

# ACT No. 382

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

1 AN ACT

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

8 Be it enacted by the Legislature of Louisiana:

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

11 CHAPTER 23-B. THE ADVANCED BIOFUEL  
12 INDUSTRY DEVELOPMENT INITIATIVE

13 §3761. Legislative findings and definitions

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

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

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

20 (1) Feedstock other than corn:

21 (a) Derived solely from Louisiana harvested crops.

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

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

25 (d) Tolerant to high temperature and waterlogging.

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

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

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

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

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

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

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

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

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

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

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

1           §3762. Pilot programs

2                   A. The blending of fuels with advanced biofuel percentages between ten  
3                   percent and eighty-five percent will be permitted on a trial basis until January 1,  
4                   2012. During this period the Louisiana Department of Agriculture and Forestry,  
5                   office of agro-consumer services, division of weights and measures, will monitor the  
6                   equipment used by a qualified small advanced biofuel manufacturing facility to  
7                   dispense the ethanol blends to ascertain that the equipment is suitable and capable  
8                   of producing an accurate measurement. Since there are no ASTM standards for  
9                   evaluating the quality of the product, the Department of Agriculture and Forestry,  
10                   office of agro-consumer services, division of weights and measures, will take fuel  
11                   samples to ascertain that the correct blend ratios are being dispensed and follow the  
12                   development of standards. Provided that no negative trends are observed during the  
13                   trial period and fuel standards have been developed or work continues on developing  
14                   them, the Department of Agriculture and Forestry, office of agro-consumer services,  
15                   division of weights and measures, will consider extending the evaluation period.

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

28           §3763. State incentives

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

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

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

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

17                 (2) The vehicle is used for continuing research.

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

21           Section 2. R.S. 39:364(A)(1) is hereby amended and reenacted and R.S.  
22           39:364(A)(4) is hereby enacted to read as follows:

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

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

