



WISCONSIN LEGISLATIVE COUNCIL
PROPOSED REPORT TO THE LEGISLATURE

SPECIAL COMMITTEE ON
DOMESTIC BIOFUELS

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Special Committee on Domestic Biofuels

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CONTENTS

PART I - KEY PROVISIONS OF COMMITTEE RECOMMENDATION 3

RECOMMENDED LEGISLATION..... 3

WLC: 0431/1 Relating to Financial Assistance Related to Bioenergy Feedstocks, Biorefineries, and Conversion to Biomass Energy; the Definition of "Agricultural Use" for Purposes of Determining the Assessed Value of a Parcel of Land; Requiring a Strategic Bioenergy Feedstock Assessment; Creation of a Bioenergy Advisory Council; the Agricultural Diversification Program; a Biofuels Training Assessment; Creation of a Biofuels Production Facility Regulation Review Council; Exempting Personal Renewable Fuel Production and Use From State Taxes, Fees, Inspection Requirements, and Licensing Requirements; an Income Tax Credit for Installing or Retrofitting Pumps That Mix Motor Vehicle Fuels From Separate Storage Tanks; Offering Unblended Gasoline to Motor Fuel Dealers; State Renewable Motor Vehicle Fuels Sales Goals and Required Sales of Renewable Motor Vehicle Fuels; 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; the Duties of the Office of Energy Independence; Granting Rule-Making Authority, Making an Appropriation and Providing Penalties 3

OTHER RECOMMENDATIONS 5

Draft Letter to the Wisconsin Congressional Delegation With a Copy to Other Key Members of Congress 5

Draft Letter to Governor Jim Doyle 5

PART II - COMMITTEE ACTIVITY..... 7

Assignment 7

Summary of Meetings..... 7

PART III - RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL 11

WLC: 0431/1, Relating to Financial Assistance Related to Bioenergy Feedstocks, Biorefineries, and Conversion to Biomass Energy; the Definition of "Agricultural Use" for Purposes of Determining the Assessed Value of a Parcel of Land; Requiring a Strategic Bioenergy Feedstock Assessment; Creation of a Bioenergy Advisory Council; the Agricultural Diversification Program; a Biofuels Training Assessment; Creation of a Biofuels Production Facility Regulation Review Council; Exempting Personal Renewable Fuel Production and Use From State Taxes, Fees, Inspection Requirements, and Licensing Requirements; an Income Tax Credit for Installing or Retrofitting Pumps That Mix Motor Vehicle Fuels From Separate

Storage Tanks; Offering Unblended Gasoline to Motor Fuel Dealers; State Renewable Motor Vehicle Fuels Sales Goals and Required Sales of Renewable Motor Vehicle Fuels; 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; the Duties of the Office of Energy Independence; Granting Rule-Making Authority, Making an Appropriation and Providing Penalties	11
Appendix 1 - Committee and Joint Legislative Council Votes	17
Appendix 2 - Lists of Joint Legislative Council Members	17
Appendix 3 - List of Committee Members	21
Appendix 4 - Committee Materials List.....	21
Appendix 5 - Draft Letter Governor Jim Doyle	23
Appendix 6 - Draft Letter to the Wisconsin Congressional Delegation With a Copy to Other Key Members of Congress	27
Appendix 7 - WLC: 0364/3, Relating to Exempting Personal Renewable Fuel Production and Use From State Taxes, Fees, Inspection Requirements, and Licensing Requirements .	29
Appendix 8 - WLC: 0365/3, Relating to an Income Tax Credit for Installing or Retrofitting Pumps That Mix Motor Vehicle Fuels From Separate Storage Tanks.....	33

PART I

KEY PROVISIONS OF COMMITTEE RECOMMENDATION

RECOMMENDED LEGISLATION

The Special Committee on Domestic Biofuels recommends the following bill draft to the Joint Legislative Council for introduction in the 2009-10 Session of the Legislature.

WLC: 0431/1 Relating to Financial Assistance Related to Bioenergy Feedstocks, Biorefineries, and Conversion to Biomass Energy; the Definition of "Agricultural Use" for Purposes of Determining the Assessed Value of a Parcel of Land; Requiring a Strategic Bioenergy Feedstock Assessment; Creation of a Bioenergy Advisory Council; the Agricultural Diversification Program; a Biofuels Training Assessment; Creation of a Biofuels Production Facility Regulation Review Council; Exempting Personal Renewable Fuel Production and Use From State Taxes, Fees, Inspection Requirements, and Licensing Requirements; an Income Tax Credit for Installing or Retrofitting Pumps That Mix Motor Vehicle Fuels From Separate Storage Tanks; Offering Unblended Gasoline to Motor Fuel Dealers; State Renewable Motor Vehicle Fuels Sales Goals and Required Sales of Renewable Motor Vehicle Fuels; 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; the Duties of the Office of Energy Independence; Granting Rule-Making Authority, Making an Appropriation and Providing Penalties

Financial Assistance Related to Biofuels

The bill draft expands or clarifies the applicability of relevant state financial assistance programs as they relate to biofuels.

The Definition of "Agricultural Use" for Purposes of Use Value Taxation

The bill draft includes the growing of short rotation woody crops, including poplars and willows, using agronomic practices, as an agricultural purpose for determining the applicability of the use value property assessment method.

Strategic Bioenergy Feedstock Assessment

The bill draft directs the Office of Energy Independence (OEI) and specified state agencies to prepare a strategic feedstocks assessment and recommend appropriate legislation and changes in the agencies' programs and rules.

Bioenergy Advisory Council, Voluntary Best Management Practices

The bill draft creates a bioenergy advisory council attached to the Department of Agriculture, Trade, and Consumer Protection (DATCP) and directs it to identify voluntary best management practices for sustainable biomass and biofuels production.

The Agricultural Diversification Program

The bill draft expands the agricultural diversification program administered by DATCP to include the promotion of carbon offset credits derived from the production of agricultural commodities, other types of energy made from these commodities, and alternative fuels made from agricultural source stocks, and creates a comparable forestry diversification program administered by the Department of Natural Resources (DNR).

Biofuels Training Assessment

The bill draft requires the UW–Extension, in cooperation with other state entities, to conduct an educational needs assessment related to biofuels.

Biofuels Production Facility Regulation Review Council

The bill draft creates a Biofuels Production Facility Regulation Review Council (council) attached to the Department of Administration (DOA) to review state and local regulatory burdens related to biofuels production facilities.

Marketing Orders and Agreements for Bioenergy Feedstocks

The bill draft designates products used as bioenergy feedstocks, including timber and wood products, as “agricultural commodities” and authorizes the DATCP Secretary to issue a marketing order or agreement to promote their use.

Personal Renewable Fuel Production and Use

The bill draft exempts the first 1,000 gallons of renewable fuel produced by a person each year, that the person uses in his or her personal vehicle, from the motor vehicle fuel excise tax, the petroleum inspection fee, petroleum inspection requirements not required by federal law, business tax registration certificate requirements, and motor vehicle fuel tax license requirements.

Income Tax Credit for Blender Pumps

The bill draft allows the “ethanol and biodiesel fuel pump” income tax credit under current law to be claimed for the installation or retrofit of blender pumps.

Required Offering of Unblended Gasoline to Motor Fuel Dealers

The bill draft generally requires motor fuel suppliers to offer unblended gasoline to motor fuel dealers and prohibit a supplier from requiring a dealer to purchase ethanol from the supplier exclusively. The bill draft does not prohibit a supplier from requiring the subsequent blending of unblended gasoline prior to sale to an end-user, and does not prohibit suppliers from requiring dealers to transfer renewable fuels credits under the federal renewable fuels standard to the supplier as a condition of offering unblended fuel to the dealer.

State Renewable Motor Vehicle Fuels Sales Goals and Sales Requirements

The bill draft creates annual sales goals for renewable fuels in this state equaling 110% of the state’s share, as determined under the bill draft, of renewable fuel sales required nationally under the federal renewable fuel standard (F–RFS). Fuels must meet or exceed F–RFS greenhouse gas reduction requirements to be included in state sales calculations.

The bill draft requires DATCP, in cooperation with and assistance from the Department of Commerce (Commerce), the Department of Revenue (DOR), and OEI, to collect information needed to

determine whether these annual renewable fuels sales goals are met each year. If a sales goal is not met, DATCP is generally required to assess the cause and report its findings to the Legislature and Governor.

If DATCP determines, as part of its assessment of the cause of sales below the annual sales goal, that individual sales requirements would likely result in renewable fuel sales that would meet the annual goals, it is to require such sales by rule.

The State as a Leader; Renewable Fuels Use in the State Fleet

The bill draft codifies Executive Order #141 by directing DOA to require state agencies to reduce the amount of gasoline and diesel fuels they use that are petroleum-based by specified percentages, requiring OEI to promote the use of alternative fuels in flex fuel vehicles owned by the state, and directing OEI and DATCP to cooperatively promote public alternative fuel refueling facilities.

Other Duties of OEI

The bill draft directs OEI to work to ensure that Wisconsin is a national leader in developing biorefineries and advancing the sale and use of intermediate biofuel blends, clarifies that OEI is the central unit of state government for coordinating the activities of the state related to biofuels.

OTHER RECOMMENDATIONS

The Special Committee on Domestic Biofuels recommends that the following draft letters be sent on behalf of the committee. The letters are included as **Appendix 5** and **6**. The list of recipients of the Wisconsin Congressional Delegation letter is also included in **Appendix 6**.

- Letter to Governor Jim Doyle expressing support for two of the recommendations in the final report from the Governor's Task Force on Global Warming - the pursuit of increased funding for the Urban Forestry Grant Program and the creation of a state Energy Crop Reserve Program.
- Letter to the Wisconsin Congressional Delegation (with a copy to other key members of Congress) asking for support of specified federal policies and programs that impact the ability of the State of Wisconsin to position its agricultural, silvicultural, and biofuels production sectors at the forefront of the emerging biofuels industry.

PART II

COMMITTEE ACTIVITY

Assignment

The Joint Legislative Council established the Special Committee on Domestic Biofuels and appointed the chairperson by an April 9, 2008 mail ballot. The committee was directed to (1) evaluate the economic and environmental costs and benefits of domestically produced fuels derived from biomass; (2) review state and federal policies to promote the development of the industry and infrastructure for the production and distribution of such fuels; (3) recommend state policies to address any deficiencies in existing policies; and (4) recommend state policies to encourage minimum targets for ethanol-blended transportation fuel sales.

Membership of the Special Committee, appointed by a June 9, 2008 mail ballot, consisted of three Senators, three Representatives, and 13 public members. A list of committee members is included as **Appendix 3** to this report.

Summary of Meetings

The Special Committee held six meetings on the following dates:

August 19, 2008
September 16, 2008
October 14, 2008

November 18, 2008
December 15, 2008
March 11, 2009

The Special Committee received materials on various subjects including biofuels and alternative fuels use in Wisconsin, building biofuels facilities, state energy statistics, and green fuels and vehicles. The committee also heard testimony from the following invited speakers:

Rod Nilsestuen, Secretary, Wisconsin DATCP

Rod Nilsestuen could not attend the meeting due to illness so Gary Radloff, the DATCP Director of Policy and Strategic Communications, spoke to the committee on behalf of the agency. He remarked on positioning Wisconsin to take advantage of opportunities related to biofuels and the bioeconomy, some of the advantages of biofuels, the federal standards underlying state biofuels policy, the need to link biofuels, biopower, and bioproducts in state policy, the challenges related to transporting biofuels like ethanol, and “advanced renewable” or “feed in” tariff policies. He also commented on the rail transport system in this state, competitive challenges with our neighboring states, and our capacity to produce feedstocks for ethanol production. He introduced the committee to the biofuels-related work of the Midwest Governor’s Association and the North Central Bioeconomy Consortium.

R. Brooke Coleman, Executive Director, New Fuels Alliance, Boston

Mr. Coleman introduced the New Fuels Alliance and the Northeast Biofuels Collaborative and provided a broad overview of biofuels issues. He spoke about the drawbacks of a petroleum-based energy system, the federal political power of oil and agriculture lobbies, the importance of current biofuel production as a bridge to next-generation biofuels, and the “food versus fuel” debate. He also discussed environmental issues, increases in agricultural efficiency, advancements in agricultural practices, the drivers that impact corn prices, the public relations challenges faced by biofuels promoters, environmental issues, land use controls, and import tariffs.

Judy Ziewacz, Executive Director, Wisconsin OEI

Ms. Ziewacz introduced the committee to OEI, and described its mission and its focus. She explained the work of Governor Doyle's cabinet working group on biofuels and outlined some of the needs and challenges related to having systems in place in this state to be ready to commercially produce cellulosic biofuels when the technology is available and cost-effective. She also provided the committee with background statistics about current biofuels production, distribution, and use in this state, and explained the unique advantages the Midwest region has in being able to take advantage of the emerging bioeconomy.

Timothy Donohue, Director, Great Lakes Bioenergy Research Center, University of Wisconsin-Madison

Mr. Donohue provided the committee with basic information about biofuels, explained the potential for the biofuels industry, and introduced the committee to the Great Lakes Bioenergy Research Center (GLBRC) at the UW-Madison. Mr. Donohue explained the role that the GLBRC will play in developing ways to produce next-generation biofuels from cellulosic materials cost-effectively, explained some of the scientific and technological hurdles on which the GLBRC is currently working, and discussed the lack of predictability surrounding the timing of what the GLBRC hopes to accomplish. In response to questions Mr. Donohue explained that the state should be ready to respond to opportunities to support the building of the biofuels industry in this state as they present themselves over time, and should take advantage of the research and development capability of the UW.

The committee discussed and supplemented the information provided by the day's speakers, including an explanation by Ms. Blanchard of the work being done by Virent Energy Systems to develop transforming technology to convert complex sugars or mixed-sugar streams into gasoline and other fuels. Professor Guay provided an overview of efforts underway at UW-Stevens Point to find new ways to break wood down into its component sugars to facilitate transportation biofuel production, and discussed the potential of other products such as isoprene, butanol, and others. Randy Fortenbery and Howard Bohl talked about economic drivers effecting corn and other commodity prices.

At the September 16, 2008 meeting, the Special Committee was addressed by Legislative Council staff on major federal policies relating to biofuels and transportation fuels incentives and subsidies and received reports on federal biofuels incentives, oil and gas tax subsidies, and federal financial interventions and subsidies in energy markets. The committee also heard testimony from the following invited speakers:

Craig Waldvogel, U.S. Oil Combined Locks

Mr. Waldvogel provided an overview of the distribution of transportation fuels in Wisconsin. He identified the various transportation modes and storage facilities, including the location of terminals in Wisconsin and pipelines moving refined fuels into the state. He also identified the location of ethanol and biodiesel plants in the state. Mr. Waldvogel then described the renewable identification number (RIN) system for renewable fuel produced in the United States under the U.S. Environmental Protection Agency regulations for the F-RFS.

Hoon Ge, MEG Corp., Golden Valley, Minnesota

Mr. Hoon Ge provided additional information on the transport and distribution of ethanol and biodiesel fuels. In his prepared remarks, he addressed the adequacy of the current fuel distribution system for these fuels, prospects for the construction of biofuel pipelines from the Midwest to population centers in the country, various studies required in recent federal laws relating to biofuels infrastructure, concerns of biodiesel users, and the experience of the State of Minnesota in establishing biofuel mandates.

Al Shea, Division of Air and Waste, Wisconsin DNR

Mr. Shea identified the trends in three significant air pollutants in Wisconsin: ozone, fine particulates, and hazardous air pollutants. He noted the major emission control programs for these pollutants, including the mercury multi-pollutant rule currently under review in the Legislature. Mr. Shea indicated that while some biofuels, such as 10% ethanol blend, will result in excess nitrogen oxides emissions, that these increases in emissions are insignificant compared to the decreases in emissions that will result from existing and proposed power plant emission control programs in Wisconsin.

Following the presentations by invited speakers committee members identified other areas of concern and information requests.

At the October 14, 2008 meeting, the Special Committee received materials related to current state statutes relating to biofuels, assessments of biomass potential as biofuels feedstock, recommendations of the Governor's Task Force on Global Warming, and use of ethanol blends higher than 10%.

The committee also heard from a panel of invited speakers on assessments of feedstocks in Wisconsin. Chair Kreitlow moderated the panel, which included Richard Hasselman of GDS Associates, Pamela Porter of P Squared Group, and Sean Weitner of the Energy Center of Wisconsin, who all have experience preparing assessments of various types of bioenergy feedstocks in Wisconsin. The panel discussed the scope of various types of assessments, the types of feedstocks that are or could be available in Wisconsin, and the viability of some of these feedstocks for the commercial production of transportation biofuels. The panel also explored some of the economic and social obstacles to feedstocks production, collection, and transportation and the interplay between the use of feedstocks for biofuels production and other renewable energy policies.

The committee also heard testimony from the following additional invited speakers:

Michael Wang, Transportation Technology R&D Center, Argonne National Laboratory, Argonne, Illinois

Mr. Wang spoke to the committee about life-cycle analysis of the relative benefits of biofuels as compared to petroleum-based transportation fuels. Mr. Wang discussed modeling the relative energy used to produce and emissions from the production of different types of fuels, including information about his GREET (Greenhouse gases, Regulated Emissions, and Energy use in Transportation) Model. He talked about the challenges in developing a model that takes each relevant consideration into account and therefore more accurately estimates a fuel's life-cycle impacts. He presented information on the life cycle greenhouse gas reduction requirements in the F-RFS and discussed measuring direct and indirect land use changes that may result from increased biofuels feedstocks production.

Carol Werner, Environmental and Energy Study Institute (EESI), Washington, D.C.

Ms. Werner spoke to the committee via teleconference on "best practices" for states to undertake to take advantage of the emerging opportunities related to advanced biofuels. She provided examples of recommended state policies related to various objectives such as climate change, environmental stewardship, national energy security, public health, and economic development. She emphasized policies that EESI believes can best support the commercialization of low-carbon advanced biofuel technologies, take advantage of federal incentives, and allow states to position themselves to help meet the federal biofuel mandate.

Maria Redmond, OEI, Madison

Ms. Redmond presented information to the committee regarding current state policies in Wisconsin related to transportation biofuels in the following categories: (1) program development and administration; (2) financial assistance; (3) the government as a marketplace participant; (4) public

education; and (5) regulations. Ms. Redmond also talked about the role of OEI in coordinating efforts to promote biofuels by various state agencies and the need to explore streamlining state permit processing and agency contacts for biofuel producers.

Following the presentations by the invited speakers, committee members shared their thoughts on what types of options should be included in the list of potential policy options to be prepared by Legislative Council staff for the committee to consider at its next meeting.

At the November 18, 2008 meeting, the Special Committee received information on some of the alternative fuels and advanced vehicles incentives and laws of neighboring states and intermediate ethanol blends, and heard testimony from the following invited speakers:

Paul DeLong, DNR, Division of Forestry Administrator

Mr. DeLong addressed the role of Wisconsin's forests in providing feedstocks for domestic biofuels, Wisconsin's current forest resources and the economic impacts and other benefits received from them, Wisconsin's efforts at promoting the sustainable management of public and private forest lands, and the role of the Managed Forest Law (MFL) program in managing private forest lands in the state. He also explained the interplay between the state's pulp and paper industry and the sustainable management of our forests, and the benefits from pulp mills becoming biorefineries and creating other value-added products from forest biomass that are not used by existing industry. He cautioned the committee to be mindful of unintended consequences from promoting bioenergy uses of forest resources that may impact the ability of the existing forest products industry to compete for these resources. Mr. DeLong shared excerpts from the recommendations of the Governor's Task Force on Global Warming relating to forestry and encouraged the committee to view the state's forests as a strategic asset that requires thoughtful policies to ensure that our forests will be used in a manner that maximizes the public values they produce.

Ron Lamberty, Vice President for Market Development, American Coalition for Ethanol (ACE)

Mr. Lamberty addressed various aspects of promoting the sale of mid-range ethanol-blended fuels. He described ACE's efforts to protect the availability of splash blending by petroleum retailers under which a retailer can purchase unblended gasoline and ethanol separately and then blend the two products themselves. He also discussed the economics of E85 pumps and challenges as compared to blender pumps at retail stations. Mr. Lamberty described the "blend wall" that exists under the F-RFS, given the mix of flex fueled and non-flex fueled vehicles in the United States, and the use of mid-range ethanol blends to address this "wall," as well as other advantages to the expanded use of these ethanol blends.

Chair Kreitlow and Vice-Chair Suder also presented their draft recommended policy options for the committee to consider and discuss. The committee discussion of these draft recommendations resulted in direction to Legislative Council staff to begin drafting proposals and to prepare information for additional committee discussion.

At the December 16, 2008 meeting, the Special Committee received 10 bill drafts and three memorandums from Legislative Council staff containing potential committee recommendations. 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.

At the March 11, 2009 meeting, the Special Committee received additional bill drafts, draft letters from the committee to various public officials, and new versions of some of the previously distributed bill drafts. The committee made some amendments and ultimately recommended introduction of all 14 bill drafts and recommended that both letters be mailed.

PART III

RECOMMENDATIONS INTRODUCED BY THE JOINT LEGISLATIVE COUNCIL

This part of the report provides background information on, the bill draft and letters, a description of initiatives in the bill draft, and a description of the letters as recommended by the Special Committee on Domestic Biofuels.

WLC: 0431/1, Relating to Financial Assistance Related to Bioenergy Feedstocks, Biorefineries, and Conversion to Biomass Energy; the Definition of "Agricultural Use" for Purposes of Determining the Assessed Value of a Parcel of Land; Requiring a Strategic Bioenergy Feedstock Assessment; Creation of a Bioenergy Advisory Council; the Agricultural Diversification Program; a Biofuels Training Assessment; Creation of a Biofuels Production Facility Regulation Review Council; Exempting Personal Renewable Fuel Production and Use From State Taxes, Fees, Inspection Requirements, and Licensing Requirements; an Income Tax Credit for Installing or Retrofitting Pumps That Mix Motor Vehicle Fuels From Separate Storage Tanks; Offering Unblended Gasoline to Motor Fuel Dealers; State Renewable Motor Vehicle Fuels Sales Goals and Required Sales of Renewable Motor Vehicle Fuels; 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; the Duties of the Office of Energy Independence; Granting Rule-Making Authority, Making an Appropriation and Providing Penalties

Background on the Committee's Recommendations

During the investigative stages of its work, the Special Committee received input and recommendations on a wide variety of initiatives that the Special Committee could pursue in addressing its assignment. These initiatives came from committee discussions, member input, presentations from invited speakers, and written materials related to the committee's work.

Committee staff then reduced these initiatives to 53 policy options that addressed a number of broad goals relating to strengthening and expanding the biofuels industry in Wisconsin. These goals included:

- Increase the supply of feedstock for biofuels.
- Improve the quality of biofuel feedstocks and sustainability of their production.
- Increase the market for biofuel feedstocks.
- Research and study biofuel feedstock technologies and policy.
- Increase biofuel production in the state.

- Improve biofuel production systems.
- Expand the biofuel distribution system in the state.
- Increase the number and capacity of retail biofuel dispensing facilities.
- Increase the demand for biofuels.
- Streamline the state administration of biofuel-related programs.

Members of the Special Committee identified and used a number of “guiding principles” that helped inform and guide their policy choices as they reviewed these 53 options. Through consideration of energy security, job creation and economic development, responsible environmental management, and benefits to the agricultural and forestry sectors in the state, and a focus on initiatives that produced no or low fiscal impacts in the current biennium, the Special Committee selected the policy options on which it concentrated and ultimately recommended the bill draft and letters described below.

Description of WLC: 0431/1

Financial Assistance Related to 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. In particular, 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.

The Definition of “Agricultural Use” For Purposes of Use Value Taxation

Under current law, DOR is required to define the term “agricultural use” for purposes of determining whether the assessed value of a parcel of land should be determined under the use value assessment method. [s 70.32 (2) (c) 1g., Stats.] The DOR currently defines the term “agricultural use” to exclude “growing short rotation woody trees with a growing and harvesting cycle of 10 years or less for pulp or tree stock under NAICS industry 11421.” [s. Tax 18.05 (1) (a), Wis. Adm. Code.] This bill draft requires DOR to define the term “agricultural use” to include the growing of short rotation woody crops, including poplars and willows, using agronomic practices.

Strategic Bioenergy Feedstock Assessment

The bill draft directs OEI to coordinate the preparation of a strategic feedstocks assessment by the specified state agencies. This assessment must examine the current and potential bioenergy feedstocks being produced in Wisconsin, the uses of those feedstocks, as well as the use in the state of bioenergy feedstocks produced in other states, the key factors that influence the supply of and demand for feedstocks produced in the state, and the impacts of the increased use in the state of biomass for energy production. The assessment must also recommend appropriate legislation and changes in the agencies’ programs and rules.

Bioenergy Advisory Council, Voluntary Best Management Practices

The bill draft creates a bioenergy advisory council attached to DATCP and requires the council to report to agencies and private parties that assist biofuel feedstocks producers and biofuels producers voluntary best management practices for sustainable biomass and biofuels production.

The Agricultural Diversification Program

The bill draft expands the agricultural diversification program administered by DATCP to include the promotion of marketable credits for reducing emissions of greenhouse gases derived from the production of agricultural commodities (also known as carbon offset credits) and of other types of energy made from these commodities in addition to alternative fuels made from agricultural source stocks. The bill draft creates a comparable forestry diversification program administered by the DNR. The bill draft also directs DATCP and DNR to promote these new products in cooperation with and with the assistance of each other and the UW–Extension. The draft does not authorize DATCP or DNR to regulate greenhouse gas emissions.

Biofuels Training Assessment

The bill draft requires the UW–Extension, in cooperation with other state entities, to conduct an educational needs assessment related to the production of biofuels and educational needs in this state related to the development and production of feedstocks for the production of biofuels, and to report its findings to the Governor and the Legislature.

Biofuels Production Facility Regulation Review Council

The bill draft creates a 9–member Biofuels Production Facility Regulation Review Council (council) attached to DOA, with members appointed by the Governor, to review state and local regulatory burdens related to biofuels production facilities and to report its findings to the Governor and the Legislature.

Marketing Orders and Agreements for Bioenergy Feedstocks

Under the “Agricultural Marketing Act” marketing orders or agreements can be issued for agricultural commodities. [ch. 96, Stats.] The purposes of these orders and agreements include promoting orderly and efficient marketing and preventing economic waste by promoting fair methods of competition, uniform grading and classification, and market realization and development. An assessment is levied upon affected producers and handlers to defray the costs associated with a marketing order. This bill draft designates products used as bioenergy feedstocks, including timber and wood products, as “agricultural commodities” to which a marketing order or agreement may be applicable. The bill draft also requires the Secretary of DATCP to periodically assess the development of markets for bioenergy feedstocks and determine whether the issuance of a marketing order or agreement for these products would be appropriate.

Personal Renewable Fuel Production and Use

This bill draft promotes the personal production of renewable fuels by exempting the first 1,000 gallons of renewable fuel produced by a person each year, that the person uses in his or her personal vehicle, from the motor vehicle fuel excise tax, the petroleum inspection fee, and petroleum inspection requirements not required by federal law. The bill draft also allows a person to produce this renewable fuel without a business tax registration certificate or a motor vehicle fuel tax license.

Income Tax Credit for Blender Pumps

Under current law, an “ethanol and biodiesel fuel pump” income tax credit is available for claimants who install or retrofit equipment for dispensing motor vehicle fuel to end–users that dispense fuel consisting of at least 85% ethanol or at least 20% biodiesel fuel. The amount of the credit is 25% of the cost to install or retrofit such equipment but is limited to \$5,000 per service station for which the claimant has installed or retrofitted such equipment. This credit is available for taxable years beginning after December 31, 2007 and before January 1, 2018. This bill draft allows this income tax credit to be claimed for the installation or retrofit of equipment that blends fuels from separate storage tanks,

allowing the end-user to choose the percentage of gasoline-replacement renewable fuel or diesel-replacement renewable fuel in the dispensed fuel.

Required Offering of Unblended Gasoline to Motor Fuel Dealers

This bill draft requires a motor fuel grantor (grantor) to offer unblended gasoline, suitable for subsequent blending with ethanol and subsequent sale, to any motor fuel dealer (dealer) with which it has a motor fuel dealership agreement (agreement). This bill draft would also prevent an agreement or contract between a dealer and grantor requiring the dealer to purchase ethanol from the grantor exclusively. This bill draft does not prohibit agreements from requiring the subsequent blending of unblended gasoline received by a dealer prior to sale to an end-user, and does not prohibit grantors and dealers from entering into agreements with respect to the transfer of renewable fuels credits under the F-RFS.

State Renewable Motor Vehicle Fuels Sales Goals and Sales Requirements

The bill draft creates annual sales goals for renewable fuels in this state equaling 110% of the state's share of renewable fuel sales required nationally under the F-RFS. The bill draft groups the categories of renewable fuel under the F-RFS into two categories for purposes of the state goals: gasoline-replacement renewable fuels and diesel-replacement renewable fuels. The state's share of renewable fuels under the F-RFS is determined based on the total volume of motor vehicle fuel sold in this state as compared to the total volume of motor vehicle fuel sold nationally over the three years preceding the year for which the calculation is made. Fuels must meet or exceed F-RFS greenhouse gas reduction requirements to be included in state sales calculations.

The bill draft requires DATCP, in cooperation with and assistance from Commerce, DOR, and OEI, to collect information needed to determine whether these annual renewable fuels sales goals are met for each year following enactment of this bill. DATCP is also required to collect information necessary to assess the cause, and to conduct an assessment if an annual sales goal is not met, and report its findings to the Legislature and Governor. This assessment must include determinations related to renewable fuels systems and markets, regulatory obstacles, and the effect of potential specific individual sales requirements. If an annual sales goal is not met for gasoline-replacement renewable fuels or diesel-replacement renewable fuels and DATCP has previously assessed and reported on the cause, DATCP may determine that the new assessment will not further the purposes of the program and is then not required to repeat the assessment and reporting process.

If DATCP determines in an assessment that individual sales requirements would likely result in renewable fuel sales that would meet the annual goals, DATCP must require such sales by rule. In addition to annual sales requirements, these rules may include reporting, recordkeeping, or testing requirements, quarterly or monthly sales requirements in certain situations, a credit trading system, procedures for DATCP to temporarily suspend a sales requirement, and fees for the administration and enforcement of this subsection. The bill draft creates a program revenue appropriation to DATCP that funds the administration and enforcement of the renewable fuel program. This appropriation is funded by fees that DATCP establishes by rule as part of the implementation of the program. The bill draft provides penalties for violations of any renewable fuel program rules adopted by DATCP and for violations of any of the reporting requirements authorized by the bill.

The State as a Leader, Renewable Fuels Use in the State Fleet

The bill draft codifies Executive Order #141, relating to increased utilization of renewable fuels and vehicles owned and operated by the State of Wisconsin. In particular, the bill draft directs DOA to require state agencies to reduce the amount of gasoline and diesel fuels they use that are petroleum-based by the specified percentages, requires OEI to promote the use of alternative fuels in flex fuel vehicles owned by the state, and directs OEI and DATCP to cooperatively promote public alternative fuel refueling facilities.

Other Duties of OEI

The bill draft directs OEI to work on initiatives that have the goals of ensuring that Wisconsin is a national leader in developing biorefineries and advancing the sale and use of intermediate blends of gasoline and a biofuel (e.g., blends containing 11% to 84% ethanol). The bill draft clarifies that OEI shall serve as the central unit of state government to coordinate the activities of all state agencies in connection with the initiatives specified in the office's enabling statute and that the other state agencies shall assist the office in fulfilling its duties.

Draft Letter, to Governor Jim Doyle

This letter expresses support for two of the recommendations in the final report from the Governor's Task Force on Global Warming – the pursuit of increased funding for the Urban Forestry Grant Program and the creation of a state Energy Crop Reserve Program.

Draft Letter, to the Wisconsin Congressional Delegation With a Copy to Other Key Members of Congress

This letters asks for support of specified federal policies and programs that impact the ability of the State of Wisconsin to position its agricultural, silvicultural, and biofuels production sectors at the forefront of the emerging biofuels industry.

Committee and Joint Legislative Council Votes

The following bill draft was recommended by the Special Committee on Domestic Biofuels to the Joint Legislative Council for introduction in the 2009-10 Session of the Legislature. The Special Committee also recommended to the Joint Legislative Council that the following letters be sent on behalf of the Special Committee.

Special Committee Votes

The bill draft that was recommended by the Special Committee, WLC: 0431/1, is a compilation of a number of component bill drafts created separately by the Special Committee. By offer of the Chair, Committee members were allowed to request separate, preliminary votes on any of the component bill drafts in WLC: 0431/1 or on the proposed letters to be sent on behalf of the Committee. The Committee held separate votes on three items, as follows:

- WLC: 0364/3, relating to exempting personal renewable fuel production and use from state taxes, fees, inspection requirements, and licensing requirements: Ayes, 14 (Senators Kreitlow, Cowles, and Jauch; Representatives Friske, Sheridan, and Suder; and Public Members Christensen, Fortenbery, Giegerich, Graham, Guay, Johnson, Taglia, and Tomasi); Noes, 4 (Public Members Blanchard, Goodfellow, Loehr, and Salden); Absent, 1 (Public Member Bohl). [**Appendix 7.**]
- WLC: 0365/3, relating to an income tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks: Ayes, 18 (Senators Kreitlow, Cowles, and Jauch; Representatives Friske, Sheridan, and Suder; and Public Members Blanchard, Christensen, Fortenbery, Giegerich, Goodfellow, Graham, Guay, Johnson, Loehr, Salden, Taglia, and Tomasi); Noes, 0; and Absent, 1 (Public Member Bohl). [**Appendix 8.**]
- Draft letter to the Congressional Delegation with a copy to other key members of Congress: Ayes, 17 (Senators Kreitlow, and Jauch; Representatives Friske, Sheridan, and Suder; and Public Members Blanchard, Christensen, Fortenbery, Giegerich, Goodfellow, Graham, Guay, Johnson, Loehr, Salden, Taglia, and Tomasi); Noes, 1 (Senator Cowles); and Absent, 1 (Public Member Bohl). [**Appendix 6.**]

The Committee then held a single vote on the entire package of recommendations, which included the following:

- WLC: 0431/1, relating to financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy; the definition of "agricultural use" for purposes of determining the assessed value of a parcel of land; requiring a strategic bioenergy feedstock assessment; creation of a bioenergy advisory council; the agricultural diversification program; a biofuels training assessment; creation of a biofuels production facility regulation review council; exempting personal renewable fuel production and use from state taxes, fees, inspection requirements, and licensing requirements; an income tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks; offering unblended gasoline to motor fuel dealers; state renewable motor vehicle fuels sales goals and required sales of renewable motor vehicle fuels; 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; the duties of the office of energy independence; granting rule-making authority, making an appropriation and providing penalties.

- Draft letter to Governor Jim Doyle expressing support for two of the recommendations in the final report from the Governor's Task Force on Global Warming; the pursuit of increased funding for the Urban Forestry Grant Program and the creation of a state Energy Crop Reserve Program.
- Draft letter to the Wisconsin Congressional Delegation and other key members of Congress on federal policies and programs that impact the ability of the State of Wisconsin to position its agricultural, silvicultural, and biofuels production sectors at the forefront of the emerging biofuels industry.

The Special Committee recommended approval of this package of recommendations by a vote of Ayes, 18 (Senators Kreitlow, Cowles, and Jauch; Representatives Friske, Sheridan, and Suder; and Public Members Blanchard, Christensen, Fortenbery, Giegerich, Goodfellow, Graham, Guay, Johnson, Loehr, Salden, Taglia, and Tomasi); Noes, 0; and Absent, 1 (Public Member Bohl).

Appendix 2

Joint Legislative Council

[Joint Legislative Council Members Who Selected and Appointed Committee and Its Membership]

Co-Chair

FRED RISSE

Senate President
5008 Risser Road
Madison, WI 53705

Co-Chair

STEVE WIECKERT

Representative
1 Weatherstone Drive
Appleton, WI 54914

SENATORS

ROGER BRESKE

8800 Hwy. 29
Eland, WI 54427

RUSSELL DECKER

Majority Leader
6803 Lora Lee Lane
Weston, WI 54476

ALAN LASEE

2259 Lasee Road
De Pere, WI 54115

TIM CARPENTER

President Pro Tempore
2957 South 38th Street
Milwaukee, WI 53215

SCOTT FITZGERALD

Minority Leader
N4692 Maple Road
Juneau, WI 53039

MARK MILLER

4903 Roigan Terrace
Monona, WI 53716

SPENCER COGGS

3732 North 40th Street
Milwaukee, WI 53216

SHEILA HARSDORF

N6627 County Road E
River Falls, WI 54022

JUDY ROBSON

2411 E. Ridge Road
Beloit, WI 53511

ALBERTA DARLING

1325 West Dean Road
River Hills, WI 53217

REPRESENTATIVES

JOAN BALLWEG

170 W. Summit Street
Markesan, WI 53946

DEAN KAUFERT

1360 Alpine Lane
Neenah, WI 54956

MARK POCAN

309 N. Baldwin Street
Madison, WI 53703

JEFF FITZGERALD

Majority Leader
910 Sunset
Horicon, WI 53032

JIM KREUSER

Minority Leader
3505 14th Place
Kenosha, WI 53144

KITTY RHOADES

708 4th Street
Hudson, WI 54016

MARK GOTTLIEB

Speaker Pro Tempore
1205 Noridge Trail
Port Washington, WI 53074

THOMAS NELSON

1510 Orchard Dr.
Kaukauna, WI 54130

MARLIN SCHNEIDER

3820 Southbrook Lane
Wisconsin Rapids, WI 54494

MICHAEL HUEBSCH

Speaker
419 West Franklin
West Salem, WI 54669

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.

Joint Legislative Council

[Current Joint Legislative Council Members Receiving Committee Report]

Co-Chair

FRED A. RISSE

Senate President

100 Wisconsin Avenue, Unit 501
Madison, WI 53703

Co-Chair

MARLIN D. SCHNEIDER

Representative

3820 Southbrook Lane
Wisconsin Rapids, WI 54494

SENATORS

SPENCER COGGS

7819 W. Potomac Avenue
Milwaukee, WI 53222

ALBERTA DARLING

1325 West Dean Road
River Hills, WI 53217

RUSSELL DECKER

Majority Leader

6803 Lora Lee Lane
Schofield, WI 54476

SCOTT FITZGERALD

Minority Leader

N4692 Maple Road
Juneau, WI 53039

SHEILA HARSDORF

N6627 County Road E
River Falls, WI 54022

PAT KREITLOW

President Pro Tempore
15854 93rd Avenue
Chippewa Falls, WI 54729

MARK MILLER

4903 Roigan Terrace
Monona, WI 53716

JUDY ROBSON

2411 E. Ridge Road
Beloit, WI 53511

DALE SCHULTZ

515 North Central Avenue
Richland Center, WI 53581

ROBERT WIRCH

3007 Springbrook Road
Pleasant Prairie, WI 53158

REPRESENTATIVES

JOAN BALLWEG

170 W. Summit Street
Markesan, WI 53946

TERESE BERCEAU

4326 Somerset Lane
Madison, WI 53711

SPENCER BLACK

5742 Elder Place
Madison, WI 53705

JEFF FITZGERALD

Minority Leader

910 Sunset
Horicon, WI 53032

DEAN KAUFERT

1360 Alpine Lane
Neenah, WI 54956

THOMAS NELSON

Majority Leader
1510 Orchard Drive
Kaukauna, WI 54130

MARK POCAN

309 N. Baldwin Street
Madison, WI 53703

MICHAEL SHERIDAN

Speaker

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Janesville, WI 53546

TONY STASKUNAS

Speaker Pro Tempore
2010 South 103rd Court
West Allis, WI 53227

ROBIN VOS

4710 Eastwood Ridge
Racine, WI 53406

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.

Appendix 3

Domestic Biofuels

Senator Pat Kreitlow, **Chair**
15854 93rd Avenue
Chippewa Falls, WI 54729

Senator Robert Cowles
300 W. St. Joseph St. #23
Green Bay, WI 54301

Senator Robert Jauch
5271 South Maple Drive
Poplar, WI 54864

Mary Blanchard
Virent Energy Systems, Inc.
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Madison, WI 53704

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Western Wisconsin Energy
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Boyceville, WI 54725

Jennifer Giegerich
Wisconsin League of Conservation Voters
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Steve Graham
Schneider National, Inc.
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Bill Johnson
Johnson Timber Corp.
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Hayward, WI 54843

John Salden
DJ's Mart & Fuel Services, LLC
15380 93rd Avenue
Chippewa Falls, WI 54729-5164

Peter Tomasi
Quarles & Brady
5277 N. Hollywood Avenue
Whitefish Bay, WI 53217

Representative Scott Suder, **Vice Chair**
102 South 4th Avenue
Abbotsford, WI 54405

Representative Donald Friske
N2998 County Highway K
Merrill, WI 54452

Representative Mike Sheridan
1032 Nantucket Drive
Janesville, WI 53546

Howard Bohl
United Coop Board of Directors
N6566 County Road G
Beaver Dam, WI 53916

T. Randall Fortenbery
Dept. of Agricultural & Applied Economics
University of Wisconsin-Madison
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Jeremy Goodfellow
Sanimax
605 Bassett Street
De Forest, WI 53532

Don Guay
Dept. of Paper Science & Engineering
University of Wisconsin-Stevens Point
2001 Fourth Avenue
Stevens Point, WI 54481

Steve Loehr
Kwik Trip, Inc.
P.O. Box 2107
La Crosse, WI 54602-2107

Peter Taglia
Clean Wisconsin
122 State Street, Suite 200
Madison, WI 53703-4333

STUDY ASSIGNMENT: The committee is directed to: (1) evaluate the economic and environmental costs and benefits of domestically produced fuels derived from biomass; (2) review state and federal policies to promote the development of the industry and infrastructure for the production and distribution of such fuels; (3) recommend state policies to address any deficiencies in existing policies; and (4) recommend state policies to encourage minimum targets for ethanol-blended transportation fuel sales.

19 MEMBERS: 3 Senator, 3 Representatives, and 13 Public Members.

LEGISLATIVE COUNCIL STAFF: John Stolzenberg, Chief of Research Services and Larry Konopacki, Staff Attorney; and Tracey Young, Support Staff.

Appendix 4

Committee Materials List

(Copies of documents are available at www.legis.state.wi.us/lc)

March 11, 2009	Notice	Agenda	Audio	Minutes
<ul style="list-style-type: none"> • WLC: 0356/2, relating to financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy. • WLC: 0357/2, relating to the definition of "agricultural use" for purposes of determining the assessed value of a parcel of land. • WLC: 0358/2, relating to requiring a strategic bioenergy feedstock assessment. • WLC: 0359/1, relating to creation of a bioenergy advisory council. • WLC: 0360/2, relating to the agricultural diversification program. • WLC: 0361/1, relating to a biofuels training assessment. • WLC: 0362/1, relating to creation of a biofuels production facility regulation review council. • WLC: 0364/3, relating to exempting personal biodiesel fuel production and use from state taxes, fees, inspection requirements, and licensing requirements • WLC: 0365/2, relating to an income tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks. • WLC: 0367/2, relating to offering unblended gasoline to motor fuel dealers. • WLC: 0368/4, relating to state renewable motor vehicle fuels sales goals, required sales of renewable motor vehicle fuels, granting rule-making authority, making an appropriation and providing penalties. • WLC: 0369/2, 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. • WLC: 0370/2, relating to duties of the office of energy independence. • Draft letters to Congressional Delegation and Governor Jim Doyle. • Memo No. 8, <i>Background Information on the State Renewable Fuels Program in WLC: 0368/4</i> (March 11, 2009). 				
December 16, 2008 Meeting	Notice	Agenda	Due to technical difficulties audio is not available for this meeting.	Minutes
<ul style="list-style-type: none"> • WLC: 0356/1, relating to financial assistance related to bioenergy feedstocks, biorefineries, and conversion to biomass energy. • WLC: 0357/1, relating to the definition of "agricultural use" for purposes of determining the assessed value of a parcel of land. • WLC: 0358/1, relating to requiring a strategic bioenergy feedstock assessment. • WLC: 0360/1, relating to the agricultural diversification program. • WLC: 0363/1, relating to marketing orders and agreements for bioenergy feedstocks. • WLC: 0364/1, relating to exempting personal biodiesel fuel production and use from state taxes, fees, inspection requirements, and licensing requirements. • WLC: 0365/1, relating to an income tax credit for installing or retrofitting pumps that mix motor vehicle fuels from separate storage tanks. • WLC: 0367/1, relating to offering unblended gasoline to motor fuel dealers. • 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. • WLC: 0370/1, relating to duties of the office of energy independence. • Memo No. 5, <i>Wisconsin Renewable Fuels Standard</i> (Draft) (December 11, 2008). • Memo No. 6, <i>Policy Options on Greenhouse Gas Reduction Requirements for Transportation Fuels</i> (December 11, 2008). • Memo No. 7, <i>Miscellaneous Policy Options and Discussion Topics</i> (December 15, 2008). 				
November 18, 2008 Meeting	Notice	Agenda	Audio	Minutes

- [Memo No. 3](#), *Neighboring States' Alternative Fuels and Advanced Vehicles Incentives and Laws* (October 17, 2008).
- [Memo No. 4](#), *Potential Policy Options* (November 11, 2008).
- [Executive Summary and Next Steps](#), *Effects of Intermediate Ethanol Blends on Legacy Vehicles and Small Non-Road Engines, Report 1*, Brian West, et. al. (October 2008). [Pages 3, 17 to 21, and 71 to 73 were distributed to committee members.]
- [Presentation](#) by Ron Lamberty, Vice President for Market Development, American Coalition for Ethanol.
- [Handout](#), *Draft Recommendations from Domestic Biofuels Committee Chairs*.
- [Testimony](#), from Paul DeLong, Administrator, Department of Natural Resources.
 - [Handout](#), *Global Warming Task Force, Forestry Policy Recommendations*.
- [E-mail note](#) from Public Member Peter Taglia to Senator Kreitlow.

October 14, 2008 Meeting	Notice	Agenda	Audio	Minutes
<ul style="list-style-type: none"> • Memo No. 1, <i>State Statutes Relating to Transportation Biofuels</i> (October 8, 2008). • Memo No. 2, <i>Assessment of Biomass in Wisconsin Available for Biofuels Production</i> (October 8, 2008). <p>Reports referenced in this Memo:</p> <ul style="list-style-type: none"> ○ Report, <i>Biomass Feedstock Availability in the United States: 1999 State-Level Analysis</i>, ORNL, April 1999, updated January 2000, M.E. Walsh, et al. ○ Report, <i>Biomass as Feedstock for a Bioenergy and Bioproducts Industry : The Technical Feasibility of a Billion-Ton Annual Supply</i>, ORNL TM-2005/66, April 2005, R.D. Perlack. ○ Report, <i>A Geographic Perspective on the Current Biomass Resource Available in the United States</i>, NREL TP-560-39181, December 2005, A. Milbrandt. ○ Report, P.A. Porter, et al., <i>Growing Wisconsin Energy: A Native Grass Pellet Bio-Heat Roadmap for Wisconsin</i>, Agricultural Ecological Solutions, June 2008. ○ Report, <i>Assessment of Biomass Resources for Energy Generation at Xcel Energy's Bay Front Generating Station in Ashland, Wisconsin</i>, ECW Report Number 240-1, April 2007. ○ Report, <i>Woody Biomass Resource Assessment for Presque Isle Power Plan – Final Report</i>, ECW Report Number 242-1, August 2008. ○ Report, <i>Wisconsin's Biobased Industry : Opportunities and Advantages Study</i>, Volume 2: Technical Analysis Report, ECW Report Number 237-1, June 2006. • IM-2008-09, <i>Recommendations of the Governor's Task Force on Global Warming</i> (August 15, 2008): <ul style="list-style-type: none"> ○ Report, <i>Wisconsin's Strategy for Reducing Global Warming</i>, Final Report by the Governor's Task Force on Global Warming, July 2008. • Overview and Key Findings: <i>Optional Ethanol Blend-Level Investigation</i>, Richard E. Shockey, et. al, Energy Environmental Research Center, University of North Dakota, Report 2007-EERC-11-02, November 2007. <ul style="list-style-type: none"> ○ Full Report, <i>Overview and Key Findings: Optional Ethanol Blend-Level Investigation</i>, Energy Environmental Research Center, University of North Dakota, Report 2007-EERC-11-02, November 2007, Richard E. Shockey, et. al. ○ Article, <i>more miles for your gallon with mid-range ethanol blends</i> (January 2008), by Kristin Brekke, Ethanol magazine. • PowerPoint presentation by Carol Werner, Environmental and Energy Study Institute, Washington, D.C. <ul style="list-style-type: none"> ○ Executive Summary, <i>Advancing Commercial Scale Production of Low Carbon Biofuels</i>, Environmental and Energy Study Institute, October 2008. • PowerPoint presentation by Maria Redmond, Office of Energy Independence, Madison. • PowerPoint presentation by Michael Wang, Transportation Technology R&D Center, Argonne National Laboratory, Argonne, Illinois. 				
September 16, 2008 Meeting	Notice	Agenda	Audio	Minutes
<ul style="list-style-type: none"> • PowerPoint presentation by Larry Konopacki and John Stolzenberg, Wisconsin Legislative Council Staff. • PowerPoint presentation by Hoon Ge, MEG Corp., Golden Valley, Minnesota. • Report, <i>Federal Financial Interventions and Subsidies in Energy Markets 2007, Executive Summary</i> (April 2008), prepared by the Energy Information Administration. • CRS Report, RL33572, <i>Biofuels Incentives: A Summary of Federal Programs</i> (updated July 29, 2008). • CRS Report, RL33763, <i>Oil and Gas Tax Subsidies: Current Status and Analysis</i> (updated February 27, 2007). • Testimony, by Al Shea, Division of Air and Waste, Wisconsin Department of Natural Resources. • PowerPoint presentation by Craig Waldvogel, US Oil Co. Combined Locks. • Article, <i>Lean, green and not mean</i>, Ribeiro Preto, The Economist, June 26, 2008, distributed at the request of Senator Cowles. • E-mail note from Public Member Peter Taglia to Sen. Kreitlow and the following attached documents : <ul style="list-style-type: none"> • Land Clearing and the Biofuel Carbon Debt, Joseph Fargione, et. al., Scienceexpress, February 7, 2008. • PowerPoint presentation, <i>Lifecycle Assessment for EPA's Renewable Fuels Program</i>, Presentation to North Central Bioeconomy Consortium, Bob Larsen, US EPA July 15, 2008. 				

· [Corn-based ethanol production compromises goal of reducing nitrogen export by the Mississippi River](#), Simon D. Donner and Christopher J. Kucharik, Proceedings of the National Academies of Science, March 18, 2008.

- [Article](#), *Lean, green and not mean*, Ribeirao Preto, The Economist, June 26, 2008, distributed at the request of Senator Cowles.

August 19, 2008 Meeting	Notice	Agenda	Audio	Minutes
<ul style="list-style-type: none"> • Report, <i>Wisconsin Biofuels and Alternative Fuels Use Report, 2008 Annual Report</i>, Wisconsin Office of Energy Independence. • Report, <i>2007 Wisconsin Energy Statistics; Full Report and Highlights</i>, Wisconsin Office of Energy Independence. • Report, <i>Wisconsin Guide for Building Biofuels Facilities</i>, Wisconsin Office of Energy Independence, April 2007. • Final Report, <i>Wisconsin Consortium on Biobased Industry</i>, May 2006. <ul style="list-style-type: none"> ○ Opportunities and Advantages Study. • Report, <i>Securing a Clean Energy Future; Greener Fuels, Greener. Vehicles: A State Resource Guide</i>, National Governors Association Center for Best Practices, undated. • Presentation by Tim Donohue, Director, Great Lakes Bioenergy Research Center, University of Wisconsin Madison. Handouts include: <ul style="list-style-type: none"> ○ Report, U.S. Department of Energy's <i>Bioenergy Research Centers, An Overview of the Science</i> (February 2008). ○ Handout, <i>Biofuels & Greenhouse Gas Emissions: Myths versus Facts</i>. ○ Article, <i>Guest Column: Building the Next Generation of Biofuels</i> (May 12, 2008). ○ Overview of the Great Lakes Bioenergy Research Center. ○ Handout, <i>Development of a Sustainable Bioenergy Economy</i> ○ Article, <i>Foley & Donohue: Support the next generation of biofuels</i> (July 17, 2008). • Presentation by Judy Ziewacz, Executive Director, Wisconsin Office of Energy Independence. • Testimony by Gary Radloff, Director of Policy and Strategic Communications, Department of Agriculture, Trade and Consumer Protection. • Handout by Gary Radloff, Director of Policy and Strategic Communications, Department of Agriculture, Trade and Consumer Protection. • Presentation by R. Brooke Coleman, Executive Director, New Fuels Alliance, Boston. Mr. Coleman's presentation included the following handouts: <ul style="list-style-type: none"> ○ Article, <i>Food Prices Rise as Corporate Profits Soar</i>, published by FoodPriceTruth.org. ○ Article, <i>Food Fights and Rising Prices: Renewing Our Fuel Standards and Our National Security</i>, published by the Truman National Security Project (June 11, 2008). ○ Transcript, prepared by the U.S. Department of Agriculture (May 19, 2008). 				

Draft Letter to Governor Jim Doyle

State of Wisconsin
JOINT LEGISLATIVE COUNCIL

Co-Chairs
FRED A. RISSE
President, State Senate

MARLIN D. SCHNEIDER
Representative, State Assembly



LEGISLATIVE COUNCIL STAFF
Terry C. Anderson
Director
Laura D. Rose
Deputy Director

March 4, 2009

The Honorable Jim Doyle
Governor
State of Wisconsin
P.O. Box 7863
Madison, WI 53707-7863

Re: Task Force on Global Warming Recommendations

Dear Governor Doyle:

The Special Committee on Domestic Biofuels was created by the Joint Legislative Council to evaluate the economic and environmental impacts of biofuels, to recommend state policies to address any deficiencies in existing policies, and to create new state policies to encourage minimum targets for biofuels sales in this state. The committee has proposed a broad-based set of recommendations which can be reviewed at: <http://www.legis.state.wi.us>.

As part of the committee's review of existing and proposed state policies affecting the state's biofuels industry, the committee considered a number of the recommendations in the final report from your Task Force on Global Warming. As a result of that review, the committee encourages you to pursue increased funding for the Urban Forestry Grant Program to add 20 million urban trees on private and public land (described on page 168 in the report) and the creation of a state Energy Crop Reserve Program (described on page 155 in the report).

These initiatives provide not only good strategies for addressing climate change but also offer the expanded, sustainable production of advanced bioenergy feedstocks.

We appreciate your consideration of these requests and applaud your ongoing support of the biofuels industry in Wisconsin. Please feel free to contact us with any questions, comments, or other ways that we might work together in support of this industry.

Sincerely,

Senator Pat Kreitlow, Chair
Special Committee on Domestic Biofuels

Representative Scott Suder, Vice Chair
Special Committee on Domestic Biofuels

PK:SS:jb:ty

**Draft Letter to the Wisconsin Congressional Delegation With a
Copy to Other Key Members of Congress
(Including a List of Recipients)**

State of Wisconsin
JOINT LEGISLATIVE COUNCIL

Co-Chairs

FRED A. RISSE
President, State Senate

MARLIN D. SCHNEIDER
Representative, State Assembly



LEGISLATIVE COUNCIL STAFF

Terry C. Anderson
Director
Laura D. Rose
Deputy Director

March 11, 2009

The Honorable Herb Kohl
U.S. Senate
330 Hart Senate Office Building
Washington, D.C. 20510

Re: Federal Programs Related to Biofuels

Dear Senator Kohl:

The Special Committee on Domestic Biofuels was created by the Wisconsin Joint Legislative Council to evaluate the economic and environmental impacts of biofuels, to recommend state policies to address any deficiencies in existing policies, and to create new state policies to encourage minimum targets for biofuels sales in this state. The committee has proposed a broad-based set of recommendations which can be reviewed at:
<http://www.legis.state.wi.us/lc>.

The committee also conducted a review of various federal policies that impact the development of the biofuels industry and infrastructure for the production and distribution of biofuels. As a result of that review, the committee is seeking your help to affect positive changes in federal policies and programs that will help the State of Wisconsin to position its agricultural, silvicultural, and biofuels production sectors at the forefront of this emerging industry. Accordingly, we ask that you consider action on each of the following:

Conservation Reserve Program – Change the Conservation Reserve Program (CRP) to allow the annual harvest of bioenergy crops on newly enrolled CRP lands. This will enable agricultural landowners to plant bioenergy crops on their CRP lands and harvest the crops in a sustainable manner.

Intermediate Gasoline-Ethanol Blends – Support federal efforts to address restrictions under the Clean Air Act on the use of intermediate blends of ethanol and gasoline in non-flex fueled vehicles, including the Biomass Research and Development Board's efforts on blending. These efforts are summarized in the Board's *National Biofuels Action Plan*, Action Area 6 (see <http://www.brdissolutions.com/default.aspx>).

One East Main Street, Suite 401 • P.O. Box 2536 • Madison, WI 53701-2536
(608) 266-1304 • Fax: (608) 266-3830 • Email: leg_council@legis.state.wi.us
<http://www.legis.state.wi.us/lc>

Federal Biofuels Studies – Fully fund the various biofuels-related studies and information management provisions in recent federal laws, including the Energy Independence and Security Act of 2007 and the Food Conservation and Energy Act of 2008 (the 2008 Farm Bill). These studies and provisions will provide much needed guidance both to the biofuels industry and to state and federal policy makers.

Examples of these studies and programs that are particularly meritorious include the EPA's Biofuels and Biorefinery Information Center; the ethanol pipeline feasibility study by DOE and DOT; the biofuels infrastructure study by USDA, DOE, EPA, and DOT; the biodiesel engine study by DOE and EPA; the flex-fuel vehicle optimization study by DOE, DOT, and EPA; and the E-85 pump study by DOE and DOT.

Exempt Facility Bonds – Expand the definition of “solid waste disposal facilities” for purposes of exempt facility bonds under 26 USC 142 to enable an entity, such as a paper mill, creating a biorefinery that uses waste wood as a feedstock, to qualify for these bonds. The Internal Revenue Service issued a notice of proposed rulemaking in 2004 to pursue changes in this definition (see 69 Fed. Reg. 25856), but this rulemaking effort appears to have stalled.

We appreciate your consideration of these requests, and applaud the efforts that have already been made by the federal government in support of biofuels. Please feel free to contact us with any questions, comments, or other ways that we might work together in support of this industry. We have also sent this letter to other members of the Wisconsin Congressional delegation.

Sincerely,

Senator Pat Kreitlow, Chair
Special Committee on Domestic Biofuels

Representative Scott Suder, Vice Chair
Special Committee on Domestic Biofuels

PK:SSjb:ty

MEMBERS OF WISCONSIN'S CONGRESSIONAL DELEGATION RECEIVING THE LETTER

The Honorable Herb Kohl
United States Senate
330 Hart Senate Office Building
Washington, D.C. 20510-4903

The Honorable Paul Ryan
United States House of Representatives
1113 Longworth House Office Building
Washington, D.C. 20515-4901

The Honorable Ron Kind
United States House of Representatives
1406 Longworth House Office Building
Washington, D.C. 20515-4903

The Honorable F. James Sensenbrenner, Jr.
United States House of Representatives
2449 Rayburn House Office Building
Washington, D.C. 20515-4905

The Honorable David R. Obey
United States House of Representatives
2314 Rayburn House Office Building
Washington, D.C. 20515-4907

The Honorable Russell D. Feingold
United States Senate
506 Hart Senate Office Building
Washington, D.C. 20510-4904

The Honorable Tammy Baldwin
United States House of Representatives
2446 Rayburn House Office Building
Washington, D.C. 20515-4902

The Honorable Gwen Moore
United States House of Representatives
1239 Longworth House Office Building
Washington, D.C. 20515-4904

The Honorable Thomas E. Petri
United States House of Representatives
2462 Rayburn House Office Building
Washington, D.C. 20515-4906

The Honorable Steve Kagen
United States House of Representatives
1232 Longworth House Office Building
Washington, D.C. 20515-4908

COMMITTEE CHAIRS AND RANKING MINORITY MEMBERS RECEIVING A COPY OF THE LETTER

Committee on Energy and Commerce
Hon. Henry A. Waxman, Chair
Joe Barton, Ranking Minority Member
2125 Rayburn House Office Building
Washington, D.C. 20515

House Agriculture Committee
Collin C. Peterson, Chairman
Frank D. Lucas, Ranking Minority Member
1301 Longworth House Office Building
Washington, DC 20515

Committee on Finance

Max Baucus, Chairman
Chuck Grassley, Ranking Minority Member
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Committee on Ways and Means
Hon. Charles B. Rangel, Chairman
Dave Camp, Ranking Minority Member
U.S. House of Representatives
1102 Longworth House Office Building
Washington D.C. 20515

Energy and Natural Resources Committee
Jeff Bingaman, Chairman
Lisa Murkowski Ranking Minority Member
304 Dirksen Senate Building
Washington, DC 20510

**U.S. Senate Committee on Agriculture,
Nutrition and Forestry**
Tom Harkin, Chairman
Saxby Chambliss, Ranking Minority Member
328A Senate Russell Office Building
Washington, DC 20510

Appendix 7

WLC: 0364/3

Biofuels: Personal Fuel Production Exemption

WLC: 0364/3

LAK:ty

03/09/2009

1 **AN ACT** *to amend* 73.03 (50); and *to create* 73.0303, 78.005 (13j), 78.01 (2f), 78.07
2 (5), 168.05 (6) and 168.12 (2) of the statutes; **relating to:** exempting personal
3 renewable fuel production and use from state taxes, fees, inspection requirements,
4 and licensing requirements.

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 on domestic biofuels.

This bill draft would exempt the first 1,000 gallons of renewable fuel produced by a person each year, that the person uses in his or her personal vehicle, from the motor vehicle fuel excise tax, the petroleum inspection fee, and petroleum inspection requirements not required by federal law. The draft would also allow a person to produce this renewable fuel without a business tax registration certificate or a motor vehicle fuel tax license.

5 **SECTION 1.** 73.03 (50) of the statutes is amended to read:

6 73.03 (**50**). With the approval of the joint committee on finance, to establish fees for
7 obtaining a business tax registration certificate, which, except as provided in s. 73.0302, is
8 valid for 2 years, and for renewing that certificate and, except as provided in ~~s. 73.0302~~ ss.
9 73.0302 and 73.0303, shall issue and renew those certificates if the person who wishes to
10 obtain or renew a certificate does all of the following:

11 **SECTION 2.** 73.0303 of the statutes is created to read:

12 **73.0303** The department may not require a person to obtain a business tax registration
13 certificate related to the production or use of renewable fuel exempt under s. 78.01 (2f) from
14 the tax under s. 78.01 (1).

1 **SECTION 3.** 78.005 (13j) of the statutes is created to read:

2 78.005 (13j) "Renewable fuel" means fuel that is produced from renewable biomass
3 and that is used to replace or reduce the quantity of fossil fuel present in a motor vehicle fuel
4 [, including biodiesel, as defined in s. 168.14 (2m)].

5 **SECTION 4.** 78.01 (2f) of the statutes is created to read:

6 78.01 (2f) HOME RENEWABLE FUEL PRODUCER EXEMPTION. No tax is imposed under sub.
7 (1) on the first 1,000 gallons of renewable fuel produced or converted from another purpose
8 each year by a person and used by that person in that person's personal motor vehicle, if that
9 person sells no renewable fuel during that year.

10 **SECTION 5.** 78.07 (5) of the statutes is created to read:

11 78.07 (5) Renewable fuel exempt under s. 78.01 (2f) from the tax under s. 78.01 (1) is
12 not received for the purposes of this section.

13 **SECTION 6.** 168.05 (6) of the statutes is created to read:

14 168.05 (6) This section does not apply to renewable fuel exempt under s. 78.01 (2f) from
15 the tax under s. 78.01 (1) unless inspection is required by federal law.

16 **SECTION 7.** 168.12 (2) of the statutes is created to read:

17 168.12 (2) The fee under sub. (1) is not imposed on renewable fuel exempt under s.
18 78.01 (2f) from the tax under s. 78.01 (1).

19 **SECTION 8. Effective date.** This act takes effect on the first day of the third month after
20 publication.

21

(END)

WLC: 0365/3

Biofuels: Blender Pump Tax Credit

WLC: 0365/3

LAK:ty

03/30/2009

1 **AN ACT** to renumber 71.01 (1n); to amend 71.07 (5j) (b), 71.28 (5j) (b) and 71.47
2 (5j) (b); and to create 71.01 (1p) and 71.01 (5k) of the statutes; relating to: an
3 income tax credit for installing or retrofitting pumps that mix motor vehicle fuels
4 from separate storage tanks.

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 on domestic biofuels.

Under current law, an "ethanol and biodiesel fuel pump" income tax credit is available for claimants who install or retrofit equipment for dispensing motor vehicle fuel to end-users that dispense fuel consisting of at least 85 percent ethanol or at least 20 percent biodiesel fuel. The amount of the credit is 25 percent of the cost to install or retrofit such equipment but is limited to \$5,000 per service station for which the claimant has installed or retrofitted such equipment. This credit is available for taxable years beginning after December 31, 2007 and before January 1, 2018.

This bill draft would allow this income tax credit to be claimed for the installation or retrofit of equipment that blends fuels from separate storage tanks allowing the end-user to choose the percentage of gasoline-replacement renewable fuel or diesel-replacement renewable fuel in the dispensed fuel.

5 **SECTION 1.** 71.01 (1n) of the statutes is renumbered 71.01 (1r).

6 **SECTION 2.** 71.01 (1p) of the statutes is created to read:

7 71.01 (1p) "Diesel-replacement renewable fuel" includes biodiesel and any other fuel
8 derived from a renewable resource that meets all of the applicable requirements of the
9 American Society for Testing and Materials for that fuel and that the department of commerce
10 designates as a diesel-replacement renewable fuel by rule.

1 **SECTION 3.** 71.01 (5k) of the statutes is created to read:

2 71.01 (5k) "Gasoline-replacement renewable fuel" includes ethanol and any other fuel
3 derived from a renewable resource that meets all of the applicable requirements of the
4 American Society for Testing and Materials for that fuel and that the department of commerce
5 designates as a gasoline-replacement renewable fuel by rule.

6 **SECTION 4.** 71.07 (5j) (b) of the statutes is amended to read:

7 71.07 (5j) (b) *Filing claims.* Subject to the limitations provided in this subsection, for
8 taxable years beginning after December 31, 2007, and before January 1, 2018, a claimant may
9 claim as a credit against the taxes imposed under s. 71.02, up to the amount of the taxes, an
10 amount that is equal to 25 percent of the amount that the claimant paid in the taxable year to
11 install or retrofit pumps located in this state that dispense motor vehicle fuel consisting of at
12 least 85 percent ethanol or at least 20 percent biodiesel fuel, or pumps that mix fuels from
13 separate storage tanks and allow the end-user to choose the percentage of
14 gasoline-replacement renewable fuel or diesel-replacement renewable fuel in the motor
15 vehicle fuel dispensed.

16 **SECTION 5.** 71.28 (5j) (b) of the statutes is amended to read:

17 71.28 (5j) (b) *Filing claims.* Subject to the limitations provided in this subsection, for
18 taxable years beginning after December 31, 2007, and before January 1, 2018, a claimant may
19 claim as a credit against the taxes imposed under s. 71.23, up to the amount of the taxes, an
20 amount that is equal to 25 percent of the amount that the claimant paid in the taxable year to
21 install or retrofit pumps located in this state that dispense motor vehicle fuel consisting of at
22 least 85 percent ethanol or at least 20 percent biodiesel fuel, or pumps that mix fuels from
23 separate storage tanks and allow the end-user to choose the percentage of

1 gasoline-replacement renewable fuel or diesel-replacement renewable fuel in the motor
2 vehicle fuel dispensed.

3 **SECTION 6.** 71.47 (5j) (b) of the statutes is amended to read:

4 71.47 (5j) (b) *Filing claims.* Subject to the limitations provided in this subsection, for
5 taxable years beginning after December 31, 2007, and before January 1, 2018, a claimant may
6 claim as a credit against the taxes imposed under s. 71.43, up to the amount of the taxes, an
7 amount that is equal to 25 percent of the amount that the claimant paid in the taxable year to
8 install or retrofit pumps located in this state that dispense motor vehicle fuel consisting of at
9 least 85 percent ethanol or at least 20 percent biodiesel fuel, or pumps that mix fuels from
10 separate storage tanks to allow the end user to choose the percentage of gasoline-replacement
11 renewable fuel or diesel-replacement renewable fuel in the motor vehicle fuel dispensed.

12 **SECTION 7. Initial applicability.** The treatment of sections 71.07 (5j) (b), 71.28 (5j) (b),
13 and 71.47 (5j) (b) of the statutes first applies to taxable years beginning on January 1 of the
14 year in which this subsection takes effect, except that if this subsection takes effect after July
15 31 this treatment first applies to taxable years beginning on January 1 of the year following
16 the year in which this subsection takes effect.

17 (END)