



WISCONSIN LEGISLATIVE COUNCIL

SPECIAL COMMITTEE ON DOMESTIC BIOFUELS

Room 412 East
State Capitol

December 16, 2008
10:00 a.m. – 3:45 p.m.

[The following is a summary of the December 16, 2008 meeting of the Special Committee on Domestic Biofuels. The file copy of this summary has appended to it a copy of each document prepared for or submitted to the committee during the meeting. A digital recording of the meeting is available on our Web site at <http://www.legis.state.wi.us/lc>.]

Call to Order and Roll Call

Chair Kreitlow called the meeting to order. The roll was called and it was determined that a quorum was present.

COMMITTEE MEMBERS PRESENT: Senator Pat Kreitlow, Chair; Representative Scott Suder, Vice Chair; Senator Robert Jauch; and Public Members Mary Blanchard, Steve Christensen, Randy Fortenbery, Jennifer Giegerich, Jeremy Goodfellow, Don Guay, Bill Johnson, Steve Loehr, Peter Taglia, and Peter Tomasi.

COMMITTEE MEMBERS EXCUSED: Senator Robert Cowles; Representatives Donald Friske and Mike Sheridan; and Public Members Steve Graham and John Salden.

COUNCIL STAFF PRESENT: John Stolzenberg, Chief of Research Services; and Larry Konopacki, Staff Attorney.

Approval of the Minutes of the November 18, 2008 Meeting

Bill Johnson moved, seconded by Representative Suder, to approve the minutes of the November 18, 2008 meeting. The motion passed by voice vote.

Discussion of Policy Options

The following materials were discussed by the committee and are available at the committee's Web site. Some of these items were approved by unanimous consent with little or no change, while the committee requested more changes to or information on others. The committee will vote on its final set of recommendations after it finishes refining these and any subsequent bill drafts or other products. Citations in brackets are to the relevant items in Memo No. 4.

- WLC: 0356/1, relating to financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy. [I. E.; V. E.; and VI. B.]
 - ❖ The committee agreed to include this bill draft in its recommendations.
- WLC: 0357/1, relating to the definition of "agricultural use" for purposes of determining the assessed value of a parcel of land. [I.C.]
 - ❖ The committee agreed to include this bill draft in its recommendations.
- WLC: 0358/1, relating to requiring a strategic bioenergy feedstock assessment. [IV. A. to G.]
 - ❖ Further drafting modifications were requested on this bill draft, including making the assessment biennial in the odd-numbered years; requiring regional feedstock inventory, and identifying facilities that use or are likely to use feedstocks.
- WLC: 0360/1, relating to the agricultural diversification program. [III. A.]
 - ❖ The committee agreed to include this bill draft in its recommendations with a note indicating that the draft does not authorize the Department of Agriculture, Trade, and Consumer Protection to regulate greenhouse gas emissions.
- WLC: 0363/1, relating to marketing orders and agreements for bioenergy feedstocks. [VI. C.]
 - ❖ The committee agreed to include this bill draft in its recommendations.
- WLC: 0364/1, relating to exempting personal biodiesel fuel production and use from state taxes, fees, inspection requirements, and licensing requirements. [V. I.]
 - ❖ The committee requested that additional options on other types of fuel be added to this bill draft and asked staff to seek agency input on regulations applicable to home production of biofuels.
- WLC: 0365/1, relating to an income tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks. [VIII. A. and B.]
 - ❖ The committee agreed to include this bill draft in its recommendations.
- WLC: 0367/1, relating to offering unblended gasoline to motor fuel dealers. [VIII. D.]
 - ❖ The committee requested modifications to this draft to protect against unfair price markup on unblended fuel or on biofuels.

- WLC: 0369/1, relating to decreasing the use of petroleum based transportation fuels by state vehicles, promoting the use of alternative fuels in flex fuel vehicles owned by the state, and promoting public alternative fuel refueling facilities. [IV. H.]
 - ❖ The committee requested that “flex fuel vehicles” on page 2, line 13, in this bill draft be expanded to all vehicles and additional background information on agency compliance with Executive Order #141.
- WLC: 0370/1, relating to duties of the Office of Energy Independence (OEI). [V. E.; IX. C.; and X. A. to C.]
 - ❖ The committee requested modifications to this bill draft to provide options for future discussion about the types of fuels that OEI would promote and the goals for promoting alternative energy research.
- Memo No. 5, *Wisconsin Renewable Fuels Standard* (Draft) (December 11, 2008). [IX. D.]
 - ❖ The committee asked staff to prepare a bill draft that would include a Wisconsin Renewable Fuels Standard similar to the proposal contained in Memo No. 5 and that requires greenhouse gas emission reductions for biofuels to levels required by the federal renewable fuel standard. The committee requested more information on the options for creating a credit trading system to track state biofuel sales that minimize the associated regulatory burdens.
- Memo No. 6, *Policy Options on Greenhouse Gas Reduction Requirements for Transportation Fuels* (December 11, 2008). [VI. E.]
 - ❖ The committee did not make a separate recommendation on this item, but included greenhouse gas emissions reduction provisions in its requested bill draft above for a state renewable fuel standard.
- Memo No. 7, *Miscellaneous Policy Options and Discussion Topics* (December 15, 2008).

POLICY OPTIONS

- I. State Financial Assistance
 - ❖ See WLC 0356/1 above.
- 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.]
 - ❖ The committee agreed to have this proposal drafted for its review.
- 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.]

- ❖ The committee agreed to have this proposal drafted for its review and asked that it include language that would direct the advisory committee to seek to utilize efforts on BMPs by other groups, such as the Council on Forestry.

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.]

- ❖ The committee agreed to have this proposal drafted for its review.

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].

- ❖ The committee agreed to have a letter drafted to the Wisconsin Congressional delegation and the federal officials asking them to work on changes to the CRP program which would allow the annual harvest of newly-enrolled CRP lands for bioenergy purposes.

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.

- ❖ The committee agreed to include this in its letter to the Wisconsin Congressional delegation.

Other

- ❖ The committee asked that its letter to the Wisconsin Congressional delegation include support for the biofuels-related studies and information management provisions in recent federal legislation.

- ❖ The committee asked that this letter also include a request for expansion of the eligibility criteria for waste product-related industrial revenue bonds.

DISCUSSION TOPICS

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

- ❖ The committee agreed to have a letter drafted expressing its support for these ideas despite not being able to recommend state funding for them at this time.

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.]

- ❖ The committee agreed to have a letter drafted to the Governor expressing support for this Task Force recommendation.
- III. Opportunities to capture federal funding for deploying biomass energy systems in schools and government-owned buildings. [III. B.]
 - ❖ No recommendation.
- 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.]
 - ❖ No recommendation.
- 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.]
 - ❖ No recommendation.

Other Business

There was no other business brought before the committee.

Plans for Future Meetings

The next meeting of the Special Committee has not yet been scheduled and will be held at the call of the chair.

Adjournment

The meeting was adjourned at 3:45 p.m.

LAK:JES:ty