



# Report to the Legislature

## *Minnesota Bioincentive Program*

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## Executive Summary

During the 2015 legislative session, the legislature adopted statutory language allowing for production incentive payments for the manufacture of advanced biofuel, renewable chemicals, and biomass thermal energy production. An eligible producer may receive payment per unit of production under the program. There are minimum production levels required for eligibility. A maximum amount is set that can be claimed in any one year. A producer may collect payments through the program for ten years. The program is scheduled to end on June 30, 2035.

\$500,000 was appropriated from the Agricultural Growth, Research, and Innovation Program (AGRI) to the Minnesota Department of Agriculture (MDA) for production incentive payments for FY16 (available until June 30, 2017) and \$1,500,000 for FY 17 (available until June 30, 2018). To date, no claims for payment have been made. Funding for the payments is made by the legislature on a biannual basis.

During the 2016 legislative session, technical amendments were submitted and approved to revise and improve the statute. One amendment removed references to definitions in expired statute M.S. 41A.105 and added corresponding definitions to M.S. 41A.15. Each production category statute was amended to allow for quarterly minimum production thresholds rather than the previous original annual production minimum levels. Once a producer reaches the level for a category over a defined 3-month period, the producer may claim the production for that quarter, and become eligible for incentive payments. Another statutory change was the addition of biobutanol to the eligible fuels that qualify for payments.

The Minnesota Department of Agriculture's Agricultural Marketing and Development Division created webpages for the program in early 2016. They can be found on the department's website at [www.mda.state.mn.us/grants/agri/bioincentive](http://www.mda.state.mn.us/grants/agri/bioincentive).

## Introduction

This report is submitted pursuant to the Laws of Minnesota 2015, Chapter 4, Article 2, Section 61:

By January 15 each year, the commissioner shall report on the incentive programs under sections 41A.16, 41A.17, and 41A.18 to the legislative committees with jurisdiction over environment and agriculture policy and finance. The report shall include information on production and incentive expenditures under the programs.

## Claims Made for Production under the Program

For the first two years of the program, \$500,000 was appropriated for FY16 (available until June 30, 2017) and \$1.5 million for FY17 (available until June 30, 2018). These funds are part of the Minnesota Department of Agriculture's Agricultural Growth, Research, and Innovation (AGRI) fund.

Through the second quarter of fiscal year 2017, no production claims have been made for payment under the program.

## Other Updates Regarding the Program

During the 2016 legislative session, technical amendments were submitted and approved to revise and improve the statute. One amendment removed references to definitions in expired statute M.S. 41A.105 and added corresponding definitions to M.S. 41A.15. Each production category statute was amended to allow for quarterly minimum production thresholds rather than the previous original annual production minimum levels. Once a producer reaches the level for a category over a defined 3-month period, the producer may claim the production for that quarter, and become eligible for incentive payments. Another statutory change was the addition of biobutanol to the eligible fuels that qualify for payments.

Webpages were created for the program that can be found on the Minnesota Department of Agriculture's website at [www.mda.state.mn.us/grants/agri/bioincentive](http://www.mda.state.mn.us/grants/agri/bioincentive). The pages summarize the program and its three components: advanced biofuel, renewable chemical, and biomass thermal energy production. Further contact information is provided.

In the coming year, the MDA plans to produce a trifold brochure that can be used at trade shows or similar venues. The brochure will cover the basics of the program and where additional information can be found.

## Summary

The Minnesota Bioincentive Program is new as of July 2015. To date, no production claims have been made for payment under the program.

The program is structured to run through June 30, 2035. Money is appropriated to the program on a biannual basis. Funding for fiscal years 2018 and 2019 will be considered in the current legislative session.

***The information contained in this document is current as of the date of publication. Because laws can change, it is important to check to see if there have been any changes or updates to applicable laws and regulations.***