

## No. 2008-2SS

## AN ACT

## SB 22

Amending the act of November 29, 2004 (P.L.1376, No.178), entitled "An act relating to alternative fuels; establishing the Alternative Fuels Incentive Fund; authorizing grants and rebates to promote the use of alternative fuels; imposing duties on the Department of Environmental Protection; providing for an annual report; allocating funds collected from the utilities gross receipts tax; making an appropriation; abrogating regulations; and making a repeal," further providing for definitions and for the Alternative Fuels Incentive Fund; and providing for biomass-based diesel production incentives.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 2 of the act of November 29, 2004 (P.L.1376, No.178), known as the Alternative Fuels Incentive Act, is amended by adding definitions to read:

Section 2. Definitions.

The following words and phrases when used in this act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

***"Accredited laboratory."*** *A laboratory accredited by the American Society for Testing and Materials International.*

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***"Biomass-based diesel."*** *The term shall have the meaning set forth in section 211(o)(1)(D) of the Clean Air Act (69 Stat. 322, 121 Stat. 1519, 42 U.S.C. § 7545(o)(1)(D)) and shall meet the ASTM Specification D6751 Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels or its successor standard.*

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***"Qualified biomass-based diesel producer."*** *A producer of 25,000 gallons or more of biomass-based diesel per month with its principal production facility in this Commonwealth that has complied with the requirements of section 3.1(a)(2) and that is in compliance with all laws and current in all obligations to the Commonwealth.*

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Section 2. Section 3(b) and (d) of the act are amended to read:

Section 3. Alternative Fuels Incentive Fund.

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(b) Expenditures.—

(1) Moneys from the fund shall be expended by the department:

(i) As grants to school districts, municipal authorities, political subdivisions, nonprofit entities, corporations, limited liability

companies or partnerships incorporated or registered in this Commonwealth to provide funding for:

(A) The expenses relative to retrofitting vehicles to operate on alternative fuels as either a bi-fuel, dual-fuel, hybrid or dedicated vehicle.

(B) The incremental cost of purchase of bi-fuel, dual-fuel, hybrid or dedicated vehicles.

(C) The cost to purchase and install the necessary fleet refueling or home-refueling equipment for bi-fuel, dual-fuel, hybrid or dedicated vehicles.

(D) The cost to perform research, training development and demonstration of new applications or next-phase technology related to alternative fuel vehicles.

(ii) As grants to individual residents of this Commonwealth who purchase an alternative fuel vehicle for the cost to purchase and install the necessary home refueling equipment for bi-fuel, dual-fuel, hybrid or dedicated vehicles.

(iii) As grants to school districts, municipal authorities, political subdivisions and nonprofit entities to cover the incremental cost to purchase biofuel.

(iv) As rebates to residents of this Commonwealth to meet the incremental cost to individuals who purchase a bi-fuel, dual-fuel, hybrid or dedicated vehicle.

(2) Moneys from the fund may be expended by the department as reimbursement of up to ~~5¢~~ 10¢ per gallon in a calendar year for up to 12,500,000 gallons of renewable fuels produced by a qualified renewable fuels producer.

(3) One year after the effective date of this act and for every year thereafter, the amount of funding by the department under this subsection shall be evaluated to determine whether an adjustment in funding level is appropriate. The evaluation criteria shall be based on economic and regulatory conditions that affect the feasibility of alternative fuels and the financial solvency of the fund. At no time shall the grant or rebate funding amount be below the amounts specified in this section.

(4) No more than ~~2%~~ 1.5% of the fund may be used to administer the provisions of this act.

***(4.1) No more than 0.5% of the fund may be used to educate and do outreach to car dealers and consumers about this program.***

(5) No more than 10% of the fund may be awarded to any one school district, municipal authority, political subdivision, nonprofit entity, corporation, limited liability company, partnership or resident of this Commonwealth in any one year, provided that the total amount of grants awarded and rebates provided to grant and rebate recipients within a political subdivision in a year shall not exceed 15% of the fund. However, if the total grant and rebate money to be awarded in that year is less than

the total grant money available for that year, the department may increase the 10% and 15% funding levels established under this paragraph not to exceed 40% of the fund.

*(6) Beginning fiscal year 2008-2009, through and including fiscal year 2010-2011, the department may expend up to \$100,000 annually from the fund for a nitrogen tire inflation grant program. The department may award matching grants of up to 50% of the costs of purchasing and installing a nitrogen tire inflation system to automotive service providers who sell tires in this Commonwealth. Individual grants may not exceed \$5,000 per nitrogen tire inflation system. The department shall publish guidelines as necessary to implement the provisions of this subsection and maintain a registry of all grant recipients on the department's publicly accessible World Wide Web site.*

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(d) Rebate program.—There is hereby established a rebate program within the department for individuals residing in this Commonwealth who purchase a hybrid, *plug-in hybrid or other alternative fuel* vehicle[,] as follows:

(1) The department shall establish a formula and method for the awarding of rebates under this program. The department shall publish this information yearly in the Pennsylvania Bulletin and may also publish this information on the department's World Wide Web site. Rebates shall be provided to the extent that funding is available for this purpose. To the extent that applications for rebates exceed the available funds for this program, the department may award rebates on a pro rata basis.

(2) A request for a rebate must be submitted to the department no later than six months after the purchase date of the hybrid, *plug-in hybrid or other alternative fuel* vehicle, in a form and manner prescribed by the department. The department shall provide an application form to an individual upon request, and the department may make the application form on its World Wide Web site or through the place of purchase of [the hybrid] a hybrid, *plug-in hybrid or other alternative fuel* vehicle.

(3) Applicants shall provide a copy of a valid Pennsylvania vehicle registration and proof of purchase when making a request for a rebate under this program.

Section 3. The act is amended by adding a section to read:

**Section 3.1. Biomass-based diesel production incentives.**

*(a) Incentives.—The department shall expend up to \$5,300,000 annually from the fund unless the balance of the fund is less than \$5,300,000 on the first day of the fiscal year, in which case the department shall expend up to one-third of the balance of the fund:*

*(1) As a production incentive of 75¢ per gallon for biomass-based diesel produced in this Commonwealth beginning July 1, 2008, and sold in this Commonwealth for commercial transportation purposes or for residential heating. In the case of biomass-based diesel, this incentive*

*shall be available through June 30, 2011. If the total monthly amount of production incentives applied for by all qualified applicants exceeds the remaining amount available for those incentives, then the incentive shall be prorated among all qualified applicants. An individual qualified biomass-based diesel producer shall not receive more than \$1,900,000 in incentives in any one fiscal year. For purposes of this section, all facilities under common ownership shall be counted as a single facility.*

*(2) A producer of biomass-based diesel in this Commonwealth shall file for the production incentive on a monthly basis on a form furnished by the department. The form shall require the producer to submit proof of production of the biomass-based diesel and the number of gallons sold during the previous calendar month and such other information as the department deems appropriate. A biomass-based diesel producer shall also submit a certificate of analysis from an accredited laboratory for every 500,000 gallons of biomass-based diesel produced showing that the biodiesel meets the ASTM Specification D6751, Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels or its successor standard.*

*(b) Exception.—A qualified biomass-based diesel producer who receives an incentive under this section shall not be eligible to receive an incentive under section 3.*

Section 4. This act shall take effect as follows:

- (1) The amendment or addition of sections 2 and 3.1 of the act shall take effect January 1, 2008, or immediately, whichever is later.
- (2) This section shall take effect immediately.
- (3) The remainder of this act shall take effect in 60 days.

APPROVED—The 10th day of July, A.D. 2008.

EDWARD G. RENDELL