel in Connecticut for

13 commercial purposes.

14 (3) "Qualified biodiesel distributor" means [a facility that stores and  
15 distributes biodiesel,] an entity that is registered with the state of  
16 Connecticut, is domiciled in Connecticut and is actively engaged in, or  
17 intends to actively engage in, the storage and distribution of biodiesel  
18 in Connecticut for commercial purposes.

19 Sec. 2. Section 32-324a of the general statutes is repealed and the  
20 following is substituted in lieu thereof (*Effective from passage*):

21 (a) There is established an account to be known as the "Connecticut  
22 qualified biodiesel producer incentive account", which shall be a  
23 separate, nonlapsing account within the General Fund. The account  
24 shall contain any moneys required by law to be deposited in the  
25 account. The account may contain any moneys available from any  
26 agency or department of the federal government or any state agency  
27 for the purpose described in subsection (b) of this section. Such  
28 account shall not terminate upon the lack of any funds in such account.

29 (b) The moneys in said account shall be expended by the  
30 Department of Economic and Community Development for the  
31 purpose of administration of the program and providing grants to  
32 qualified biodiesel producers and qualified biodiesel distributors  
33 pursuant to sections 32-324b to 32-324f, inclusive, as amended by this  
34 act. For the purposes of implementing this grant, the Commissioner of  
35 Economic and Community Development may enter into an agreement,  
36 in accordance with the provisions of chapter 55a, with a person, firm,  
37 corporation or other entity.

38 Sec. 3. Section 32-324b of the general statutes is repealed and the  
39 following is substituted in lieu thereof (*Effective from passage*):

40 (a) A qualified biodiesel producer shall be eligible for not more than  
41 sixty monthly grants from the Connecticut qualified biodiesel  
42 producer incentive account, established pursuant to section 32-324a, as  
43 amended by this act. The Department of Economic and Community

44 Development, in consultation with the person, firm, corporation or  
45 entity selected to implement the grant pursuant to subsection (b) of  
46 section 32-324a, as amended by this act, if applicable, shall determine  
47 monthly grant amounts by calculating the estimated gallons of  
48 biodiesel produced during the preceding month, as certified by the  
49 Commissioner of Economic and Community Development, or a  
50 designee, and applying such figure to the per gallon incentive credit  
51 established in subsection (b) of this section. For such certification  
52 purposes, a qualified biodiesel producer shall be required to provide  
53 the Commissioner of Economic and Community Development only  
54 with a certificate of analysis that documents compliance with the  
55 critical specifications of the American Society of Testing and Materials  
56 or "ASTM" standard D6751, including, but not limited to, the Tier II  
57 biodiesel fuel quality protocol accepted by the Commissioner of  
58 Consumer Protection.

59 (b) Each qualified biodiesel producer shall be eligible for a total  
60 grant in any fiscal year equal to the following amounts: (1) For the first  
61 five million gallons of biodiesel produced, thirty cents per gallon; (2)  
62 for the second five million gallons of biodiesel produced, twenty cents  
63 per gallon; and (3) for the third five million gallons of biodiesel  
64 produced, ten cents per gallon, except in the event that all moneys  
65 available for such grant program total: (A) Two hundred thousand  
66 dollars or less, not more than twenty cents per gallon regardless of the  
67 number of gallons of biodiesel produced, and (B) one hundred  
68 thousand dollars or less, not more than ten cents per gallon, regardless  
69 of the total number of gallons of biodiesel produced.

70 (c) Biodiesel produced by a qualified biodiesel producer in excess of  
71 fifteen million gallons in any fiscal year shall not be eligible for a grant  
72 pursuant to this section.

73 Sec. 4. Section 32-324c of the general statutes is repealed and the  
74 following is substituted in lieu thereof (*Effective from passage*):

75 To receive a grant pursuant to section 32-324b, as amended by this  
76 act, a qualified biodiesel producer shall file an application for such

77 funds not later than fifteen days after the last day of the month for  
78 which the grant is sought. The application shall include, but not be  
79 limited to: (1) The location of the qualified biodiesel producer; (2) the  
80 number of Connecticut citizens employed by the biodiesel producer in  
81 the preceding month; (3) the number of gallons of biodiesel produced  
82 during the month for which the grant is sought; (4) a copy of the  
83 qualified biodiesel producer's Connecticut registration; (5) any other  
84 information deemed necessary by the Commissioner of Economic and  
85 Community Development to ensure that such grants shall be made  
86 only to qualified biodiesel producers; and (6) satisfactory  
87 documentation that the biodiesel has a net carbon energy benefit when  
88 compared to the fuel it will replace. For purposes of compliance with  
89 subdivisions (5) and (6) of this section, a qualified biodiesel producer  
90 shall be required to provide the Commissioner of Economic and  
91 Community Development only with a certificate of analysis that  
92 documents compliance with the critical specifications of the American  
93 Society of Testing and Materials or "ASTM" standard D6751, including,  
94 but not limited to, the Tier II biodiesel fuel quality protocol accepted  
95 by the Commissioner of Consumer Protection.

96 Sec. 5. Section 32-324d of the general statutes is repealed and the  
97 following is substituted in lieu thereof (*Effective from passage*):

98 [A qualified biodiesel producer shall be eligible for a one-time grant  
99 pursuant to section 32-324a to assist with purchasing equipment or  
100 constructing, modifying or retrofitting production facilities. Such grant  
101 shall not exceed (1) three million dollars, and (2) twenty-five per cent  
102 of the equipment or construction cost regardless of the number of  
103 facilities owned by said qualified biodiesel producer.]

104 A qualified biodiesel producer that is not yet actively engaged in the  
105 production of biodiesel shall be eligible for a one-time grant pursuant  
106 to section 32-324a, as amended by this act, to assist with the initial  
107 purchase of biodiesel production equipment or with the construction,  
108 modification or retrofitting of biodiesel production facilities. Such  
109 grant shall be administered to provide such qualified biodiesel

110 producer with such initial financial assistance and shall not be  
111 administered as a reimbursement program. The amount of such grant  
112 shall not exceed three million dollars regardless of the number of  
113 facilities owned by the qualified biodiesel producer.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>from passage</i>	32-324
Sec. 2	<i>from passage</i>	32-324a
Sec. 3	<i>from passage</i>	32-324b
Sec. 4	<i>from passage</i>	32-324c
Sec. 5	<i>from passage</i>	32-324d

**ENV**      *Joint Favorable Subst.*

---

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

---

***OFA Fiscal Note***

***State Impact:*** None

***Municipal Impact:*** None

***Explanation***

The bill, which modifies eligibility and grant awards from the Qualified Biodiesel Producer Incentive Account, does not result in a fiscal impact. The bill permits the account to contain funds from any state or federal agency. Currently, there are no funds in the Qualified Biodiesel Producer Incentive Account.

***The Out Years***

***State Impact:*** None

***Municipal Impact:*** None

**OLR Bill Analysis****sSB 118*****AN ACT CONCERNING CONNECTICUT QUALIFIED BIODIESEL PRODUCER GRANTS.*****SUMMARY:**

This bill qualifies entities intending to actively produce or store and distribute biodiesel fuel for grants from the Connecticut Qualified Biodiesel Producer Incentive Account, which is administered by the Department of Economic and Community Development (DECD). Current law limits the grants to entities actively producing or storing and distributing this fuel.

The grants for producers are based on the amount of fuel produced according to a statutory schedule. The bill substitutes a reduced grant schedule when funds fall below specified amounts.

EFFECTIVE DATE: Upon passage

**BIODIESEL PRODUCER GRANTS*****Production Grants***

Under current law, the grants are (1) 30 cents per gallon for the first five million gallons produced, (2) 20 cents per gallon for the second five million gallons, and (3) 10 cents per gallon for the third five million gallons. There are no grants for production over 15 million gallons. Under the bill, if the available funds are less than (1) \$200,000, the grant limit is 20 cents and (2) \$100,000, the grant limit is 10 cents.

***One-time Grants***

Current law also provides one-time grants to biodiesel fuel producers to buy equipment and construct, modify, or retrofit a facility. The grants are up to \$3 million or 25% of the equipment or construction cost, regardless of the number of facilities the producer

owns. The bill limits these grants to entities not yet actively producing biodiesel, applies them specifically to the initial purchase of equipment, and removes the 25% cap. It also specifies that DECD cannot administer grants as a reimbursement program.

### ***Documenting Compliance for Grant Funding***

By law, the DECD commissioner must determine monthly grants based on production, which she or the entity selected to administer the grants must certify. The bill requires biodiesel producers to provide the DECD commissioner with a certificate of analysis documenting compliance with the specifications of the ASTM designation D6751, including Tier II fuel quality protocol accepted by the consumer protection commissioner.

### ***Connecticut Qualified Biodiesel Producer Incentive Account***

The incentive account is a separate, non-lapsing General Fund account. DECD must use money from the account to (1) provide grants to qualified Connecticut biodiesel producers and distributors and (2) administer the grant program.

The bill also allows the account to contain money from any state agency or federal department or agency. It prohibits termination of the account for lack of funds.

### ***Grant Application Requirements***

The bill specifies the criteria for fulfilling certain grant application requirements. By law, applicants must provide satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace, and any other information DECD deems necessary to ensure that grants are made only to qualified biodiesel producers. The bill requires producers to meet these requirements by providing the DECD commissioner with a certificate of analysis documenting compliance with the specifications of the American Society for Testing and Materials (ASTM) designation D6751, including, Tier II fuel quality protocol accepted by the consumer protection commissioner.

**BACKGROUND*****Producer Grant Application Requirements***

Applicants for grants must apply no later than 15 days after the last day of the month for which the grant is sought. The application must include:

1. the producer's location,
2. the number of Connecticut citizens the producer employed in the preceding month,
3. the number of gallons of biodiesel produced during the month for which the grant is sought,
4. a copy of the producer's Connecticut registration,
5. satisfactory documentation that the biodiesel has a net carbon energy benefit when compared to the fuel it will replace, and
6. any other information DECD deems necessary to ensure that grants are made only to qualified biodiesel producers.

***Distributor Grants***

By law, distributors qualify for up to \$50,000 grants for each distribution site. These grants may be for the actual monthly costs of creating biodiesel storage and distribution capacity, but cannot be used to buy equipment or build, modify, or retrofit facilities. DECD, in consultation with the entity it selects to implement the grant, must create an application process and adopt guidelines to administer this grant.

***ASTM Designation D6751***

ASTM is an international voluntary standards development organization. Designation D6751 covers certain biodiesel fuel blend stock for use as a blend component with middle distillate fuels. The biodiesel must be mono-alkyl esters of long chain fatty acids derived from vegetable oils and animal fats. The product must undergo

chemical analysis for various substances.

**COMMITTEE ACTION**

Environment Committee

Joint Favorable Substitute

Yea 29 Nay 0 (03/05/2010)