



Session 8: State of the States—A Public Policy & Regulatory Update

National Biodiesel Conference

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NBB



Overview

- 2007 Highlights
- 2008 Preview
- Best Practices Panel
 - Brian Boyle: IL Sales Tax Exemption
 - Tim Keaveney: BioHeat®
 - Nikola Davidson: Pacific Northwest
 - Anne Tazewell: NC & SC





Biodiesel Dynamics

Biodiesel's economics are currently influenced by fluid dynamics. Three primary factors are:

- Price of diesel fuel
- Feedstock costs
- Public policy (federal & state)



Growing Role of States

- Biodiesel is definitely on the radar screen of state legislatures & regulatory bodies.
- Both are creating significant opportunities, as well as presenting potential barriers.



Growing Role of States

- Federal programs play a large role in assisting production and addressing our largest barrier-cost.
- State initiatives can further address cost and help close incremental price gaps.
- State initiatives can have a direct impact on consumption (state fleet use; requirements).



Growing Role of States

- State initiatives can play a very significant role to encourage production.
- State initiatives can help provide infrastructure assistance to terminals, blenders, retailers.



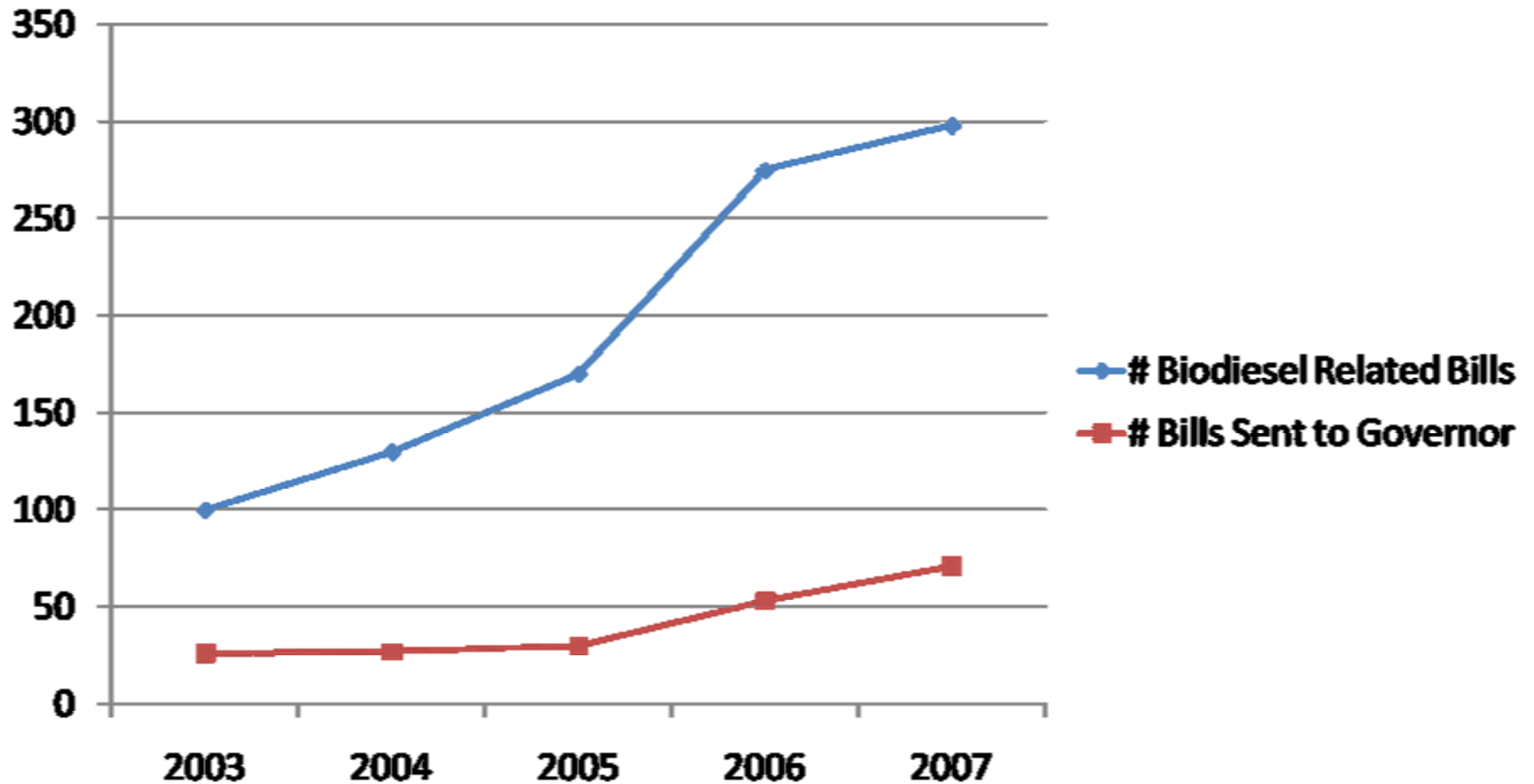


State Policies

- Tax Incentives (credits, exemptions)
- Production/Infrastructure Incentives (payments, tax benefit)
- Requirements (public fleet use/fuel pool)
- Renewable Electricity Requirements



Growth in State Based Initiatives





2007 Legislative Highlights

- Studies, Taskforces, Research Ctrs., Etc.
- Production Incentives
- State Fleet/School Bus Use
- Tax Exemptions
- Infrastructure/Distribution Incentives
- Requirements
- Pump Labeling/Fuel Quality Testing
- Greenhouse Gas Reduction Efforts
- Renewable Electricity Generation
- Feedstock Research & Incentives
- BioHeat[®]
- Definitions





2007 Legislative Highlights

- Extension of state programs/incentives – Several states, including KY, MT & OK extended incentive programs.
- New production incentive programs – CT & TN passed production incentives; while TX did not fund their program.
- Requirements – Two more states passed requirements for biodiesel. At least 8 other states considered them seriously including AR, CA, CO, FL, MO, MT & VT.





2007 Legislative Highlights

- Pump Labeling/Fuel Quality Enforcement – IL created new pump labeling requirements; WA appropriated funds to proactively test biodiesel fuel quality.
- Other significant developments – several states created new incentives for biodiesel with a variety of tax credits, exemptions or grants including KS, NE & OH.





2007 Regulatory Highlights

- Texas – Industry worked with TCEQ & EPA on avenues to continue to allow biodiesel blends to be sold in TxLED covered counties.
 - No additive required for blends up to B5.
 - Additive option for blends up to B20.





2007 Regulatory Highlights

- California –
 - CARB Biodiesel Workgroup: Efforts to develop a CA specific biodiesel specification. Development of extensive emission testing program examining NOx profile & potential mitigation strategies.
 - Greenhouse Gas Emissions: CA undertaking extensive effort to reduce GHG's via several strategies including low carbon fuels. Biodiesel could play a significant role.





2008 Look Ahead

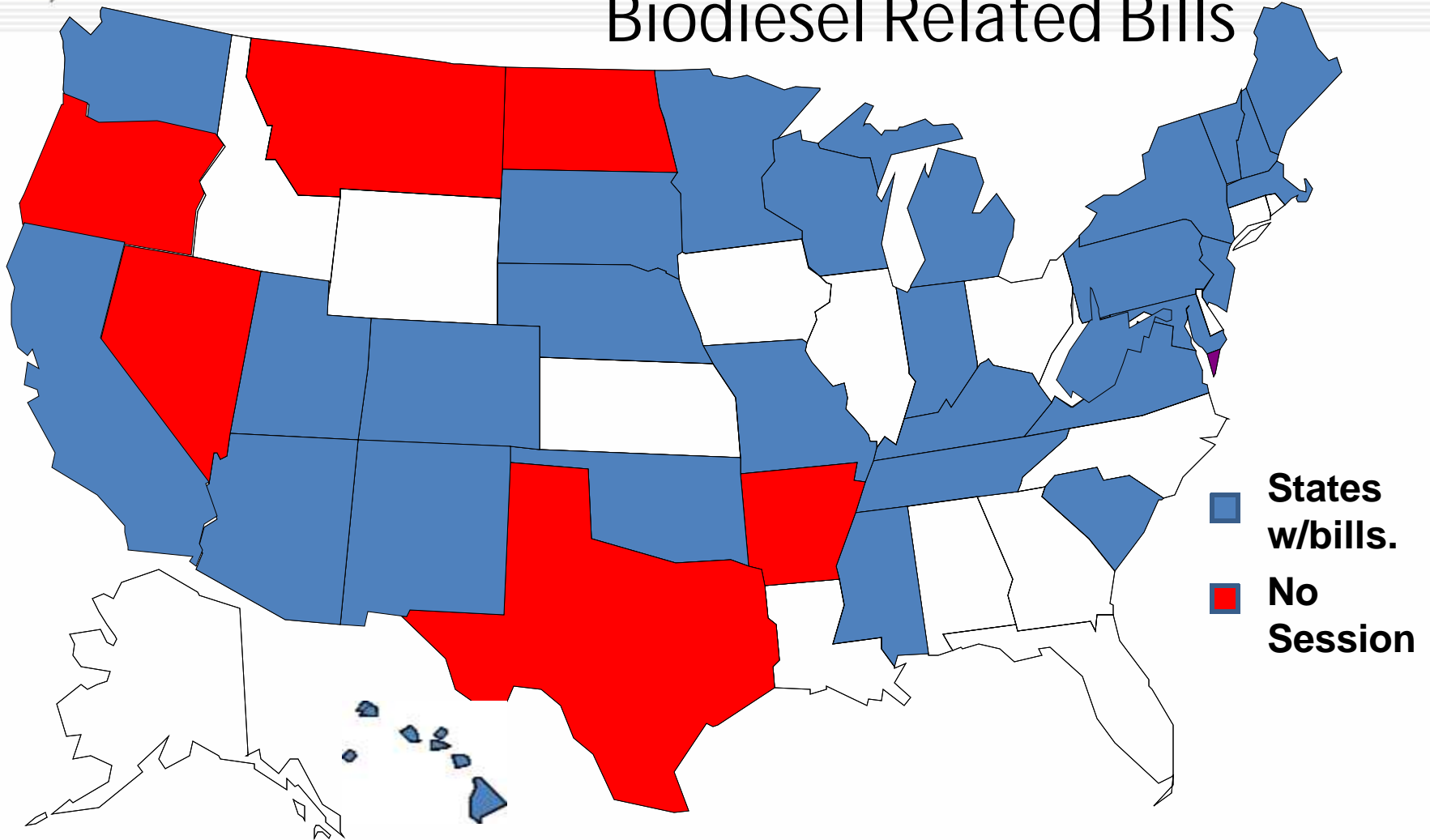
- Shaping up to be another active year in statehouses around the country:
 - Currently monitoring over 100 biodiesel related bills.
 - 29 states.





2008 Look Ahead

Biodiesel Related Bills





2008 Look Ahead

- Production Incentives
 - PA: Special Session on energy—considering production incentives.
 - NY: Proposing a producer grant program for specific feedstocks. (AB 9023)
 - NE: Proposing a per gallon grant program for biodiesel utilizing advance technologies and non-traditional feedstock sources.





2008 Look Ahead

- Climate change
 - Several states are convening state commissions to examine ways to reduce GHGs; participation in regional GHG reduction planning entities.
 - CA: Proposing tax exemption on low carbon fuels; tax credit for GHG reducing equipment.
 - NH: Authorizing cap & trade programs (HB 1434)
 - WA: Proposing a carbon tax (HB 2420)
 - HI: Proposing clean vehicle incentive prgm (HB 2120)





2008 Look Ahead

- Requirements
 - WA: Volumetric sales requirement becomes effective 11/30/08.
 - MN: Governor proposing to increase current B2 requirement.
 - WI: Proposing statewide RFS; volumetric requirement that biodiesel acct for 5% all diesel sales. (SB 380)
 - MO: Proposing B5 requirement effective 1/1/2010. (SB 759)



2008 Look Ahead

- Requirements
 - MA: Proposing an escalating biodiesel requirement for diesel and heating oil. (HB 4364)
 - NY: Proposing a biodiesel requirement for heating oil. (AB 8832)
 - NY: Requires all ULSD to contain 2% biodiesel as lubricity additive. (SB 4470)



2008 Look Ahead

- Tax Related
 - NY: Tax credits for biodiesel storage (SB 6160)
 - MO: Income tax credit for biodiesel purchases (SB749)
 - IN: Amend sunset on retail blending credit (HB 1242)
 - ME: Biodiesel road tax rate = 92% of diesel rate (HB409)
 - HI: Alt fuel vehicle credit (HB 2106)
 - VA: Adjusting road tax rates (up)





2008 Look Ahead

- Tax Related
 - SD: Reduce road tax rate for biodiesel blends (SB 148)
 - NH: Exempt biodiesel from road tolls (HB 1353)
 - NE: Proposes a sales tax on fuel (LB 846)
- Bioheat[®]
 - MA: Proposing requirement that heating oil contain biodiesel (HB 4364)
 - WV: Exempting bioheat from motor fuel tax (HB 3043)
 - NY: Clean Air Fund for Bioheat[®] (SB 6105)



2008 Look Ahead

- Dispenser labeling
 - Federal government passed requirements for dispenser labeling. Regs anticipated in Q1/Q2.
- Fuel Quality
 - Several states considering bills related to fuel specifications; testing; enforcement. (AZ, NH, WA)
- State Fleet/School Bus Use
 - NY, WV, MA, NH, TN,



2008 Look Ahead

- Feedstocks
 - Some states are beginning to look at ways of helping enhance production of feedstocks; development of new feedstocks (CA, HI, NY)





2008 Look Ahead

- California – CA will continue to be an active year for regulatory efforts:
 - Low Carbon Fuel Standard/GHG reductions
 - Biodiesel emissions testing project
 - PM rules





For information on biodiesel,
please visit NBB's website at:
www.biodiesel.org.

