



## WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

Memo No. 7

TO: MEMBERS OF THE SPECIAL COMMITTEE ON DOMESTIC BIOFUELS

FROM: Larry Konopacki, Staff Attorney, and John Stolzenberg, Chief of Research Services

RE: Miscellaneous Policy Options and Discussion Topics

DATE: December 15, 2008

This Memo lists miscellaneous policy options and other discussion topics previously identified for further discussion by the Special Committee on Domestic Biofuels. Some items include alternative language that is set off in brackets, and each item includes a citation to the relevant item in Memo No. 4.

### **POLICY OPTIONS**

I. **State Financial Assistance** - Clarify and expand the applicability of existing state financial assistance programs for projects related to bioenergy feedstocks, for the conversion of ethanol plants to biomass energy for process heat, and for biorefineries. [I. E.; V. E.; VI. B.]

See **WLC 0356/1**, relating to financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy. (This bill draft is to be distributed to committee members at the committee's December 16, 2008 meeting and was not included in the materials mailed to the committee prior to the meeting.)

II. **Educational Needs Assessment** - Direct the University of Wisconsin (UW)-Extension and the Department of Workforce Development, in consultation with the Office of Energy Independence, the Technical College System, and the UW System, to assess educational needs for jobs related to feedstocks and biofuels production and report its findings to the Legislature. [I. F.]

III. **Bioenergy Advisory Committee** - Direct the Department of Agriculture, Trade, and Consumer Protection to appoint a bioenergy advisory committee to identify voluntary best management practices (BMPs) for sustainable biomass and biofuels production, including practices related to choosing biomass species, where to plant, crop management, harvest, and processing and transport.

The advisory committee would consider soil management, chemical inputs, carbon sequestration in soil and root mass, plant and animal biodiversity, and other factors. The advisory committee would report its findings periodically to the Governor and the Legislature and would operate on a continuing basis. [II. A.]

**Comment:** Different requirements can be created with respect to formation, operation, membership, duties, deadlines, whether the advisory committee is to operate on a continuing basis, reporting requirements, or any other factors relating to the advisory committee.

**Comment:** The advisory committee could also be asked to assess the benefits and drawbacks of codifying its identified BMPs into statewide standards that are required instead of voluntary.

**IV. Biofuels Production Facility Regulation Review Committee** - Create a Biofuels Production Facility Regulation Review Committee, with members appointed by the Governor, to identify state and local regulatory burdens relating to the siting, construction, operation, and expansion of biofuels production facilities, and opportunities for streamlining regulations related to these processes. This committee would report its findings to the Governor and the Legislature and would not operate on a continuing basis. [V. D. and F.]

**Comment:** Different requirements can be created with respect to formation, operation, membership, duties, deadlines, whether the advisory committee is to operate on a continuing basis, reporting requirements, or any other factors relating to the advisory committee.

**V. Request for Action by the Wisconsin Congressional Delegation or Federal Officials** [I. A.; IX. C.]

- A. Conservation Reserve Program - Contact federal officials to ask for changes to the Conservation Reserve Program (CRP) allowing annual harvest of bioenergy crops on CRP-enrolled lands [for newly enrolled property].
- B. Intermediate Blends – Request federal funding and other support for addressing Clean Air Act restrictions on the use of intermediate blends of ethanol and gasoline in non-flex fueled vehicles.

**Comment:** The committee may want to consider contacting federal officials with other requests, comments, or endorsements. For instance, the committee could endorse the multiple biofuels-related studies and information management provisions in the recent Farm Bill and Energy Act, and request full funding of those for which an appropriation has not yet been made.

### **DISCUSSION TOPICS**

I. Biomass buffers in floodplains and an Energy Crop Reserve Program. [I. A. and B.]

II. The Governor's Task Force on Global Warming recommendation of increased funding for the Urban Forestry Grant Program to add 20 million urban trees on private and public land. [I. D.]

III. Opportunities to capture federal funding for deploying biomass energy systems in schools and government-owned buildings. [III. B.]

**Comment:** See follow-up comments from Public Service Commission staff regarding eligibility criteria for existing Focus on Energy program.

IV. A program to provide reduced rate loans to renewable energy businesses, utilities, and start-ups; review and, as appropriate, coordinate with tax-exempt industrial revenue bond opportunities. [V. H.]

V. Evaluate the cost to the state of providing a volumetric production incentive for biodiesel blends above 10% (i.e., B10) that mirrors the Illinois biodiesel credit. [V. A.]

**Comment:** According to the Legislative Fiscal Bureau, this Illinois program relates to its sales tax on motor fuel, a tax that is not collected in Wisconsin. An option in Wisconsin would be to exempt the biodiesel portion of biodiesel/diesel blends above B10 from the state motor fuel tax, currently \$0.309 per gallon. Sufficient data is not available to determine with certainty what effect this policy would have on biodiesel consumption, but if it is estimated that 5 to 10 million gallons of biodiesel would be sold in blends above B10, the state would forego approximately \$1.5 million to \$3 million per year in motor fuel tax revenue.

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