CONFERENCE COMMITTEE REPORT
DIGEST FOR EHB 1261

Citations Affected: IC 8-1-8.8-10; IC 15-11.

Synopsis: Renewable energy. CONFERENCE COMMITTEE REPORT FOR EHB 1261. In the list of organic matter considered organic waste biomass for purposes of the definition of "renewable energy resources" in the utility generation and clean coal technology financial incentives statute (incentives statute), adds animal byproducts and algae and deletes organic waste from clean construction and demolition. Changes the name of the E85 fueling station grant program to the agricultural biomass infrastructure grant program (grant program). Provides that "biomass" as defined under the grant program applies in the directive to the Indiana state department of agriculture to administer economic development efforts for agriculture by facilitating the use of biomass. Adds certain definitions for purposes of the grant program, including a definition of "biomass" that excludes waste from construction and demolition. 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). Changes the definition of "qualified investment". Provides that grants for biofuels projects may be awarded for infrastructure expenses incurred after December 31, 2009. 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. **(This conference committee report: (1) deletes a provision to make the definition of "biomass" the same for purposes of the incentives statute and the grant program; (2) makes the grant program amendments effective January 1, 2010, instead of January 1, 2011; (3) for purposes of the grant program, excludes waste from construction and demolition in the definition of "biomass" and provides that grants for biofuels projects may be awarded for infrastructure expenses incurred after 2009 instead of 2010; and (4) provides that "biomass" as defined under the grant program applies in the directive to the Indiana state department of agriculture to administer economic development efforts for agriculture by facilitating the use of biomass.)**

Effective: January 1, 2010 (retroactive); January 1, 2011.

Adopted Rejected

CONFERENCE COMMITTEE REPORT

MR. SPEAKER:

Your Conference Committee appointed to confer with a like committee from the Senate upon Engrossed Senate Amendments to Engrossed House Bill No. 1261 respectfully reports that said two committees have conferred and agreed as follows to wit:

that the House recede from its dissent from all Senate amendments and that the House now concur in all Senate amendments to the bill and that the bill be further amended as follows:

Delete everything after the enacting clause and insert the following:

SECTION 1. IC 8-1-8.8-10, AS AMENDED BY P.L.151-2009, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2011]: Sec. 10. (a) As used in this chapter "renewable energy resources" means alternative sources of renewable energy, including the following:

(1) Energy from wind.
(2) Solar energy.
(3) Photovoltaic cells and panels.
(4) Dedicated crops grown for energy production.
(5) Organic waste biomass, including any of the following organic matter that is available on a renewable basis:
(A) Agricultural crops.
(B) Agricultural wastes and residues.
(C) Wood and wood wastes, including the following:
(i) Wood residues.
(ii) Forest thinnings.
(iii) Mill residue wood.
~~(iv) Waste from clean construction and demolition.~~
(D) Animal wastes.
(E) Animal byproducts.
~~(E)~~ **(F)** Aquatic plants.

(G) Algae.

(6) Hydropower from existing dams.

(7) Fuel cells.

(8) Energy from waste to energy facilities.

(9) Energy storage systems.

(b) Except for energy described in subsection (a)(8), the term does not include energy from the incinerations, burning, or heating of any of the following:

(1) Tires.

(2) General household, institutional, commercial, industrial lunchroom, office, or landscape waste.

(c) The term excludes treated or painted lumber.

SECTION 2. IC 15-11-2-3, AS AMENDED BY P.L.71-2009, SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 3. The department shall do the following:

(1) Provide administrative and staff support for the following:

(A) The state fair board for purposes of carrying out the director's duties under IC 15-13-5.

(B) The Indiana corn marketing council for purposes of administering the duties of the director under IC 15-15-12.

(C) The Indiana organic peer review panel under IC 15-15-8.

(D) The Indiana dairy industry development board for purposes of administering the duties of the director under IC 15-18-5.

(E) The Indiana land resources council under IC 15-12-5.

(F) The Indiana grain buyers and warehouse licensing agency under IC 26-3-7.

(G) The Indiana grain indemnity corporation under IC 26-4-3.

(H) The division.

(I) The ~~E85 fueling station~~ **agricultural biomass infrastructure** grant program under IC 15-11-11.

(2) Administer the election of state fair board members under IC 15-13-5.

(3) Administer state programs and laws promoting agricultural trade.

(4) Administer state livestock or agriculture marketing grant programs.

(5) Administer economic development efforts for agriculture by doing the following:

(A) Promoting value added agricultural resources.

(B) Marketing Indiana agriculture to businesses internationally.

(C) Assisting Indiana agricultural businesses with developing partnerships with the Indiana economic development corporation.

(D) Soliciting private funding for selective economic development and trade initiatives.

(E) Providing for the orderly economic development and growth of Indiana's agricultural economy.

(F) Facilitating the use of biomass **(as defined in**

IC 15-11-11-0.7) and algae production systems to generate renewable energy.

SECTION 3. IC 15-11-11-0.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 0.3. As used in this chapter, "biofuels" means biomass converted into liquid or gaseous fuels.**

SECTION 4. IC 15-11-11-0.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 0.7. As used in this chapter, "biomass" means agriculturally based sources of renewable energy, including the following:**

(1) Agricultural crops.

(2) Agricultural wastes and residues.

(3) Wood and wood byproducts, including the following:

(A) Wood residue.

(B) Forest thinning.

(C) Mill residue wood.

(4) Animal wastes.

(5) Animal byproducts.

(6) Aquatic plants.

(7) Algae.

The term does not include waste from construction and demolition.

SECTION 5. IC 15-11-11-3, AS ADDED BY P.L.2-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 3. As used in this chapter, "location" refers to one (1) or more parcels of land that:

(1) have a common access to a public highway; and

(2) are or would appear to the reasonable ~~person~~ **individual** making an observation from a public highway to be part of the same business.

SECTION 6. IC 15-11-11-4.3 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 4.3. As used in this chapter, "person" means:**

(1) an individual;

(2) an agricultural producer;

(3) a partnership;

(4) a corporation;

(5) a limited liability company; or

(6) an unincorporated association.

SECTION 7. IC 15-11-11-4.7 IS ADDED TO THE INDIANA CODE AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: **Sec. 4.7. As used in this chapter, "project" refers to the production or distribution of biofuels through the use of a renewable energy system infrastructure.**

SECTION 8. IC 15-11-11-5, AS ADDED BY P.L.2-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 5. As used in this chapter, "qualified investment" refers to an ordinary and usual expense

that is incurred:

(1) after June 30, 2007, to do either of the following:

~~(1)~~ **(A)** Purchase any part of a renewable fuel compatible fueling station for the purpose of:

~~(A)~~ **(i)** installing the new renewable fuel compatible fuel station at a location on which a fueling station is not located; or

~~(B)~~ **(ii)** converting an existing fueling station that is not a renewable fuel compatible fueling station into a fueling station that is a renewable fuel compatible fueling station.

~~(2)~~ **(B)** Refit any part of a fueling station that is not renewable fuel compatible as a renewable fuel compatible fueling station, including the costs of cleaning storage tanks and piping to remove petroleum sludge and other contaminants; **or**

(2) after December 31, 2009, for the installation of a renewable energy system infrastructure that uses commercial technologies to produce or distribute biofuels. It does not include a cost or expense for:

(A) research and development;

(B) land acquisition;

(C) agricultural tillage equipment;

(D) salaries; or

(E) other noninfrastructure purposes determined ineligible by the department.

SECTION 9. IC 15-11-11-7, AS ADDED BY P.L.91-2008, SECTION 7, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 7. (a) Subject to subsection (c), the department may award a grant under this chapter to a person or unit that:

(1) makes a qualified investment and

~~(2)~~ places the qualified investment in service in Indiana for the dispensing of E85 base fuel into the fuel tanks of motor vehicles; **or**

(2) places a qualified investment in service in Indiana for the production or distribution of biofuels.

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

(c) The department may not award more than one (1) grant under this chapter for a:

(1) renewable fuel compatible fueling station at a location; **or**

(2) project.

SECTION 10. IC 15-11-11-8, AS ADDED BY P.L.91-2008, SECTION 8, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: Sec. 8. (a) Subject to ~~subsection~~ **subsections** (b) **and (c),** the department and the office of energy and defense development shall determine the amount of each grant awarded under this chapter.

(b) The amount of a grant awarded under this chapter for a **renewable fuel compatible fueling station at a** location may not exceed the lesser of the following:

(1) The amount of the grant recipient's qualified investment for the location.

(2) Twenty thousand dollars ($20,000).

(c) A grant awarded under this chapter for a 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 for the project; or

(2) one hundred thousand dollars ($100,000).

~~(c)~~ **(d)** The amount of a grant awarded under this chapter for a location **or project** may be less than the amount of the grant recipient's qualified investment for the location **or project.**

SECTION 11. IC 15-11-11-11, AS ADDED BY P.L.2-2008, SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2010 (RETROACTIVE)]: 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.

SECTION 12. **An emergency is declared for this act.**

(Reference is to EHB 1261 as printed February 17, 2010.)

Conference Committee Report
on
Engrossed House Bill 1261

Signed by:

_____	_____
Representative Pearson Chairperson	Senator Stutzman
_____	_____
Representative Friend	Senator Deig
House Conferees	**Senate Conferees**