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03/04/2009

1 **AN ACT** *to repeal* 66.1103 (2) (k) 18. and 93.46 (3); *to renumber* 560.126 (1) to (4);
2 *to amend* 93.46 (2) (a) and 560.126 (1) (d); and *to create* 93.46 (2) (b) 4m. and 5m.
3 and (f) and 560.126 (1) of the statutes; **relating to:** financial assistance related to
4 bioenergy feedstocks, biorefineries, and conversion to biomass energy.

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

JOINT LEGISLATIVE COUNCIL PREFATORY NOTE: This bill draft was prepared for the joint legislative council's special committee domestic biofuels. The bill draft expands the applicability of relevant state financial assistance programs, to ensure that the programs support the establishment, production, harvest, storage, and transport of bioenergy feedstocks; the conversion of ethanol production plants to biomass energy for process heat; and the development and construction of biorefineries.

The draft clarifies that the industrial revenue bond program, the agricultural diversification grant program, and the renewable energy grants and loan program apply to these types of projects, as described in the SECTION comments below.

5 **SECTION 1.** 66.1103 (2) (k) 18. of the statutes is repealed.

NOTE: This provision affects the definition of "projects" eligible for financing with industrial revenue bonds. Current subd. 18. includes in these projects "alcohol fuel production facilities". The repeal of subd. 18. clarifies that biorefineries that produce other types of fuel are eligible "projects", as all biorefineries are included in the projects covered under current subd. 1.

6 **SECTION 2.** 93.46 (2) (a) of the statutes is amended to read:

7 93.46 (2) (a) The department shall make agricultural and forestry research and
8 development grants. The department may provide grants to fund demonstration projects,
9 feasibility analyses and applied research directed toward new or alternative technologies and
10 practices that will stimulate agricultural and forestry development and economic activity.

COMMENT: This provision expands the agricultural diversification grant program to include forestry-related research and development grants and authority. The department of agriculture, trade and consumer protection (DATCP) may only award grants under this subsection if the grant is for a project conducted in this state that meets one or more of the purposes specified in sub. (2) (b).

1 **SECTION 3.** 93.46 (2) (b) 4m. and 5m. and (f) of the statutes are created to read:

2 93.46 (2) (b) 4m. Diversification and expansion of the production, processing and
3 distribution of forestry products that are used to produce alternative fuels, heat, or electricity.

4 5m. Commercial application of new technologies or practices related to the production
5 of alternative fuels, heat, or electricity from forestry products.

COMMENT: This SECTION establishes two types of forestry-related projects that are eligible for an agricultural diversification grant. These new purposes are based on the following two purposes for grants under this program under current law relating to agricultural products:

93.46 (2) (b) (intro.) The department may not award a grant under this subsection unless the grant is for a project conducted in this state that has at least one of the following purposes:

...

4. Diversification and expansion of the production, processing, and distribution of agricultural products.

5. Commercial application of new technologies or practices related to agricultural products.

6 (f) If the department receives an application under this subsection for grant for a
7 forestry-related project, analyses or applied research, the department shall do all of the
8 following:

9 1. Consult with the department of natural resources in evaluating the grant application.

10 2. If the department awards the grant, require the grant recipient to coordinate its
11 activities under the grant with forestry-related programs identified by the department of
12 natural resources in the consultation under subd. 1.

COMMENT: This SECTION requires DATCP to engage in the specified activities if an application under the agricultural diversification grant program is for a forestry-related purpose.

SECTION 4. 93.46 (3) of the statutes is repealed.

COMMENT: This SECTION repeals s. 93.46 (3), as agricultural diversification grants are no longer made under this subsection.

SECTION 5. 560.126 (1) to (4) of the statutes are renumbered 560.126 (2) to (5).

SECTION 6. 560.126 (1) of the statutes is created to read:

560.126 (1) In this section, “biorefinery” means a facility, including equipment and processes, that converts biomass into fuels and products and may produce electricity.

COMMENT: This definition is added to the renewable energy grants and loans program, a.k.a., the Wisconsin energy independence fund. It is based on the definition of “biorefinery” in sec. 9001 (7) in the 2008 Farm Bill.

SECTION 7. 560.126 (1) (d) of the statutes is amended to read:

560.126 (1) (d) The construction of one or more cellulosic ethanol production plants
biorefineries.

COMMENT: This provision establishes that the construction of any type of biorefinery is eligible for a grant or loan under the program, irrespective of the type of fuel produced or if fuel production is not the primary purpose of the facility.

(END)