

BILL ANALYSIS

C.S.H.B. 2582
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Energy Resources
Committee Report (Substituted)

BACKGROUND AND PURPOSE

In 2003, the Texas Legislature created a producer incentive program to assist and encourage fuel ethanol and biodiesel plants in Texas. 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. A definition for renewable diesel is needed to ensure that the production of renewable diesel fuel is encouraged by the producer incentive program, allowing second and third generation biofuels to qualify for the Texas programs and further encourage economic development, adding to the state's energy security and enhancing the market for Texas' agricultural products.

C.S.H.B. 2582 creates a definition for "renewable diesel" for purposes of provisions relating to the fuel ethanol and biodiesel production incentive program and an exemption from the diesel fuel tax. C.S.H.B. 2582 redefines "biodiesel," "diesel fuel," "account," and "producer."

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.

ANALYSIS

C.S.H.B. 2582 amends the Agriculture Code to specifically include renewable diesel in the fuel ethanol and biodiesel production incentive program. The bill defines "renewable diesel" to mean a motor fuel that meets the registration requirements for fuels and fuel additives established by the United States Environmental Protection Agency under Section 211 of the federal Clean Air Act (42 U.S.C. Section 7545); is a hydrocarbon; meets the requirements of ASTM specification D-975; is intended for use in engines that are designed to run on conventional, petroleum-derived diesel fuel; and is derived from agricultural products, vegetable oils, recycled greases, biomass, or animal fats or the wastes of those products or fats. The bill redefines "biodiesel" to mean a motor fuel that meets the registration requirements for fuels and fuel additives established by the United States Environmental Protection Agency under the federal Clean Air Act (42 U.S.C. Section 7545); is mono-alkyl esters of long chain fatty acids derived from vegetable oils and animal fats; meets the requirements of ASTM specification D-6751; is intended for use in engines that are designed to run on conventional, petroleum-derived diesel fuel; and is derived from agricultural products, vegetable oils, recycled greases, biomass, or animal fats or the wastes of those products or fats. The bill redefines "producer" and "account" to encompass renewable diesel.

C.S.H.B. 2582 amends Tax Code provisions relating to motor fuel taxes to define "renewable diesel" and redefine "biodiesel fuel" by reference to the meanings assigned to those terms under provisions in the Agriculture Code relating to the fuel ethanol and biodiesel production incentive program and by removing the existing Tax Code definition of "biodiesel fuel." The bill includes renewable diesel in provisions relating to an exemption from the diesel fuel tax. The bill

redefines "diesel fuel."

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2582 adds provisions to Tax Code provisions relating to motor fuel taxes not in the original to define "renewable diesel" and redefine "biodiesel fuel" by reference to the meanings assigned to those terms in the Agriculture Code, to redefine "diesel fuel" to include renewable diesel, and to include renewable diesel in the provision relating to an exemption from the diesel fuel tax.