

Stricken language would be deleted from and underlined language would be added to the law as it existed prior to this session of the General Assembly.

INTERIM STUDY PROPOSAL 2007-049

1
2 State of Arkansas
3 86th General Assembly
4 Regular Session, 2007

A Bill

HOUSE BILL 2292

5
6 By: Representative Harrelson

7 Referred to
8 Agriculture, Forestry & Economic Development- House
9 by the House of Representatives
10 on 03/22/2007
11
12

For An Act To Be Entitled

13 AN ACT TO SUPPLY ARKANSAS FEEDSTOCK TO RENEWABLE
14 FUEL MANUFACTURING FACILITIES OPERATING IN
15 ARKANSAS; TO ENCOURAGE THE USE OF ARKANSAS
16 HARVESTED CROPS IN THE PRODUCTION OF RENEWABLE
17 FUELS IN ARKANSAS; TO REQUIRE OPERATORS OF
18 RENEWABLE FUEL MANUFACTURING FACILITIES TO
19 PROVIDE NOTICE OF OPERATION AND CONTACT
20 INFORMATION FOR THE PURCHASE OF ARKANSAS
21 FEEDSTOCK; TO REQUIRE THE COLLECTION AND
22 DISSEMINATION OF INFORMATION REGARDING THE
23 PURCHASES OF ARKANSAS FEEDSTOCK IN THE
24 MANUFACTURE OF RENEWABLE FUELS; TO REQUIRE THE
25 COLLECTION AND DISSEMINATION OF INFORMATION
26 REGARDING THE SALES OF RENEWABLE FUELS BY
27 ARKANSAS MANUFACTURERS; TO PROVIDE FOR RELATED
28 MATTERS; AND FOR OTHER PURPOSES.
29

Subtitle

30
31 AN ACT TO SUPPLY ARKANSAS FEEDSTOCK TO
32 RENEWABLE FUEL MANUFACTURING FACILITIES
33 OPERATING IN ARKANSAS AND TO ENCOURAGE
34 THE USE OF ARKANSAS HARVESTED CROPS IN
35 THE PRODUCTION OF RENEWABLE FUELS IN
36

1 ARKANSAS.

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4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF ARKANSAS:

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6 SECTION 1. Arkansas Code Title 15, Chapter 10 is amended to add an
7 additional subchapter to read as follows:

8 SUBCHAPTER 8. The Arkansas Renewable Fuels Production Accountability
9 Act.

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11 15-10-801. Title.

12 This subchapter shall be known and may be cited as the "Arkansas
13 Renewable Fuels Production Accountability Act".

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15 15-10-802. Findings – Purpose.

16 (a) The General Assembly finds that:

17 (1) The production of renewable fuels in Arkansas derived from
18 Arkansas feedstock is vital to the health of the agricultural economy of
19 Arkansas;

20 (2) The use of renewable domestic fuels such as ethanol and
21 biodiesel will increase available supplies of motor fuels without increasing
22 dependency on foreign oil;

23 (3) The construction and operation of facilities manufacturing
24 renewable fuels will serve as an economic boost to many rural areas of this
25 state; and

26 (4) Assuring that the optimal use of Arkansas grown crops in the
27 manufacturing of renewable fuels by facilities located in Arkansas will
28 provide a deeper, broader, and longer-lasting benefit to the state's economy
29 and is a matter of public policy.

30 (b) The purpose of this subchapter is to:

31 (1) Ensure that Arkansas farmers have the opportunity to have
32 Arkansas-harvested crops purchased as feedstock by operators of renewable
33 fuels manufacturing facilities in Arkansas by requiring the collection and
34 reporting of information regarding the operation of the facilities; and

35 (2) Provide for the certification of the facilities for certain
36 programs provided by this state.

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2 15-10-803. Definition.

3 As used in this subchapter, "renewable fuels manufacturing facility"
4 means a facility that produces ethanol, biodiesel, or other fuel additives
5 and that is required to register with the United States Environmental
6 Protection Agency under 40 C.F.R. Part 79.

7
8 15-10-804. Purchase of feedstock by operators of renewable fuels
9 manufacturing facilities.

10 (a)(1) Beginning July 1, 2008, renewable fuels manufacturing
11 facilities operating in Arkansas and deriving ethanol from the distillation
12 of corn shall use as feedstock at least twenty percent (20%) of the corn crop
13 harvested in Arkansas.

14 (2) In succeeding years, the minimum percentage of Arkansas
15 harvested corn used to produce renewable fuels in Arkansas renewable fuels
16 manufacturing facilities shall be at least the same percentage of corn used
17 nationally to produce renewable fuels as reported by the Office of the Chief
18 Economist of the United States Department of Agriculture.

19 (b)(1) Beginning July 1, 2008, renewable fuels manufacturing
20 facilities operating in Arkansas and deriving biodiesel from soybeans and
21 other crops shall use as feedstock at least two and one-half percent (2.5%)
22 of the soybean crop harvested in Arkansas.

23 (2) In succeeding years, the minimum percentage of Arkansas
24 harvested soybeans used to produce renewable fuels in Arkansas renewable
25 fuels manufacturing facilities shall be the percentage of soybeans used
26 nationally to produce renewable fuels as reported by the Office of the Chief
27 Economist of the United States Department of Agriculture.

28 (c) As additional crops are used in the production of renewable fuels
29 at renewable fuels manufacturing facilities in Arkansas, there shall be a
30 presumption that renewable fuel manufacturing facilities operating in
31 Arkansas shall use Arkansas harvested crops in a percentage rate at least
32 equal to the percentage of the crops' use nationally in the production of
33 renewable fuel as reported by the United States Department of Agriculture's
34 Office of the Chief Economist.

35 (d)(1) This section shall not be effective until six (6) months after
36 the average wholesale price of a gallon of Arkansas-manufactured ethanol,

1 less any federal alcohol fuel mixture tax credit, is equal to or lower than
 2 the average wholesale price of a gallon of regular unleaded gasoline in
 3 Arkansas for a period of not less than sixty (60) days, as determined by the
 4 Secretary of the Arkansas Agriculture Department.

5 (2) The secretary shall gather pricing information to be used in
 6 making the determination required by this section.

7 (3) In gathering the pricing information, the secretary shall
 8 rely upon sales in Arkansas and shall use recognized information services,
 9 including without limitation the Oil Price Information Service.

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 11 15-10-805. Notice requirements – Annual report.

12 (a)(1) To improve dissemination of information regarding supply needs
 13 of renewable fuels manufacturing facilities operating in Arkansas and to
 14 ensure that Arkansas farmers are adequately and timely informed about the
 15 feedstock needs of facilities, the operators of each renewable fuels
 16 manufacturing facility shall provide notice to the Secretary of the Arkansas
 17 Agriculture Department, at least one hundred eighty (180) days before the
 18 start of commercial operation of the renewable fuels manufacturing facility.

19 (2) The notice required under subsection (a)(1) of this section
 20 shall include the following information:

21 (A) The anticipated production level for the facility's
 22 first twelve (12) months of operation;

23 (B) The amount and type of feedstock anticipated to be
 24 necessary to meet production levels for the first twelve (12) months of
 25 operation;

26 (C) The location where the feedstock originated if already
 27 secured; and

28 (D) The steps taken to obtain feedstock from Arkansas
 29 harvested crops; and

30 (E) An itemized list of the federal, state, and local
 31 grants, loans or incentive program benefits obtained by the facility for the
 32 construction or operation of the renewable fuels manufacturing facility.

33 (b) By December 31 of each calendar year, each renewable fuels re
 34 manufacturing facility operating in this state shall provide notice to the
 35 secretary the anticipated production levels and specific feedstock
 36 requirements for the next calendar year so that Arkansas farmers will be able

1 to adjust the crops they intend to plant and harvest during the upcoming
2 growing season.

3 (c)(1) Each renewable fuels manufacturing facility operating in
4 Arkansas shall provide an annual report to the secretary certifying that the
5 renewable fuels manufacturing facility has purchased all of the competitively
6 priced Arkansas feedstock available during the year's operations.

7 (2) The report required under subdivision (c)(1) of this
8 section, shall include:

9 (A) The production levels for the previous twelve (12)
10 months;

11 (B) The amount and type of feedstock used to achieve the
12 production levels;

13 (C) The location from where the feedstock originated; and

14 (D) The steps taken to obtain Arkansas-harvested
15 feedstock; and

16
17 (E) An itemized list of the financial benefits the
18 renewable fuels manufacturing facility has received from the state.

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20 15-10-806. Rules.

21 The State Plant Board, in consultation with the Secretary of the
22 Arkansas Agriculture Department, shall promulgate rules regarding documenting
23 the information supplied by the renewable fuels manufacturing facilities
24 under this subchapter.

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