

BILL ANALYSIS

S.B. 663
By: Hegar
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 2003, the Texas Legislature created a producer incentive program (program) to assist and encourage fuel ethanol and biodiesel plants in the state. This program uses definitions and guidelines provided by Chapter 16, Agriculture Code. These definitions, as they currently exist, do not recognize a type of diesel fuel created through certain renewable processes. As a result, producers of renewable diesel may not be receiving full support from the program.

S.B. 663 creates a definition for "renewable diesel" to ensure that the production of renewable diesel fuel is encouraged by the producer incentive program. This would allow second and third generation biofuels to qualify for Texas' programs and further encourage economic development and enhance the market for Texas' agricultural products.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

SECTION BY SECTION ANALYSIS

The bill amends Section 162.001, Tax Code, by amending Subdivision (7) by defining "biodiesel", Subdivision (19) to add renewable diesel to the definition of "diesel fuel", and adding Subdivision (53-a), to define "renewable diesel."

The bill amends Section 162.204(a), Tax Code, by exempting from taxes imposed under Subchapter C (Diesel Fuel Taxes), Chapter 162, Tax Code, the volume of certain liquids, including renewable diesel, that is blended with taxable diesel fuel and that is clearly identified as such when the product is sold or used.

The bill amends the heading to Chapter 16, Agriculture Code, to read as follows:

CHAPTER 16. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION INCENTIVE PROGRAM

The bill amends Section 16.001, Agriculture Code, by amending Subdivisions (1), (3) and (6) and adding Subdivision (7), to redefine "account," to redefine "biodiesel", to redefine "producer," and to define "renewable diesel."

The bill amends Sections 16.002(a) and (b), Agriculture Code, to make conforming changes.

The bill amends Section 16.003(a), Agriculture Code, to make conforming changes.

The bill amends the heading to Section 16.004, Agriculture Code, to read as follows:

Sec. 16.004. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION ACCOUNT.

The bill amends Section 16.004(a), Agriculture Code, to make conforming changes.

The bill amends the heading to Section 16.005, Agriculture Code, to read as follows:

Sec. 16.005. FEE ON FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION.

The bill amends Sections 16.005(a), (b), and (d), Agriculture Code, to make conforming changes.

The bill amends the heading to Section 16.006, Agriculture Code, to read as follows:

Sec. 16.006. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL GRANTS.

The bill amends Sections 16.006(a), (b), (c), and (e), Agriculture Code, to make conforming changes

The bill makes application of the change in law made by this Act to Section 162.204(a), Tax Code, prospective.

The bill makes application of the change in law made by this Act to Chapter 16 (Fuel Ethanol, Biodiesel, and Renewable Diesel Production Incentive Program), Agriculture Code, prospective to fees imposed on or after the effective date of this Act.

The bill states that this Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, the Act takes effect September 1, 2007.

EFFECTIVE DATE

This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, the Act takes effect September 1, 2007.