
THE GENERAL ASSEMBLY OF PENNSYLVANIA

SENATE BILL

No. 22

Special Session No. 1 of
2007-2008

INTRODUCED BY TOMLINSON, M. WHITE, PILEGGI, WASHINGTON,
RAFFERTY, ERICKSON, GORDNER, STOUT, BOSCOLA AND PIPPY,
OCTOBER 16, 2007

AS AMENDED ON SECOND CONSIDERATION, HOUSE OF REPRESENTATIVES,
JULY 2, 2008

AN ACT

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

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

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

17 Section 2. Definitions.

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

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

3 * * *

4 "BIOMASS-BASED DIESEL." THE TERM SHALL HAVE THE MEANING SET <—
5 FORTH IN SECTION 211(O)(1)(D) OF THE CLEAN AIR ACT (69 STAT.
6 322, 121 STAT. 1519, 42 U.S.C. § 7545(O)(1)(D)) AND SHALL MEET
7 THE ASTM SPECIFICATION D6751 STANDARD SPECIFICATION FOR
8 BIODIESEL FUEL BLEND STOCK (B100) FOR MIDDLE DISTILLATE FUELS OR
9 ITS SUCCESSOR STANDARD.

10 * * *

11 ~~"Qualified biodiesel producer." A producer of biodiesel who~~ <—
12 ~~has its principal place of business and facility for the~~
13 ~~production of biodiesel fuel in this Commonwealth and is at~~
14 ~~least 51% owned or operated by persons with a permanent~~
15 ~~residence in this Commonwealth and who has complied with the~~
16 ~~requirements of section 3.1(b).~~

17 "QUALIFIED BIOMASS-BASED DIESEL PRODUCER." A PRODUCER OF <—
18 25,000 GALLONS OR MORE OF BIOMASS-BASED DIESEL PER MONTH WITH
19 ITS PRINCIPAL PRODUCTION FACILITY IN THIS COMMONWEALTH THAT HAS
20 COMPLIED WITH THE REQUIREMENTS OF SECTION 3.1(A)(II) AND THAT IS
21 IN COMPLIANCE WITH ALL LAWS AND CURRENT IN ALL OBLIGATIONS TO
22 THE COMMONWEALTH.

23 * * *

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

26 Section 3. Alternative Fuels Incentive Fund.

27 * * *

28 (b) Expenditures.--

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

1 (i) As grants to school districts, municipal
2 authorities, political subdivisions, nonprofit entities,
3 corporations, limited liability companies or partnerships
4 incorporated or registered in this Commonwealth to
5 provide funding for:

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

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

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

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

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

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

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

30 (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% 1.5% of the fund may be used to administer the provisions of this act. <—

(4.1) No more than 1% 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

1 including Fiscal Year 2010-2011, the department may expend up
2 to \$100,000 annually from the fund for a nitrogen tire
3 inflation grant program. The department may award matching
4 grants of up to 50% of the costs of purchasing and installing
5 a nitrogen tire inflation system to automotive service
6 providers who sell tires in this Commonwealth. Individual
7 grants may not exceed \$5,000 per nitrogen tire inflation
8 system. The department shall publish guidelines as necessary
9 to implement the provisions of this subsection and maintain a
10 registry of all grant recipients on the department's publicly
11 accessible World Wide Web site.

12 * * *

13 (d) Rebate program.--There is hereby established a rebate
14 program within the department for individuals residing in this
15 Commonwealth who purchase a hybrid, ~~biodiesel~~ PLUG-IN HYBRID or <—
16 other alternative fuel vehicle[.] as follows: <—

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

26 (2) A request for a rebate must be submitted to the
27 department no later than six months after the purchase date
28 of the hybrid, PLUG-IN HYBRID OR OTHER ALTERNATIVE FUEL <—
29 vehicle, in a form and manner prescribed by the department.

30 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. Biodiesel BIOMASS-BASED DIESEL production incentives.

(a) Incentives.--The department shall pay a qualified biodiesel producer an incentive for the production of biodiesel in the amount of 75¢ for each gallon of biodiesel sold by the producer for commercial purposes. Qualified biodiesel producers may receive the incentive for no more than seven million gallons per calendar year. Individual producers shall not receive more than \$2,000,000 in incentives annually. The incentives shall be paid until December 31, 2010.

(b) Application. A qualified biodiesel producer shall file for the biodiesel production incentive on a monthly basis on a form furnished by the department. The form shall require the qualified biodiesel producer to submit proof of production of the biodiesel and the number of gallons sold during the previous calendar month. A producer shall also submit a certificate of analysis from an accredited laboratory for every 500,000 gallons of biodiesel produced showing that the biodiesel meets the American Society for Testing and Materials D-6751 standard.

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

1 ONE-THIRD OF THE BALANCE OF THE FUND:

2 (1) AS A PRODUCTION INCENTIVE OF 75¢ PER GALLON FOR
3 BIOMASS-BASED DIESEL PRODUCED IN THIS COMMONWEALTH BEGINNING
4 JULY 1, 2008, AND SOLD IN THIS COMMONWEALTH FOR COMMERCIAL
5 TRANSPORTATION PURPOSES OR FOR RESIDENTIAL HEATING. IN THE
6 CASE OF BIOMASS-BASED DIESEL, THIS INCENTIVE SHALL BE
7 AVAILABLE THROUGH JUNE 30, 2011. IF THE TOTAL MONTHLY AMOUNT
8 OF PRODUCTION INCENTIVES APPLIED FOR BY ALL QUALIFIED
9 APPLICANTS EXCEEDS THE REMAINING AMOUNT AVAILABLE FOR THOSE
10 INCENTIVES, THEN THE INCENTIVE SHALL BE PRORATED AMONG ALL
11 QUALIFIED APPLICANTS. AN INDIVIDUAL QUALIFIED BIOMASS-BASED
12 DIESEL PRODUCER SHALL NOT RECEIVE MORE THAN \$1,900,000 IN
13 INCENTIVES IN ANY ONE FISCAL YEAR. FOR PURPOSES OF THIS
14 SECTION, ALL FACILITIES UNDER COMMON OWNERSHIP SHALL BE
15 COUNTED AS A SINGLE FACILITY.

16 (2) A PRODUCER OF BIOMASS-BASED DIESEL IN THIS
17 COMMONWEALTH SHALL FILE FOR THE PRODUCTION INCENTIVE ON A
18 MONTHLY BASIS ON A FORM FURNISHED BY THE DEPARTMENT. THE FORM
19 SHALL REQUIRE THE PRODUCER TO SUBMIT PROOF OF PRODUCTION OF
20 THE BIOMASS-BASED DIESEL AND THE NUMBER OF GALLONS SOLD
21 DURING THE PREVIOUS CALENDAR MONTH AND SUCH OTHER INFORMATION
22 AS THE DEPARTMENT DEEMS APPROPRIATE. A BIOMASS-BASED DIESEL
23 PRODUCER SHALL ALSO SUBMIT A CERTIFICATE OF ANALYSIS FROM AN
24 ACCREDITED LABORATORY FOR EVERY 500,000 GALLONS OF BIOMASS-
25 BASED DIESEL PRODUCED SHOWING THAT THE BIODIESEL MEETS THE
26 ASTM SPECIFICATION D6751, STANDARD SPECIFICATION FOR
27 BIODIESEL FUEL BLEND STOCK (B100) FOR MIDDLE DISTILLATE FUELS
28 OR ITS SUCCESSOR STANDARD.

29 ~~(e)~~ (B) Exception.--A qualified biodiesel producer who
30 receives an incentive under this section shall not be eligible

<—

1 to receive an incentive under section 3.

2 Section 4. This act shall take effect as follows:

3 (1) The amendment or addition of sections 2 and 3.1 of
4 the act shall take effect January 1, 2008, or immediately,
5 whichever is later.

6 (2) This section shall take effect immediately.

7 (3) The remainder of this act shall take effect in 60
8 days.