

Regular Session, 2006

HOUSE BILL NO. 685

BY REPRESENTATIVES THOMPSON, BRUCE, CAZAYOUX, CRAVINS, DOWNS,
FRITH, M. GUILLORY, HILL, KENNEY, JACK SMITH, AND STRAIN AND
SENATOR NEVERS

1 AN ACT

2 To enact R.S. 3:4674, relative to ethanol and bio-diesel standards; to provide a minimum
3 ethanol content requirement for gasoline; to provide a minimum bio-diesel content
4 requirement for diesel; to provide relative to alternate renewable fuels; to provide for
5 definitions; to provide for exemptions; and to provide for related matters.

6 Be it enacted by the Legislature of Louisiana:

7 Section 1. R.S. 3:4674 is hereby enacted to read as follows:

8 §4674. Minimum ethanol and bio-diesel requirements

9 A. The legislature hereby finds and declares that the production and use of
10 renewable fuels in Louisiana is a matter of grave public necessity and is vital to the
11 economy of Louisiana. The use of renewable domestic fuels such as ethanol and
12 bio-diesel will expand United States and Louisiana fuel supplies without increasing
13 dependency on foreign oil. Expanding United States and Louisiana fuel supplies
14 through the use of renewable domestic fuels will reduce consumer fuel prices and
15 spur Louisiana's rural economy by increasing production and demand for agricultural
16 raw materials such as corn. Building plants and distribution centers to produce
17 ethanol and bio-diesel will also serve as an economic boost for our agricultural
18 community. Renewable domestic fuels such as ethanol help Louisiana's environment
19 by providing a clean-burning, high-octane fuel that reduces automotive emissions.
20 Therefore, the establishment of specifications for use of renewable fuels in Louisiana
21 is a matter of public policy.

22 B. As used in this Section, the following terms shall have the meanings
23 hereinafter ascribed to them:

1 (1) "Alternate renewable fuel" means liquid fuel that is domestically
2 produced from renewable biomass which can be used in place of ethanol or bio-
3 diesel and it must meet the definition of renewable fuel in the Energy Policy Act of
4 2005.

5 (2) For purposes of this Section, "bio-diesel" means:

6 (a) A fuel comprised of mono-alkyl esters of long chain fatty acids derived
7 from renewable resources including but not limited to vegetable oils, waste grease,
8 or animal fats, and meeting the requirements of the American Society for Testing and
9 Materials (ASTM) D-6751, or

10 (b) A diesel fuel substitute produced from non-petroleum renewable
11 resources (inclusive of vegetable oils and animal fats) that meet the registration
12 requirements for fuels and fuel additives established by the United States
13 Environmental Protection Agency and any blending components derived from
14 renewable fuel.

15 (3) "Ethanol" means an ethyl alcohol that has a purity of at least ninety-nine
16 percent, exclusive of added denaturants, that adheres to all of the following
17 standards:

18 (a) It has been denatured in conformity with a method approved by the
19 Bureau of Alcohol, Tobacco, Firearms and Explosives of the United States
20 Department of Justice, as specified in the Code of Federal Regulations, Title 27,
21 Parts 20 and 21.

22 (b) It meets all the requirements of American Society of Testing and
23 Materials (ASTM) D4806, the standard specification for ethanol used as a motor
24 fuel.

25 (c) It is produced from domestic agricultural products or byproducts or other
26 bio-mass materials including municipal solid waste.

27 C.(1) Within six months after monthly production of denatured ethanol
28 produced in the state of Louisiana equals or exceeds an annualized production
29 volume of fifty million gallons, two percent of the total gasoline sold by volume in

1 the state shall be denatured ethanol produced from domestically grown feedstock or
2 other bio-mass materials.

3 (2) The requirements set forth in Paragraph (1) of this Subsection may also
4 be met through the production of an alternate renewable fuel but in no event shall
5 such requirements exceed two percent of the total gasoline sold by volume by
6 owners or operators of fuel distribution terminals.

7 D.(1) Within six months after monthly production of bio-diesel produced in
8 the state of Louisiana equals or exceeds an annualized production volume of ten
9 million gallons, two percent of the total diesel sold by volume in the state shall be
10 bio-diesel produced from domestically grown feedstock.

11 (2) The requirements set forth in Paragraph (1) of this Subsection may also
12 be met through the production of an alternate renewable fuel but in no event shall
13 such requirements exceed two percent of the total diesel sold by volume by owners
14 or operators of fuel distribution terminals.

15 E. Within six months after monthly production of an alternate renewable fuel
16 capable of substituting for ethanol and bio-diesel produced in the state of Louisiana
17 equals or exceeds an annualized production volume of twenty million gallons, two
18 percent of the total motor fuel sold by volume in the state shall be the alternate
19 renewable fuel produced from domestically grown feedstock but in no event shall
20 such requirement exceed two percent of the total motor fuel sold by volume by
21 owners or operators of fuel distribution terminals.

22 F. Blenders and retailers will have six months to meet the new minimum
23 content requirements. Any combination of alternative fuels, including but not
24 limited to denatured ethanol, bio-diesel and alternative renewable fuel may be used
25 to meet the two percent requirements of Subsections C, D, and E. The Commission
26 on Weights and Measures may waive or extend the six-month time period upon a
27 finding that the quality or supply of bio-diesel or ethanol is insufficient to allow
28 blenders or retailers to meet the minimum content requirements, or upon a finding
29 that the motor fuel distribution terminals are or will be unable to blend ethanol due
30 to delays in obtaining permits or delays in construction or installation of ethanol

1 blending or storage equipment for reasons beyond the control of the terminal owner
2 or operator.

3 G. Aviation fuels are exempt from the minimum ethanol and bio-diesel
4 requirements in this Section.

5 H. Fuels containing ethanol or bio-diesel shall not be required to be sold in
6 ozone nonattainment areas.

7 I. Notwithstanding any provision of law to the contrary, retailers shall not
8 be required to purchase or sell ethanol or bio-diesel in the state of Louisiana.

9 J. The commissioner shall adopt rules and regulations in accordance with the
10 Administrative Procedure Act for purposes of enforcing and carrying out the
11 provisions of this Section.

12 K. The commissioner shall adopt rules and regulations requiring incentives
13 to compensate for any costs associated with achieving the minimum ethanol and bio-
14 diesel standards.

15 Section 2. This Act shall become effective upon signature by the governor or, if not
16 signed by the governor, upon expiration of the time for bills to become law without signature
17 by the governor, as provided by Article III, Section 18 of the Constitution of Louisiana. If
18 vetoed by the governor and subsequently approved by the legislature, this Act shall become
19 effective on the day following such approval.

SPEAKER OF THE HOUSE OF REPRESENTATIVES

PRESIDENT OF THE SENATE

GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: _____