

By: Gonzalez Toureilles

H.B. No. 2582

A BILL TO BE ENTITLED

AN ACT

relating to the production of renewable diesel fuel.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. The heading to Chapter 16, Agriculture Code, is amended to read as follows:

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

SECTION 2. Section 16.001, Agriculture Code, is amended by amending Subdivisions (1), (3), and (6) and adding Subdivision (7) to read as follows:

(1) "Account" means the fuel ethanol, ~~[and]~~ biodiesel, and renewable diesel production account.

(3) "Biodiesel" means a motor fuel that:

(A) 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);

(B) is mono-alkyl esters of long chain fatty acids derived from vegetable oils and animal fats;

(C) meets the requirements of ASTM specification D-6751;

(D) is intended for use in engines that are designed to run on conventional, petroleum-derived diesel fuel; and

(E) is derived from agricultural products,

1 vegetable oils, recycled greases, biomass, or animal fats or the
2 wastes of those products or fats [~~a monoalkyl ester that:~~

3 [~~(A) is derived from vegetable oils, rendered~~
4 ~~animal fats, or renewable lipids or a combination of those~~
5 ~~ingredients, and~~

6 [~~(B) meets the requirements of ASTM PS 121, the~~
7 ~~provisional specification for biodiesel].~~

8 (6) "Producer" means a person who operates a fuel
9 ethanol, [or] biodiesel, or renewable diesel plant in this state.

10 (7) "Renewable diesel" means a motor fuel that:

11 (A) meets the registration requirements for
12 fuels and fuel additives established by the United States
13 Environmental Protection Agency under Section 211 of the federal
14 Clean Air Act (42 U.S.C. Section 7545);

15 (B) is a hydrocarbon;

16 (C) meets the requirements of ASTM specification
17 D-975;

18 (D) is intended for use in engines that are
19 designed to run on conventional, petroleum-derived diesel fuel; and

20 (E) is derived from agricultural products,
21 vegetable oils, recycled greases, biomass, or animal fats or the
22 wastes of those products or fats.

23 SECTION 3. Sections 16.002(a) and (b), Agriculture Code,
24 are amended to read as follows:

25 (a) To be eligible for a grant for fuel ethanol, [or]
26 biodiesel, or renewable diesel produced in a plant, a producer must
27 apply to the office for the registration of the plant. A producer

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

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

4 (1) the plant is capable of producing fuel ethanol,
5 ~~[or]~~ biodiesel, or renewable diesel;

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

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

10 SECTION 4. Section 16.003(a), Agriculture Code, is amended
11 to read as follows:

12 (a) On or before the fifth day of each month, a producer
13 shall report to the office on:

14 (1) the number of gallons of fuel ethanol, ~~[or]~~
15 biodiesel, or renewable diesel produced at each registered plant
16 operated by the producer during the preceding month;

17 (2) the number of gallons of fuel ethanol, ~~[or]~~
18 biodiesel, or renewable diesel imported into this state by the
19 producer during the preceding month;

20 (3) the number of gallons of fuel ethanol, ~~[or]~~
21 biodiesel, or renewable diesel sold or blended with motor fuels by
22 the producer during the preceding month; and

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

26 SECTION 5. The heading to Section 16.004, Agriculture Code,
27 is amended to read as follows:

1 Sec. 16.004. FUEL ETHANOL, ~~[AND]~~ BIODIESEL, AND RENEWABLE
2 DIESEL PRODUCTION ACCOUNT.

3 SECTION 6. Section 16.004(a), Agriculture Code, is amended
4 to read as follows:

5 (a) The fuel ethanol, ~~[and]~~ and renewable diesel
6 production account is an account in the general revenue fund that
7 may be appropriated only to the office for the purposes of this
8 chapter, including the making of grants under this chapter.

9 SECTION 7. The heading to Section 16.005, Agriculture Code,
10 is amended to read as follows:

11 Sec. 16.005. FEE ON FUEL ETHANOL, ~~[AND]~~ BIODIESEL, AND
12 RENEWABLE DIESEL PRODUCTION.

13 SECTION 9. Sections 16.005(a), (b), and (d), Agriculture
14 Code, are amended to read as follows:

15 (a) The office shall impose a fee on each producer in an
16 amount equal to 3.2 cents for each gallon of fuel ethanol, ~~[or]~~
17 biodiesel, or renewable diesel produced in each registered plant
18 operated by the producer.

19 (b) For each fiscal year, the office may not impose fees on a
20 producer for more than 18 million gallons of fuel ethanol, ~~[or]~~
21 biodiesel, or renewable diesel produced at any one registered
22 plant.

23 (d) The office may not impose fees on a producer for fuel
24 ethanol, ~~[or]~~ or renewable diesel produced at a
25 registered plant after the 10th anniversary of the date production
26 from the plant begins.

27 SECTION 9. The heading to Section 16.006, Agriculture Code,

1 is amended to read as follows:

2 Sec. 16.006. FUEL ETHANOL, ~~[AND]~~ BIODIESEL, AND RENEWABLE
3 DIESEL GRANTS.

4 SECTION 10. Sections 16.006(a), (b), (c), and (e),
5 Agriculture Code, are amended to read as follows:

6 (a) The office, after consultation with the department,
7 shall make grants to producers as an incentive for the development
8 of the fuel ethanol, ~~[and]~~ biodiesel, and renewable diesel industry
9 and agricultural production in this state.

10 (b) A producer is entitled to receive from the account 20
11 cents for each gallon of fuel ethanol, ~~[or]~~ biodiesel, or renewable
12 diesel produced in each registered plant operated by the producer
13 until the 10th anniversary of the date production from the plant
14 begins.

15 (c) For each fiscal year a producer may not receive grants
16 for more than 18 million gallons of fuel ethanol, ~~[or]~~ biodiesel, or
17 renewable diesel produced at any one registered plant.

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

25 SECTION 11. The change in law made by Section 2 of this Act
26 does not affect tax liability accruing before the effective date of
27 this Act. That liability continues in effect as if this Act had not

1 been enacted, and the former law is continued in effect for the
2 collection of taxes due and for civil and criminal enforcement of
3 the liability for those taxes.

4 SECTION 12. The change in law made by this Act to Chapter
5 16, Agriculture Code, applies only to a fee that is imposed on or
6 after the effective date of this Act. A fee that is imposed before
7 the effective date of this Act is governed by the law in effect when
8 the fee was imposed, and that law is continued in effect for that
9 purpose.

10 SECTION 13. This Act takes effect immediately if it
11 receives a vote of two-thirds of all the members elected to each
12 house, as provided by Section 39, Article III, Texas Constitution.
13 If this Act does not receive the vote necessary for immediate
14 effect, this Act takes effect September 1, 2009.