



Reprinted  
February 2, 2010

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## HOUSE BILL No. 1261

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DIGEST OF HB 1261 (Updated February 1, 2010 5:42 pm - DI 113)

**Citations Affected:** IC 15-11.

**Synopsis:** Agricultural biomass infrastructure grants. Changes the name of the E85 fueling station grant fund to the agricultural biomass infrastructure grant fund. Authorizes the department of agriculture to award grants from the agricultural biomass infrastructure grant fund for certain infrastructure used for the production or distribution of biofuels (fuels produced from biomass). Adds certain definitions. Makes changes to the definition of a qualified expense. Provides that grants for biofuels projects may be awarded for infrastructure expenses incurred after December 31, 2008. Provides that the amount of a grant for certain infrastructure used for the production or distribution of biofuels may not exceed the lesser of: (1) 50% of the recipient's qualified investment; or (2) \$100,000. Makes related changes.

**Effective:** January 1, 2011.

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### Friend, Pearson

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January 12, 2010, read first time and referred to Committee on Agriculture and Rural Development.  
January 26, 2010, reported — Do Pass.  
February 1, 2010, read second time, amended, ordered engrossed.

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HB 1261—LS 6744/DI 116+



Second Regular Session 116th General Assembly (2010)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2009 Regular and Special Sessions of the General Assembly.

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## HOUSE BILL No. 1261

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A BILL FOR AN ACT to amend the Indiana Code concerning agriculture and animals.

*Be it enacted by the General Assembly of the State of Indiana:*

- 1 SECTION 1. IC 15-11-2-3, AS AMENDED BY P.L.71-2009,  
2 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
3 JANUARY 1, 2011]: Sec. 3. The department shall do the following:  
4 (1) Provide administrative and staff support for the following:  
5 (A) The state fair board for purposes of carrying out the  
6 director's duties under IC 15-13-5.  
7 (B) The Indiana corn marketing council for purposes of  
8 administering the duties of the director under IC 15-15-12.  
9 (C) The Indiana organic peer review panel under IC 15-15-8.  
10 (D) The Indiana dairy industry development board for  
11 purposes of administering the duties of the director under  
12 IC 15-18-5.  
13 (E) The Indiana land resources council under IC 15-12-5.  
14 (F) The Indiana grain buyers and warehouse licensing agency  
15 under IC 26-3-7.  
16 (G) The Indiana grain indemnity corporation under IC 26-4-3.  
17 (H) The division.

HB 1261—LS 6744/DI 116+



- 1 (I) The ~~E85~~ **fueling station agricultural biomass**
- 2 **infrastructure** grant program under IC 15-11-11.
- 3 (2) Administer the election of state fair board members under
- 4 IC 15-13-5.
- 5 (3) Administer state programs and laws promoting agricultural
- 6 trade.
- 7 (4) Administer state livestock or agriculture marketing grant
- 8 programs.
- 9 (5) Administer economic development efforts for agriculture by
- 10 doing the following:
- 11 (A) Promoting value added agricultural resources.
- 12 (B) Marketing Indiana agriculture to businesses
- 13 internationally.
- 14 (C) Assisting Indiana agricultural businesses with developing
- 15 partnerships with the Indiana economic development
- 16 corporation.
- 17 (D) Soliciting private funding for selective economic
- 18 development and trade initiatives.
- 19 (E) Providing for the orderly economic development and
- 20 growth of Indiana's agricultural economy.
- 21 (F) Facilitating the use of biomass **(as defined in**
- 22 **IC 15-11-11-0.7)** and algae production systems to generate
- 23 renewable energy.
- 24 SECTION 2. IC 15-11-11-0.3 IS ADDED TO THE INDIANA
- 25 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 26 [EFFECTIVE JANUARY 1, 2011]: **Sec. 0.3. As used in this chapter,**
- 27 **"biofuels" means biomass converted into liquid or gaseous fuels.**
- 28 SECTION 3. IC 15-11-11-0.5 IS ADDED TO THE INDIANA
- 29 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 30 [EFFECTIVE JANUARY 1, 2011]: **Sec. 0.5. As used in this chapter,**
- 31 **"biofuels project" means a project to produce or distribute**
- 32 **biofuels through the use of a renewable energy system**
- 33 **infrastructure.**
- 34 SECTION 4. IC 15-11-11-0.7 IS ADDED TO THE INDIANA
- 35 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 36 [EFFECTIVE JANUARY 1, 2011]: **Sec. 0.7. As used in this chapter,**
- 37 **"biomass" means agriculturally based sources of renewable**
- 38 **energy, including the following:**
- 39 (1) **Agricultural crops.**
- 40 (2) **Agricultural wastes and residues.**
- 41 (3) **Wood and wood byproducts, including the following:**
- 42 (A) **Wood residue.**

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- 1                   **(B) Forest thinning.**
- 2                   **(C) Mill residue wood.**
- 3                   **(4) Animal wastes.**
- 4                   **(5) Animal byproducts.**
- 5                   **(6) Aquatic plants.**
- 6                   **(7) Algae.**

7                   **The term does not include biomass used in direct-fired (direct**  
 8                   **combustion) or co-firing systems.**

9                   SECTION 5. IC 15-11-11-3, AS ADDED BY P.L.2-2008,  
 10                   SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 11                   JANUARY 1, 2011]: Sec. 3. As used in this chapter, "location" refers  
 12                   to one (1) or more parcels of land that:

- 13                   (1) have a common access to a public highway; and
- 14                   (2) are or would appear to the reasonable ~~person~~ **individual**  
 15                   making an observation from a public highway to be part of the  
 16                   same business.

17                   SECTION 6. IC 15-11-11-4.3 IS ADDED TO THE INDIANA  
 18                   CODE AS A **NEW** SECTION TO READ AS FOLLOWS  
 19                   [EFFECTIVE JANUARY 1, 2011]: **Sec. 4.3. As used in this chapter,**  
 20                   **"person" means:**

- 21                   **(1) an individual;**
- 22                   **(2) an agricultural producer;**
- 23                   **(3) a partnership;**
- 24                   **(4) a corporation;**
- 25                   **(5) a limited liability company; or**
- 26                   **(6) an unincorporated association.**

27                   SECTION 7. IC 15-11-11-5, AS ADDED BY P.L.2-2008,  
 28                   SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 29                   JANUARY 1, 2011]: Sec. 5. **(a)** As used in this chapter, "qualified  
 30                   investment" refers to **either of the following:**

- 31                   **(1)** An ordinary and usual expense that is incurred after June 30,  
 32                   2007, to do either of the following:
- 33                   ~~(+)~~ **(A)** Purchase any part of a renewable fuel compatible  
 34                   fueling station for the purpose of:
- 35                   ~~(A)~~ **(i)** installing the new renewable fuel compatible fuel  
 36                   station at a location on which a fueling station is not located;  
 37                   or
- 38                   ~~(B)~~ **(ii)** converting an existing fueling station that is not a  
 39                   renewable fuel compatible fueling station into a fueling  
 40                   station that is a renewable fuel compatible fueling station.
- 41                   ~~(2)~~ **(B)** Refit any part of a fueling station that is not renewable  
 42                   fuel compatible as a renewable fuel compatible fueling station,

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1 including the costs of cleaning storage tanks and piping to  
 2 remove petroleum sludge and other contaminants.  
 3 **(2) An ordinary and usual expense that is incurred after**  
 4 **December 31, 2008, for the installation of a renewable energy**  
 5 **system infrastructure that uses commercial technologies to**  
 6 **produce or distribute biofuels.**

7 **(b) For the purposes of subsection (a)(2), the term does not**  
 8 **include a cost or expense for:**

- 9 **(1) research and development;**
- 10 **(2) land acquisition;**
- 11 **(3) agricultural tillage equipment;**
- 12 **(4) salaries; or**
- 13 **(5) other noninfrastructure purposes determined ineligible by**  
 14 **the department.**

15 SECTION 8. IC 15-11-11-7, AS ADDED BY P.L.91-2008,  
 16 SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 17 JANUARY 1, 2011]: Sec. 7. (a) Subject to subsection (c), the  
 18 department may award a grant under this chapter to a person or unit  
 19 that:

- 20 (1) makes a qualified investment **under section 5(a)(1) of this**  
 21 **chapter** and  
 22 ~~(2)~~ places the qualified investment in service in Indiana for the  
 23 dispensing of E85 base fuel into the fuel tanks of motor vehicles;  
 24 **or**  
 25 **(2) places a qualified investment under section 5(a)(2) of this**  
 26 **chapter in service in Indiana for the production or**  
 27 **distribution of biofuels.**

28 (b) A recipient of a grant awarded under this chapter must comply  
 29 with any guidelines developed by the department and the office of  
 30 energy and defense development.

31 (c) The department may not, **under this chapter**, award:

- 32 **(1) more than one (1) grant under this chapter for a renewable**  
 33 **fuel compatible fueling station at a particular location; or**  
 34 **(2) more than one (1) grant for a particular biofuels project.**

35 SECTION 9. IC 15-11-11-8, AS ADDED BY P.L.91-2008,  
 36 SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE  
 37 JANUARY 1, 2011]: Sec. 8. (a) Subject to ~~subsection~~ **subsections (b)**  
 38 **and (c)**, the department and the office of energy and defense  
 39 development shall determine the amount of each grant awarded under  
 40 this chapter.

41 (b) The amount of a grant awarded under this chapter for a  
 42 **renewable fuel compatible fueling station at a location** may not

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exceed the lesser of the following:

- (1) The amount of the grant recipient's qualified investment **under section 5(a)(1) of this chapter** for the location.
- (2) Twenty thousand dollars (\$20,000).

**(c) A grant awarded under this chapter for a biofuels project must be awarded on a competitive basis and may not exceed the lesser of:**

- (1) fifty percent (50%) of the grant recipient's qualified investment under section 5(a)(2) of this chapter for the biofuels project; or**
- (2) one hundred thousand dollars (\$100,000).**

~~(c)~~ **(d) The amount of a grant awarded under this chapter for a renewable fuel compatible fueling station at a location may be less than the amount of the grant recipient's qualified investment under section 5(a)(1) of this chapter for the location. The amount of a grant awarded under this chapter for a biofuels project may be less than the amount of the grant recipient's qualified investment under section 5(a)(2) of this chapter for the biofuels project.**

SECTION 10. IC 15-11-11-11, AS ADDED BY P.L.2-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011]: Sec. 11. (a) The ~~E85 fueling station~~ **agricultural biomass infrastructure** grant fund is established to provide grants under this chapter.

- (b) The fund consists of appropriations from the general assembly.
- (c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public funds may be invested.
- (d) Money in the fund at the end of a state fiscal year does not revert to the state general fund but remains in the fund to be used exclusively for purposes of this chapter.
- (e) Money in the fund is continuously appropriated for the purposes of this chapter.

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COMMITTEE REPORT

Mr. Speaker: Your Committee on Agriculture and Rural Development, to which was referred House Bill 1261, has had the same under consideration and begs leave to report the same back to the House with the recommendation that said bill do pass.

PEARSON, Chair

Committee Vote: yeas 11, nays 0.

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HOUSE MOTION

Mr. Speaker: I move that House Bill 1261 be amended to read as follows:

Page 2, line 21, after "biomass" insert "**(as defined in IC 15-11-11-0.7)**".

Page 3, delete line 2.

Page 3, between lines 6 and 7, begin a new line blocked left and insert:

**"The term does not include biomass used in direct-fired (direct combustion) or co-firing systems."**

(Reference is to HB 1261 as printed January 26, 2010.)

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