

2007 DRAFTING REQUEST

Bill

Received: 01/02/2008

Received By: btradewe

Wanted: As time permits

Identical to LRB:

For: Scott Suder (608) 267-0280

By/Representing: Matt Pagel (Sen. Kreitlow's aide)

This file may be shown to any legislator: NO

Drafter: btradewe

May Contact:

Addl. Drafters:

Subject: Agriculture - miscellaneous

Extra Copies:

Submit via email: YES

Requester's email: Rep.Suder@legis.wisconsin.gov

Carbon copy (CC:) to:

Pre Topic:

No specific pre topic given

Topic:

Renewable fuel requirement

Instructions:

Like 07-1619/1

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	btradewe 01/02/2008	kfollett 01/02/2008		_____			State
/1			pgreensl 01/03/2008	_____	cduerst 01/03/2008	cduerst 01/03/2008	

FE Sent For:

<END>

01-04-2008
("/1")

see attached

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/?	btradewe	1/15 F	1/3 PR	1/3 PR			

FE Sent For:

<END>

SOON (in 1/2)

2007 BILL

No changes

Note

Regen

1 **AN ACT to create** 100.60 of the statutes; **relating to:** the sale of renewable motor
2 vehicle fuels, granting rule-making authority, and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill relates to renewable motor vehicle fuels. Under the bill, renewable fuels consist of ethanol, biodiesel, and hydrogen produced using wind power. In addition, the bill authorizes the Department of Agriculture, Trade and Consumer Protection (DATCP) to promulgate rules designating additional fuels, other than petroleum-based fuels, as renewable fuels.

This bill generally subjects a refiner to a penalty if the percentage of renewable fuel sold by the refiner, beginning in 2009, is less than a percentage set in the bill. The percentage of renewable fuel sold is determined by dividing the total volume of wholesale sales of renewable fuel in a year by the refiner's five year rolling average volume of wholesale sales of all motor vehicle fuel, other than diesel fuel, and multiplying by 100. The percentage begins at 10 percent and increases to 25 percent in 2025 and thereafter. The bill authorizes DATCP to implement a system of credit trading for refiners, under which a refiner who sells more than the required percentage of renewable fuels in a year could sell credits to refiners who fail to meet the renewable fuel requirements, enabling the purchasing refiners to avoid a penalty. The bill authorizes DATCP to temporarily suspend the requirements imposed on wholesalers if a sufficient supply of renewable fuel is not available.

This bill also provides that if the total amount of biodiesel fuel sold at retail in this state in 2007 is less than 40,000,000 gallons, a person who sells diesel fuel at retail is generally subject to a penalty if the volume of biodiesel fuel sold by the person

BILL

in a year, beginning in 2009, is less than five percent of the total volume of diesel fuel sold by the person at retail in that year. The bill authorizes DATCP to temporarily suspend the requirements imposed on retailers if a sufficient supply of biodiesel is not available.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 100.60 of the statutes is created to read:

2 **100.60 Renewable fuel standards.** (1) DEFINITIONS. In this section:

3 (a) “Biodiesel fuel” means any of the following:

4 1. A fuel that is comprised of monoalkyl esters of long chain fatty acids derived
5 from vegetable oils or animal fats and that meets all of the applicable requirements
6 of the American Society for Testing and Materials.

7 2. Any fuel not described in subd. 1. that can substitute for petroleum-based
8 diesel fuel and that the department designates as biodiesel fuel under sub. (5) (am).

9 (b) “Diesel fuel” includes biodiesel fuel and petroleum-based diesel fuel.

10 (c) “Motor vehicle fuel” means gasoline, diesel fuel, ethanol, or any other
11 substance used to fuel vehicles that are primarily used for transportation on public
12 roadways.

13 (d) “Percentage of renewable fuel sold” means the percentage that results from
14 dividing the total volume of wholesale sales of renewable fuel sold in this state in a
15 year by the average total volume of wholesale sales of motor vehicle fuel, other than
16 diesel fuel, in this state in that year and the previous 4 years and multiplying by 100.

17 (e) “Refiner” means a person who makes wholesale sales of at least 40,000,000
18 gallons of motor vehicle fuel in a year at terminals located in this state.

19 (f) “Renewable fuel” means any of the following:

BILL

- 1 1. Ethanol.
- 2 2. Biodiesel fuel.
- 3 3. Hydrogen produced using wind power.
- 4 4. Any other fuel that the department designates as a renewable fuel in rules
- 5 promulgated under sub. (5) (b).

6 (g) “Terminal” means a facility for storing and distributing motor vehicle fuel
7 that is supplied by a pipeline or marine vessel and from which motor vehicle fuel may
8 be removed at a rack and loaded onto trucks for further distribution.

9 (h) “Wholesale sale” means the transfer of motor vehicle fuel to a jobber,
10 wholesaler, retailer, or other person at a terminal in this state.

11 **(2) STANDARD FOR RENEWABLE FUEL.** Except as provided under sub. (5) (c) or (d),
12 a refiner is subject to the penalties in sub. (6) (a) if the percentage of renewable fuel
13 sold by the refiner in this state in a year is less than the following:

14 (a) In 2009 to 2014, 10 percent.

15 (b) In 2015 to 2019, 15 percent.

16 (c) In 2020 to 2024, 20 percent.

17 (d) In 2025 and thereafter, 25 percent.

18 **(4) BIODIESEL.** (a) No later than June 30, 2008, the department shall determine
19 the total volume of biodiesel fuel sold at retail in this state in 2007.

20 (b) If the volume determined under par. (a) is less than 40,000,000 gallons, the
21 department shall notify the legislative reference bureau and the legislative reference
22 bureau shall publish in the next issue of the Wisconsin Administrative Register a
23 notice that the requirement in par. (c) applies beginning in 2009.

24 (c) If the legislative reference bureau publishes the notice under par. (b), except
25 as provided under sub. (5) (c), beginning in 2009, a person who sells diesel fuel at

BILL

1 retail in this state is subject to the penalties in sub. (6) (b) if the volume of biodiesel
2 fuel sold by the person in this state in a year is less than 5 percent of the total volume
3 of diesel fuel sold by the person at retail in this state in that year.

4 (5) RULES. (a) The department shall promulgate rules for the administration
5 of this section, including rules for any reporting necessary to determine compliance
6 with subs. (2) and (4) (c).

7 (am) The department may promulgate rules designating a fuel that is derived
8 from a renewable source and that can substitute for petroleum-based diesel fuel as
9 biodiesel fuel. In rules under this paragraph, the department shall include
10 standards to ensure the reliable operation of motor vehicles using the fuel.

11 (b) The department may promulgate rules designating a motor vehicle fuel,
12 other than a petroleum-based fuel and other than hydrogen that is produced using
13 a petroleum-based fuel, as a renewable fuel.

14 (c) If the department determines that a sufficient supply of renewable fuel is
15 not available to refiners, the department may temporarily suspend the requirements
16 under sub. (2) by promulgating a rule using the procedure under s. 227.24. If the
17 department determines that a sufficient supply of biodiesel fuel is not available to
18 persons selling diesel fuel, the department may temporarily suspend the
19 requirement under sub. (4) (c) by promulgating a rule using the procedure under s.
20 227.24. Notwithstanding s. 227.24 (1) (a), (2) (b), and (3), the department is not
21 required to provide evidence that promulgating a rule under this paragraph as an
22 emergency rule is necessary for the preservation of the public peace, health, safety,
23 or welfare and is not required to provide a finding of emergency for a rule
24 promulgated under this paragraph.

BILL

1 (d) The department may promulgate rules to implement and administer a
2 system of credit trading for refiners. In any rule promulgated under this paragraph,
3 the department shall allow a refiner who sells more renewable fuel than is required
4 under sub. (2) to sell credits to other refiners who fail to meet the renewable fuel
5 requirements under sub. (2) to enable the other refiners to avoid being subject to the
6 penalties under sub. (6) (a).

7 (6) PENALTIES. (a) 1. A refiner who violates sub. (2) may be required to forfeit
8 not more than \$10,000 for a first offense.

9 2. A refiner who violates sub. (2) may be required to forfeit not less than \$500
10 nor more than \$50,000 for a 2nd offense.

11 3. A refiner who violates sub. (2) may be required to forfeit not less than \$1,000
12 nor more than \$100,000 for a 3rd or subsequent offense.

13 (b) 1. A person who violates sub. (4) (c) may be required to forfeit not more than
14 \$10,000 for a first offense.

15 2. A person who violates sub. (4) (c) may be required to forfeit not less than \$500
16 nor more than \$50,000 for a 2nd offense.

17 3. A person who violates sub. (4) (c) may be required to forfeit not less than
18 \$1,000 nor more than \$100,000 for a 3rd or subsequent offense.

19 (END)

DNate

**DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU**

LRB-3743/1dn

RCT. *kgf*

Date

This is the companion draft to LRB-1619/1, relating to renewable motor vehicle fuels, as requested by Matt Pagel.

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: becky.tradewell@legis.wisconsin.gov

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-3743/1dn
RCT:kjf:pg

January 3, 2008

This is the companion draft to LRB-1619/1, relating to renewable motor vehicle fuels, as requested by Matt Pagel.

Rebecca C. Tradewell
Managing Attorney
Phone: (608) 266-7290
E-mail: becky.tradewell@legis.wisconsin.gov

Duerst, Christina

From: Emerson, Anne
Sent: Thursday, January 03, 2008 10:12 AM
To: LRB.Legal
Subject: Draft Review: LRB 07-3743/1 Topic: Renewable fuel requirement

Please Jacket LRB 07-3743/1 for the ASSEMBLY.

Barman, Mike

From: Barman, Mike
Sent: Friday, January 04, 2008 7:47 AM
To: Emerson, Anne
Cc: Hilgemann, Luke
Subject: RE: Fiscal Request

Anne,

I will submit your draft to DOA for agency assignment. I will also note that is needed before January 16th for a hearing. Let me know if I can be of further assistance.

Mike Barman (Senior Program Assistant)
State of Wisconsin - Legislative Reference Bureau
Legal Section - Front Office
1 East Main Street, Suite 200, Madison, WI 53703
(608) 266-3561 / mike.barman@legis.wisconsin.gov

From: Emerson, Anne
Sent: Thursday, January 03, 2008 4:53 PM
To: Barman, Mike
Cc: Hilgemann, Luke
Subject: Fiscal Request

Hi Mike,

We introduced the follow bill for co-sponsorship yesterday. The deadline isn't until next week, January 9th, but we are hoping to get it scheduled for a hearing on the 16th. So to get ahead of the game I thought I would send the draft over to you so we could get a start on requesting a fiscal estimate. Please let me know if you have any questions.

Thanks!
Anne

<< File: 07-37431.pdf >>

Anne Emerson
Research Assistant

Office of State Representative Scott Suder
Wisconsin's 69th Assembly District
Office: 1-608-267-0280
Toll free: 1-888-534-0069