

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1040 Session of  
2009

INTRODUCED BY RAPP, HUTCHINSON, GABLER, OBERLANDER, BROOKS,  
BEYER, CAUSER, CHRISTIANA, CLYMER, CREIGHTON, CUTLER, GABIG,  
GEIST, GILLESPIE, GINGRICH, GRELL, GROVE, HALUSKA, HARPER,  
HORNAMAN, KAUFFMAN, M. KELLER, KORTZ, KRIEGER, MAHER, MAJOR,  
MARSHALL, MENSCH, METCALFE, MILLARD, MOUL, PEIFER, PICKETT,  
PYLE, REICHLEY, ROAE, ROHRER, SAYLOR, SCAVELLO, SCHRODER,  
SIPTROTH, SONNEY, STERN, STEVENSON, SWANGER, VITALI AND  
VULAKOVICH, MARCH 23, 2009

REFERRED TO COMMITTEE ON AGRICULTURE AND RURAL AFFAIRS, MARCH  
23, 2009

AN ACT

1 Establishing the Fuels for Schools and Beyond Program and a  
2 special fund; providing for grants, for powers and duties of  
3 the Department of Agriculture, for reports and for interfund  
4 transfers.

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

7 Section 1. Short title.

8 This act shall be known and may be cited as the Fuels for  
9 Schools and Beyond Program Act.

10 Section 2. Legislative findings.

11 The General Assembly of the Commonwealth of Pennsylvania  
12 finds and declares as follows:

13 (1) Biomass heating is a proven technology, and this  
14 Commonwealth is home to a prosperous and vibrant biomass  
15 industry. Increased use of biomass as a fuel source can

1 contribute to this Commonwealth's energy security through a  
2 more diversified mix of energy sources.

3 (2) Utilizing one ton of wood for heat displaces  
4 approximately 79 gallons of fuel oil that would have  
5 otherwise been used.

6 (3) Biomass has been recognized as a cost-efficient fuel  
7 and can significantly reduce expenditures associated with  
8 energy needs.

9 (4) The economic value of biomass use is significant.  
10 Studies have indicated that 90% of the funds used to produce  
11 and utilize biomass energy remain in local economies, whereas  
12 only about 10% of the funds used to produce and utilize  
13 fossil fuels remain local.

14 (5) Using biomass as a fuel source provides a beneficial  
15 use for underutilized low-grade timber, resulting in  
16 healthier and more productive forests, and creates additional  
17 forestry and agricultural jobs for residents of this  
18 Commonwealth.

### 19 Section 3. Definitions.

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

23 "Biomass energy." Organic matter, especially plant matter,  
24 which can be utilized or converted for fuel, which shall mean  
25 the generation of heat or electricity utilizing the following:

26 (1) the cellulosic products and by-products of forestry  
27 operations, wood manufacturing processes and pulp and paper  
28 manufacturing processes;

29 (2) organic material from a plant that is grown for the  
30 purpose of being used for fuel or is protected by the Federal

1 Conservation Reserve Program (CRP) and provided further that  
2 crop production on CRP lands does not prevent achievement of  
3 the water quality protection, soil erosion prevention or  
4 wildlife enhancement purposes for which the land was  
5 primarily set aside; or

6 (3) any solid nonhazardous, cellulosic waste material  
7 that is segregated from other waste materials, such as waste  
8 pallets, crates and landscape or right-of-way tree trimmings  
9 or agricultural sources, including orchard tree crops,  
10 vineyards, grain, legumes, sugar and other crop by-products  
11 or residues.

12 "Biomass system." A space heating, water heating or  
13 cogeneration system that uses biomass energy as its primary fuel  
14 source.

15 "Cogeneration system." A system that uses a heat engine or  
16 power station to simultaneously generate space or water heat as  
17 well as electricity.

18 "Department." The Department of Agriculture of the  
19 Commonwealth.

20 "Eligible costs." Specifically, the expense of biomass  
21 energy heating system installation, including the costs of  
22 necessary equipment, a chimney, air quality technology,  
23 additional square footage necessary to house the heating unit  
24 and fuel, equipment for fuel storage and delivery and equipment  
25 to deliver heat to adjoining buildings. The term does not  
26 include the costs of staff, fuel delivery and other ancillary  
27 costs as determined by the Department of Environmental  
28 Protection.

29 "Fund." The Fuels for Schools and Beyond Program Fund.

30 "Program." The Fuels for Schools and Beyond Program.

1 "Secretary." The Secretary of Agriculture of the  
2 Commonwealth.

3 "School." A public or nonpublic pre-kindergarten,  
4 kindergarten, elementary school or secondary school at which the  
5 compulsory attendance requirements of the Commonwealth may be  
6 met and which meets the applicable requirements of Title VI of  
7 the Civil Rights Act of 1964 (Public Law 88-352, 78 Stat. 241).  
8 The term includes a postsecondary institution of higher  
9 education.

10 "Working group." A Statewide energy-use collaboration  
11 identified by the Department of Agriculture as the primary  
12 organization aimed at promoting the use of local wood and  
13 biomass resources to provide reliable energy for Pennsylvania  
14 schools and businesses.

#### 15 Section 4. Fuels for Schools and Beyond Program.

16 The Fuels for Schools and Beyond Program is established  
17 within the department. The purpose of the program is to aid  
18 Commonwealth schools in converting traditional heating systems  
19 to biomass energy as a primary fuel source.

#### 20 Section 5. Fuels for Schools and Beyond Program funding grants.

21 The amount of an award for the incremental costs associated  
22 with the installation of a space heating or water heating system  
23 that uses biomass energy as the primary fuel source shall be 50%  
24 of the approved eligible costs not to exceed \$300,000. Schools  
25 applying for funding under this act or receiving funding under  
26 this act must conform to any and all Department of Education  
27 regulations pertaining to facility improvements and school  
28 construction.

#### 29 Section 6. Standards.

30 The department shall establish and adopt minimum standards

relating to design, efficiency, performance and emissions for biomass energy heating systems receiving funding under this act.

### Section 7. Application.

On or before May 1 of each year following the enactment of this act, schools interested in participating in the program must submit an application to the department for funding under this act. The application shall be on a form provided by the department and shall include all of the following:

(1) The name of the school or school district and building or buildings where biomass energy is to be used as fuel.

(2) Demonstrated cost effectiveness, including a detailed cost analysis of the proposed biomass system outlining fuel costs and savings over time, as well as other operating costs, and the net savings against the cost of installing the biomass system in relation to current fuel and energy costs.

(3) A description of the biomass system to be installed.

(4) A description of the project costs, including the amount the recipient is intending to spend on the project and the amount of assistance sought as a match under this act.

(5) Such other information as the department may require.

### Section 8. Department review.

The department shall review all applications received and shall determine the applicants eligible for funding under this act. The department, being satisfied that the applicant has met all requirements, shall approve the application and award the grant. The department shall forward copies of all applications received to the working group. The working group shall review

1 the applications and provide its recommendations for use by the  
2 department in awarding grants.

3 Section 9. Establishment of fund.

4 The Fuels for Schools and Beyond Program Fund is established  
5 in the State Treasury. All payments received by the department  
6 pursuant to this act shall be deposited in the fund. Any unused  
7 moneys in the fund shall remain in the fund and any interest  
8 earned by the fund shall remain in the fund.

9 Section 10. Report and recommendations.

10 The department shall make a report of the program listing the  
11 schools and school districts that were funded under this act, a  
12 brief description of the nature of their projects and the amount  
13 of funding each school received, as well as recommendations for  
14 improving upon the program within one year of awarding the first  
15 grants under this act and each subsequent year, to the President  
16 pro tempore of the Senate, the Minority Leader of the Senate,  
17 the Speaker of the House of Representatives and the Minority  
18 Leader of the House of Representatives. The department shall  
19 also make the report available on the department's Internet  
20 website. Following the third year of funded projects under this  
21 act, the department shall, in addition, recommend any changes  
22 that would allow for the program to be expanded to include other  
23 public buildings, as well as any funding changes the department  
24 may recommend.

25 Section 11. Interfund transfer.

26 The Secretary of the Budget shall transfer \$15,000,000 from  
27 the funds appropriated to the Commonwealth Financing Authority  
28 under section 307(a) of the act of July 9, 2008 (Sp.Sess., P.L.  
29 , No.1), known as the Alternative Energy Investment Act, to the  
30 Fuels for Schools and Beyond Fund. Not more than \$5,000,000 of

1 this fund may be used annually to support grants under section  
2 5.  
3 Section 12. Effective date.  
4 This act shall take effect immediately.