ENROLLED

Regular Session, 2008

HOUSE BILL NO. 1270

BY REPRESENTATIVES PERRY, BOBBY BADON, BALDONE, BILLIOT, HENRY BURNS, CHAMPAGNE, CHANEY, ELLINGTON, GISCLAIR, ELBERT GUILLORY, HARDY, HAZEL, HOFFMANN, HOWARD, JOHNSON, LEBAS, LITTLE, RICHARD, RICHMOND, GARY SMITH, JANE SMITH, AND ST. GERMAIN AND SENATORS N. GAUTREAUX, LONG, RISER, THOMPSON, AND WALSWORTH

AN ACT

To amend and reenact R.S. 39:364(A)(1) and to enact R.S. 39:364(A)(4) and Chapter 23-B of Title 3 of the Louisiana Revised Statutes of 1950, to be comprised of R.S. 3:3761 through 3763, relative to the development of a biofuel industry development initiative; to provide for pilot programs; to provide for state incentives; to provide for the purchase or lease of fleet vehicles; to provide for the purchase of biofuels; and to provide for related matters.

Be it enacted by the Legislature of Louisiana:

Section 1. Chapter 23-B of Title 3 of the Louisiana Revised Statutes of 1950, comprised of R.S. 3:3761 through 3763, is hereby enacted to read as follows:

CHAPTER 23-B. THE ADVANCED BIOFUEL

INDUSTRY DEVELOPMENT INITIATIVE

§3761. Legislative findings and definitions

A. The legislature hereby finds and declares that the development of an advanced biofuel industry in Louisiana is a matter of grave public necessity and is vital to the economy of Louisiana. The use of advanced biofuel will expand United States and Louisiana fuel supplies without increasing dependency on foreign oil. The development of an advanced biofuel industry will help rebuild the local and regional economies devastated as a result of Hurricanes Katrina and Rita by providing: (1) increased value added to the feed stock crops which will benefit the producers and provide more revenue to the local community; (2) increased

investments in plants and equipment which would stimulate the local economy by providing construction jobs initially and the chance for full-time employment after the plant is completed; (3) secondary employment as associated industries develop due to plant coproducts becoming available at a competitive price; and (4) increased local and state revenues collected from plant operations would stimulate local and state tax revenues and provide funds for improvements to the community and to the region. Blending fuel-grade ethanol with gasoline at the gas station pump will offer the Louisiana consumer a fuel that is less expensive, cleaner, renewable, and more efficient than unleaded gasoline. Moreover, preliminary tests conducted in Europe have proven that the use of hydrous ethanol, which eliminates the need for the hydrous-to-anhydrous dehydration processing step, results in an energy savings of between ten percent and forty-five percent during processing, a four percent product volume increase, higher mileage per gallon, and a reduction in greenhouse gas emissions. Therefore, an advanced biofuel industry development initiative in Louisiana is vital to ensuring the broad-based rural economic development of Louisiana and is a matter of public policy.

B. The legislature finds and declares that the proper development of an advanced biofuel industry in Louisiana requires the following comprehensive "field-to-pump" strategy:

(1) Feedstock other than corn:

(a) Derived solely from Louisiana harvested crops.

(b) Capable of an annual yield of at least six hundred gallons of ethanol per acre.

(c) Requiring no more than one-half of the water required to grow corn.

(d) Tolerant to high temperature and waterlogging.

(e) Resistant to drought and saline-alkaline soils.

(f) Capable of being grown in marginal soils, ranging from heavy clay to light sand.

(g) Requiring no more than one-third of the nitrogen required to grow corn thereby reducing the risk of contamination of the waters of the state.

(h) Requiring no more than one-half of the energy necessary to convert corn into ethanol.

(2) The distributed nature of a small advanced biofuel manufacturing facility network reduces feed stock supply risk, does not burden local water supplies, and provides for a more broad-based economic development. Each small advanced biofuel manufacturing facility shall operate in Louisiana.

(3) Advanced biofuel supply and demand shall be expanded beyond the ten percent blend market by blending fuel-grade anhydrous ethanol with gasoline at the gas station pump. Variable blending pumps, directly installed and operated at local gas stations by a qualified small advanced biofuel manufacturing facility, shall offer the consumer a less expensive substitute for unleaded gasoline in the form of E10, E20, E30, and E85.

C. As used in this Section, the following terms shall have the meanings hereinafter ascribed to them:

(1) "Advanced biofuel" means hydrous ethanol derived from sugar or starch (other than corn starch) or anhydrous ethanol derived from sugar or starch (other than corn starch).

(2) "Anhydrous ethanol" means an ethyl alcohol that has a purity of at least ninety-nine percent, exclusive of added denaturants, that meets all the requirements of the American Society of Testing and Materials (ASTM) D4806, the standard specification for ethanol used as motor fuel.

(3) "Hydrous ethanol" means an ethyl alcohol that is approximately ninety-six percent ethanol and four percent water.

(4) "Small advanced biofuel manufacturing facility" means an advanced biofuel manufacturing facility operating in Louisiana that produces no less than five million gallons of advanced biofuel per year and no more than fifteen million gallons of advanced biofuel per year with feedstock other than corn derived solely from Louisiana harvested crops.

§3762. Pilot programs

A. The blending of fuels with advanced biofuel percentages between ten percent and eighty-five percent will be permitted on a trial basis until January 1, 2012. During this period the Louisiana Department of Agriculture and Forestry, office of agro-consumer services, division of weights and measures, will monitor the equipment used by a qualified small advanced biofuel manufacturing facility to dispense the ethanol blends to ascertain that the equipment is suitable and capable of producing an accurate measurement. Since there are no ASTM standards for evaluating the quality of the product, the Department of Agriculture and Forestry, office of agro-consumer services, division of weights and measures, will take fuel samples to ascertain that the correct blend ratios are being dispensed and follow the development of standards. Provided that no negative trends are observed during the trial period and fuel standards have been developed or work continues on developing them, the Department of Agriculture and Forestry, office of agro-consumer services, division of weights and measures, will consider extending the evaluation period.

B. The use of hydrous ethanol blends of E10, E20, E30, and E85 in motor vehicles specifically selected by a qualified small advanced biofuel manufacturing facility for test purposes will be permitted on a trial basis until January 1, 2012. During this period the Department of Agriculture and Forestry, office of agro-consumer services, division of weights and measures, will monitor the performance of the motor vehicles. The hydrous blends will be tested for blend optimization with respect to fuel consumption and engine emissions. Preliminary tests conducted in Europe have proven that the use of hydrous ethanol, which eliminates the need for the hydrous-to-anhydrous dehydration processing step, results in an energy savings of between ten percent and forty-five percent during processing, a four percent product volume increase, higher mileage per gallon, a cleaner engine interior, and a reduction in greenhouse gas emissions.

§3763. State incentives

A. The Louisiana commissioner of agriculture and forestry, conditioned upon the availability of funds, is authorized to award demonstration grants to persons

who purchase advanced biofuel variable blending pumps which dispense E10, E20, E30, and E85. The demonstration grant shall be for the purpose of conducting research connected with the monitoring of the equipment used to dispense the ethanol blends to ascertain that the equipment is suitable and capable of producing an accurate measurement. The grantee shall also develop guidelines for the installation and use of advanced biofuel variable blending pumps by complying with applicable National Type Evaluation Program and National Institute of Standards and Technology requirements and ASTM standards.

B. The Louisiana commissioner of agriculture and forestry, conditioned upon the availability of funds, is authorized to award demonstration grants to persons who purchase vehicles which operate on advanced biofuels. A grant shall be for the purpose of conducting research connected with the fuel or the vehicle and not for the purchase of the vehicle itself, except that the money may be used for the purchase of the vehicle if all of the following conditions are satisfied:

(1) The Department of Agriculture and Forestry retains the title to the vehicle.

(2) The vehicle is used for continuing research.

(3) If the vehicle is sold or when the research related to the vehicle is completed, the proceeds of the sale of the vehicle shall be used for additional research.

Section 2. R.S. 39:364(A)(1) is hereby amended and reenacted and R.S. 39:364(A)(4) is hereby enacted to read as follows:

§364. Purchase or lease of fleet vehicles; use of alternative fuels; exceptions

A.(1) ~~After September 1, 1991, the~~ The commissioner of administration shall not purchase or lease any motor vehicle for use by any state agency unless that vehicle is capable of and equipped for using an alternative fuel which results in lower emissions of oxides of nitrogen, volatile organic compounds, carbon monoxide, or particulates or any combination thereof which meet or exceed federal Clean Air Act standards, including but not limited to hybrid vehicles. Alternative fuels shall include compressed natural gas, liquefied petroleum gas, reformulated gasoline,

methanol, ethanol, advanced biofuel, electricity, and any other fuels which meet or exceed federal Clean Air Act standards.

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(4) A governmental body, state educational institution, or instrumentality of the state that performs essential governmental functions on a statewide or local basis is entitled to purchase E20, E30, or E85 advanced biofuel directly from a qualified small advanced biofuel manufacturing facility at a price equal to fifteen percent less per gallon than the price of unleaded gasoline for use in any motor vehicle. The price of unleaded gasoline will be the prevailing average price for the locality on the date of purchase.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____