

Amend CSSB 275 (House Committee Printing) by adding the following appropriately numbered ARTICLE and renumbering subsequent ARTICLES accordingly:

ARTICLE __. CERTAIN ECONOMIC DEVELOPMENT PROGRAMS

ADMINISTERED BY TEXAS ECONOMIC DEVELOPMENT AND TOURISM OFFICE

SECTION __.01. Title 2, Agriculture Code, is amended by adding Chapter 16 to read as follows:

CHAPTER 16. FUEL ETHANOL AND BIODIESEL PRODUCTION

INCENTIVE PROGRAM

Sec. 16.001. DEFINITIONS. In this chapter:

(1) "Account" means the fuel ethanol and biodiesel production account.

(2) "ASTM" means the American Society for Testing and Materials.

(3) "Biodiesel" means a monoalkyl ester that:

(A) is derived from vegetable oils, rendered animal fats, or renewable lipids or a combination of those ingredients; and

(B) meets the requirements of ASTM PS 121, the provisional specification for biodiesel.

(4) "Fuel ethanol" means ethyl alcohol that:

(A) has a purity of at least 99 percent, exclusive of added denaturants;

(B) has been denatured in conformity with a method approved by the Bureau of Alcohol, Tobacco and Firearms of the United States Department of the Treasury;

(C) meets the requirements of ASTM D4806, the standard specification for ethanol used as a motor fuel; and

(D) is produced exclusively from agricultural products or by-products or municipal solid waste.

(5) "Office" means the Texas Economic Development and Tourism Office.

(6) "Producer" means a person who operates a fuel ethanol or biodiesel plant in this state.

Sec. 16.002. PLANT REGISTRATION. (a) To be eligible for a grant for fuel ethanol or biodiesel produced in a plant, a producer must apply to the office for the registration of the plant. A

producer may apply for the registration of more than one plant.

(b) An application for the registration of a plant must show to the satisfaction of the office that:

(1) the plant is capable of producing fuel ethanol or biodiesel;

(2) the producer has made a substantial investment of resources in this state in connection with the plant; and

(3) the plant constitutes a permanent fixture in this state.

(c) The office, after consultation with the department, shall register each plant that qualifies under this section. The office shall notify the department of plants registered under this section.

Sec. 16.003. REPORTS. (a) On or before the fifth day of each month, a producer shall report to the office on:

(1) the number of gallons of fuel ethanol or biodiesel produced at each registered plant operated by the producer during the preceding month;

(2) the number of gallons of fuel ethanol or biodiesel imported into this state by the producer during the preceding month;

(3) the number of gallons of fuel ethanol or biodiesel sold or blended with motor fuels by the producer during the preceding month; and

(4) the total value of agricultural products consumed in each registered plant operated by the producer during the preceding month.

(b) A producer who fails to file a report as required by this section is ineligible to receive a grant for the period for which the report is not filed.

(c) The office shall send a copy of each report to the department.

Sec. 16.004. FUEL ETHANOL AND BIODIESEL PRODUCTION ACCOUNT.

(a) The fuel ethanol and biodiesel production account is an account in the general revenue fund that may be appropriated only to the office for the purposes of this chapter, including the making of grants under this chapter.

(b) The account is composed of:

(1) fees collected under Section 16.005; and

(2) money transferred to the account under Subsection

(c).

(c) The comptroller shall transfer from the undedicated portion of the general revenue fund to the account an amount of money equal to 5.25 times the amount of the fees collected under Section 16.005.

Sec. 16.005. FEE ON FUEL ETHANOL AND BIODIESEL PRODUCTION.

(a) The office shall impose a fee on each producer in an amount equal to 3.2 cents for each gallon of fuel ethanol or biodiesel produced in each registered plant operated by the producer.

(b) For each fiscal year, the office may not impose fees on a producer for more than 18 million gallons of fuel ethanol or biodiesel produced at any one registered plant.

(c) The office shall transfer the fees collected under this section to the comptroller for deposit to the credit of the account.

(d) The office may not impose fees on a producer for fuel ethanol or biodiesel produced at a registered plant after the 10th anniversary of the date production from the plant begins.

(e) The office may enter into an interagency contract with the department authorizing the department to impose and collect fees on behalf of the office under this section.

Sec. 16.006. FUEL ETHANOL AND BIODIESEL GRANTS. (a) The office, after consultation with the department, shall make grants to producers as an incentive for the development of the fuel ethanol and biodiesel industry and agricultural production in this state.

(b) A producer is entitled to receive from the account 20 cents for each gallon of fuel ethanol or biodiesel produced in each registered plant operated by the producer until the 10th anniversary of the date production from the plant begins.

(c) For each fiscal year a producer may not receive grants for more than 18 million gallons of fuel ethanol or biodiesel produced at any one registered plant.

(d) The office by rule shall provide for the distribution of grant funds under this chapter to producers. The office shall make grants not less often than quarterly.

(e) If the office determines that the amount of money credited to the account is not sufficient to distribute the full amount of grant funds to eligible producers as provided by this chapter for a fiscal year, the office shall proportionately reduce the amount of each grant for each gallon of fuel ethanol or biodiesel produced as necessary to continue the incentive program during the remainder of the fiscal year.

SECTION __.02. Notwithstanding Section 16.004(c), Agriculture Code, as added by this Act, the comptroller may not make transfers from general revenue under that subsection during the fiscal biennium ending August 31, 2005.