

Governor's 2022 Biofuel Access Bill – Overview

January 2022

1. BIOFUEL STANDARDS

Labeling & Liability

- Retailers not liable if someone puts the wrong fuel in their car
- Retailers no longer required to put ethanol marketing stickers on pumps
- No “restricted use” or “limited use” labels required for any fuel
- No restrictions on sale of any fuel, including E0, E10, B0, B5, or B11

E15 Access Standard

- All retailers with **compatible infrastructure** must offer E15 by **1/1/26**
 - If infrastructure is not compatible with E15 (e.g. storage tank is too old), retailer can apply for, and IDALS can grant a waiver
 - If cost to make fuel infrastructure compatible with E15 exceeds the amount to qualify for maximum RFIP grant amount, retailer can apply for, and IDALS can grant a waiver
 - Does not apply to diesel-only truckstops/airports
 - New fuel retailers that open 1/1/23 must offer E15 from 50% of dispensers
- Any newly installed/upgraded ethanol infrastructure must be E85 compatible

E15 Access Standard Waivers

- Governor can waive the E15 Access standard statewide if there is a: (1) E15 supply shortage, (2) if price of E15 will cause demonstrated economic hardship, or (3) there is widespread infrastructure compatibility issues
- Secretary of Ag can grant a waiver for individual retail locations if they can't obtain sufficient E15

2. RENEWABLE FUEL INFRASTRUCTURE PROGRAM (RFIP) CHANGES

RFIP Eligibility

- Any funded ethanol infrastructure has to be E85 compatible
- Any funded biodiesel infrastructure has to be B20 compatible
- Limits RFIP dollars that can be spent on biodiesel retail infrastructure to \$1.25 million/year; must then sell B11+ during April 1 – Oct. 31
- RFIP funds are prioritized to upgrade existing projects, and non-exempt retail locations

3. OTHER PROVISIONS

Other Provisions

- Fuel retailers must submit Retailers Fuel Gallons Annual Report, including a penalty if they do not (consistent with other required IDR reports)
- Codify the 2019 B20 Executive Order
- Require annual report from DAS on state fleet biofuel usage

4. FUEL RETAILER TAX CREDITS - PROPOSAL

Fuel Retailer Tax Credit Rates

- Extend E15 tax credit to Dec. 31, 2025; make yearround
- Extend E85 tax credit to Dec. 31, 2027
- Sunset B5-B10 tax credit on Dec. 31, 2023
- Extend B11+ sunset date to Dec. 31, 2027
- Create B20 tax credit; sunset Dec. 31, 2027
- Create B30 tax credit; sunset Dec. 31, 2027

TAX CREDITS	CURRENT CODE	PROPOSAL
E15 Tax Credit	<ul style="list-style-type: none">• \$0.03/gal (Sept. 16 – May 31)• \$0.10/gal (June 1 – Sept. 15)• Sunset: Dec. 31, 2024	<ul style="list-style-type: none">• \$0.09/gal all year• Extend Sunset: Dec. 31, 2025
B5-B10 Tax Credit	<ul style="list-style-type: none">• \$0.035/gal all year• Sunset: Dec. 31, 2024	<ul style="list-style-type: none">• \$0.035/gal all year• Sunset: Dec. 31, 2023
B11+ Tax Credit	<ul style="list-style-type: none">• \$0.055/gal all year• Sunset: Dec. 31, 2024	<ul style="list-style-type: none">• \$0.05/gal all year• Sunset: Dec. 31, 2027
B20 Tax Credit	<ul style="list-style-type: none">• \$0.055/gal all year• Sunset: Dec. 31, 2024	<ul style="list-style-type: none">• \$0.07/gal all year• Sunset: Dec. 31, 2027
B30 Tax Credit	<ul style="list-style-type: none">• \$0.055/gal all year• Sunset: Dec. 31, 2024	<ul style="list-style-type: none">• \$0.10/gal all year• Sunset: Dec. 31, 2027

5. OTHER TAX PROVISIONS

Biodiesel Production Tax Credit

- Update tax credit to **\$0.04/gal**
- Extend sunset date to **Dec. 31, 2027**

	CURRENT CODE	PROPOSAL
	<ul style="list-style-type: none"> • \$0.02/gal • \$500,000 cap per facility 	<ul style="list-style-type: none"> • \$0.04/gal • \$1 million cap per facility
Sunset	<ul style="list-style-type: none"> • Sunset: Dec. 31, 2024 	<ul style="list-style-type: none"> • Sunset: Dec. 31, 2027

Biodiesel Fuel Tax Differential

Current CODE:

- The current rate on B11 biodiesel is 30.4 cents/gallon; diesel is 32.5 cents/gallon, based on market share
 - **Sunset: July 1, 2026**

PROPOSAL:

- Update the fuel tax differential to be based on B20
- Extend sunset to **July 1, 2030**

Table 3 — Current Special Fuel (Diesel) Excise Tax Schedule

Biodiesel (B-11) Market Share	B-11 (or higher) per gallon	Diesel per gallon
0.0% – 50.0%	29.5¢	32.5¢
50.1% – 55.0%	29.8	32.5
55.1% – 60.0%	30.1	32.5
60.1% – 65.0%	30.4	32.5
65.1% – 70.0%	30.7	32.5
70.1% – 75.0%	31.0	32.5
75.1% – 80.0%	31.3	32.5
80.1% – 85.0%	31.6	32.5
85.1% – 90.0%	31.9	32.5
90.1% – 95.0%	32.2	32.5
95.1% – 100.0%	32.5	32.5

Current rate, based on B11 gallons currently sold