

# HOUSE BILL 1045

M4

71r1763

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By: **Delegates Montgomery, Gilchrist, Glassman, Howard, Kaiser, Kipke, Lawton, Manno, McComas, Pena-Melnyk, and Shewell**

Introduced and read first time: February 9, 2007

Assigned to: Environmental Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 16, 2007

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Biodiesel and Ethanol Production Credit – ~~Eligibility and Amounts~~ Amounts**

3 FOR the purpose of ~~altering the eligibility of a certain production credit for certain~~  
4 ~~biodiesel products~~; altering the ~~maximum~~ calculation of the amount of a  
5 production credit authorized for certain ethanol and biodiesel products; defining  
6 certain terms; and generally relating to production credits for ethanol and  
7 biodiesel products.

8 BY repealing and reenacting, without amendments,

9 Article – Agriculture

10 Section ~~10-1501~~ 10-1502

11 Annotated Code of Maryland

12 (1999 Replacement Volume and 2006 Supplement)

13 BY repealing and reenacting, with amendments,

14 Article – Agriculture

15 Section ~~10-1502~~ 10-1501 and 10-1505

16 Annotated Code of Maryland

17 (1999 Replacement Volume and 2006 Supplement)

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### EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Agriculture**

4 10-1501.

5 (a) In this subtitle the following words have the meanings indicated.

6 (b) “Biodiesel” means an alternative motor fuel ~~produced~~ :

7 **(1) COMPRISED OF MONO-ALKYL ESTERS OF LONG CHAIN FATTY**  
8 **ACIDS DERIVED** from a renewable resource such as vegetable oil or animal fat ; **AND**

9 **(2) THAT SATISFIES THE AMERICAN SOCIETY FOR TESTING AND**  
10 **MATERIALS D 6751.**

11 **(C) (1) “BIOMASS” MEANS CELLULOSE OR WOODY MATERIAL.**

12 **(2) “BIOMASS” INCLUDES:**

13 **(I) AGRICULTURAL WASTES, SUCH AS CORN STALKS,**  
14 **STRAW, SEED HULLS, SUGARCANE LEAVINGS, BAGASSE, NUTSHELLS, AND**  
15 **MANURE FROM CATTLE, POULTRY, AND HOGS;**

16 **(II) WOOD MATERIALS, SUCH AS WOOD OR BARK, SAW DUST,**  
17 **TIMBER SLASH, AND MILL SCRAP;**

18 **(III) MUNICIPAL WASTE, SUCH AS WASTE PAPER AND YARD**  
19 **CLIPPINGS; AND**

20 **(IV) ENERGY CROPS, SUCH AS POPLARS, WILLOWS,**  
21 **SWITCHGRASS, ALFALFA, AND PRAIRIE BLUESTEM.**

22 **(3) “BIOMASS” DOES NOT INCLUDE THE WHOLE KERNEL, BUT**  
23 **MAY INCLUDE THE NONSTARCH PORTION OF THE CORN KERNEL AFTER**  
24 **FRACTIONATION.**

25 ~~(e)~~ **(D)** “Board” means the Renewable Fuels Incentive Board.

1           ~~(d)~~ **(E)**           “Ethanol” means fermented ethyl alcohol derived from agricultural  
2 or forest products.

3           ~~(e)~~ **(F)**(1)       “Small grains” means a winter grain crop.

4                       (2)       “Small grains” includes wheat, rye, triticale, oats, and hulled or  
5 hull-less barley.

6 10-1502.

7           This subtitle authorizes credits for the production of:

8                       (1)       Ethanol that:

9                               (i)       Satisfies the American Society for Testing and Materials  
10 Specifications D 4806-88; and

11                              (ii)       Is denatured as specified in 27 C.F.R. Parts 20 and 21; and

12                       (2)       Biodiesel ~~that satisfies the American Society for Testing and~~  
13 ~~Materials D 6751] AS DEFINED IN § 10-1501 OF THIS SUBTITLE.~~

14 10-1505.

15           (a)       (1)       The Board may pay credits as calculated under this section to  
16 certified producers of ethanol or biodiesel in the State for ethanol or biodiesel produced  
17 on or after December 31, 2007.

18                       (2)       (i)       For the purposes of this subtitle, a person that holds a  
19 controlling interest in more than one ethanol production facility is considered to be a  
20 single ethanol producer.

21                              (ii)       For the purposes of this subtitle, a person that holds a  
22 controlling interest in more than one biodiesel production facility is considered to be a  
23 single biodiesel producer.

24           (b)       (1)       For an ethanol producer, a credit may not exceed the maximum  
25 amount certified by the Board and shall be:

26                              (i)       ~~20~~ **30** cents per gallon of ethanol produced from small grains  
27 **OR BIOMASS**; and

1 (ii) 5 cents per gallon of ethanol produced from other  
2 agricultural products.

3 (2) For a biodiesel producer, a credit may not exceed the maximum  
4 amount certified by the Board and shall be:

5 (i) ~~20~~ **30** cents per gallon of biodiesel produced from soybean  
6 oil ~~[produced] OR OTHER FEEDSTOCK~~:

7 1. In a facility that began operating after December 31,  
8 2004; or

9 2. Under the expanded capacity of a facility, the  
10 expansion of which occurred after December 31, 2004; and

11 (ii) ~~5~~ **20** cents per gallon of biodiesel produced from other  
12 feedstock, including soybean oil produced in a facility that began operating on or  
13 before December 31, 2004.

14 (c) The Board may not pay a credit for ethanol or biodiesel produced after  
15 December 31, 2017.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2007.

Approved:

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Governor.

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Speaker of the House of Delegates.

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President of the Senate.