

Subject Bioincentive Program

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Overview

This bill modifies the Bioincentive Program. Under this program, the Minnesota Department of Agriculture (MDA) pays eligible entities that produce qualifying advanced biofuels, renewable chemicals, or biomass thermal energy.

H.F. 1477 would repeal statutes enacted last year that established different eligibility criteria for producers that begin eligible production after April 1st of this year. It would also require all eligible producers to begin production by June 30th of this year, authorize producers that received partial payment to reapply to MDA for deficiency payments, and appropriate money to MDA to award regular and deficiency payments to eligible producers.

According to MDA, in state fiscal years 2019 to 2022, the agency did not receive funding sufficient to fully pay all eligible Bioincentive claims. As of the first quarter of state fiscal year 2023, the total dollar amount of these unpaid claims is approximately \$9.8 million. H.F. 1477, in part, would require MDA to award deficiency payments until unpaid claims are paid in full.

Summary

Section	Description
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1	Eligibility.
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In conjunction with the repealer in section 9, this section reestablishes uniform eligibility criteria for advanced biofuel producers regardless of when these producers begin production. Limits eligibility to producers that begin production by June 30, 2023. Under current law, as amended in 2022, eligible producers effectively have until June 30, 2025, to begin production.

Effective date: This section would take effect on March 31st of this year.

Section	Description
2	<p>Payment amounts; limits.</p> <p>Retroactively authorizes advanced biofuel producers to apply to MDA for deficiency payments until MDA has paid the producer’s original claim(s) in full, subject to the availability of funding appropriated by the legislature for unpaid claims.</p> <p>Effective date: This section would be effective retroactive to January 1, 2020, and would apply to claims filed with MDA after that date.</p>
3	<p>Eligibility.</p> <p>In conjunction with the repealer in section 9, this section reestablishes uniform eligibility criteria for renewable chemical producers regardless of when these producers begin production. Limits eligibility to producers that begin production by June 30, 2023. Under current law, as amended in 2022, eligible producers effectively have until June 30, 2025, to begin production.</p> <p>Effective date: This section would take effect on March 31st of this year.</p>
4	<p>Payment amounts; bonus; limits.</p> <p>Retroactively authorizes renewable chemical producers to apply to MDA for deficiency payments until MDA has paid the producer’s original claim(s) in full, subject to the availability of funding appropriated by the legislature for unpaid claims.</p> <p>Effective date: This section would be effective retroactive to January 1, 2020, and would apply to claims filed with MDA after that date.</p>
5	<p>Eligibility.</p> <p>In conjunction with the repealer in section 9, this section reestablishes uniform eligibility criteria for biomass thermal energy producers regardless of when these producers begin production. Limits eligibility to producers that begin production by June 30, 2023. Under current law, as amended in 2022, eligible producers effectively have until June 30, 2025, to begin production.</p> <p>Effective date: This section would take effect on March 31st of this year.</p>
6	<p>Payment amounts; bonus; limits; blending.</p> <p>Retroactively authorizes biomass thermal energy producers to apply to MDA for deficiency payments until MDA has paid the producer’s original claim(s) in full, subject to the availability of funding appropriated by the legislature for unpaid claims.</p>

Section	Description
	Effective date: This section would be effective retroactive to January 1, 2020, and would apply to claims filed with MDA after that date.
7	Appropriation; incentive payments. Establishes an ongoing, statutory appropriation of up to \$15 million per year to MDA to award bioincentive payments through state fiscal year 2036. Effective date: This section would be effective the day following final enactment of this bill.
8	Appropriation. Appropriates \$10 million to MDA on a onetime basis to pay unpaid claims by June 30 th of this year. Effective date: This section would be effective the day following final enactment of this bill.
9	Repealer. Repeals statutes enacted in 2022 that established separate eligibility criteria for producers that begin production between April 1, 2023, and June 30, 2025.



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