

## **BILL ANALYSIS**

Senate Research Center

H.B. 2582  
By: Gonzalez Toureilles et al. (Hegar)  
Agriculture & Rural Affairs  
5/13/2009  
Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In 2003, the Texas Legislature created a producer incentive program to assist and encourage fuel ethanol and biodiesel plants in the state. Chapter 16 (Fuel Ethanol and Biodiesel Production Incentive Program), Agriculture Code, provides the definitions and guidelines for the implementation of this program. Today, traditional biodiesel is defined as a diesel equivalent, processed fuel derived from biological sources (vegetable oils, rendered animal fats, or renewable lipids). Advances in technology have allowed industry leaders to develop new processes to create non-oxygenated biobased hydrocarbon fuels with lower emissions. However, the current definitions of biodiesel do not recognize these advances in technology and may work to stymie their development.

In an attempt to promote, encourage, and recognize innovative advances in technology, this bill amends Chapter 16, Agriculture Code, and Chapter 162 (Motor Fuel Taxes), Tax Code, thus creating a definition for "renewable diesel." Renewable diesel will allow second and third generation biofuels to qualify for Texas' programs and further encourage economic development and enhance the market for Texas' agricultural products.

H.B. 2582 amends current law relating to the production and taxation of renewable diesel fuel.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 162.001, Tax Code, by amending Subdivisions (7) and (19) and adding Subdivision (53-a), to redefine "biodiesel fuel" and "diesel fuel" and to define "renewable diesel."

SECTION 2. Amends Section 162.204(a), Tax Code, to provide that the tax imposed by this subchapter does not apply to certain fuels, including the volume of water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof that are blended together with taxable diesel fuel when the finished product sold or used is clearly identified on the retail pump, storage tank, and sales invoice as a combination of diesel fuel and water, fuel ethanol, renewable diesel, biodiesel, or mixtures thereof.

SECTION 3. Amends the heading to Chapter 16, Agriculture Code, to read as follows:

#### **CHAPTER 16. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION INCENTIVE PROGRAM**

SECTION 4. Amends Section 16.001, Agriculture Code, by amending Subdivisions (1), (3), and (6) and adding Subdivision (7), to redefine "account," "biodiesel," and "producer" and to define "renewable diesel."

SECTION 5. Amends Sections 16.002(a) and (b), Agriculture Code, to make conforming changes.

SECTION 6. Amends Section 16.003(a), Agriculture Code, to make conforming changes.

SECTION 7. Amends the heading to Section 16.004, Agriculture Code, to read as follows:

Sec. 16.004. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION ACCOUNT.

SECTION 8. Amends Section 16.004(a), Agriculture Code, to make a conforming change.

SECTION 9. Amends the heading to Section 16.005, Agriculture Code, to read as follows:

Sec. 16.005. FEE ON FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL PRODUCTION.

SECTION 10. Amends Sections 16.005(a), (b), and (d), Agriculture Code, to make conforming changes.

SECTION 11. Amends the heading to Section 16.006, Agriculture Code, to read as follows:

Sec. 16.006. FUEL ETHANOL, BIODIESEL, AND RENEWABLE DIESEL GRANTS.

SECTION 12. Amends Sections 16.006(a), (b), (c), and (e), Agriculture Code, as follows:

(a) Makes a conforming change.

(b) Provides that the incentive under this subsection is payable only on that part of each gallon of fuel produced from renewable resources. Makes a conforming change.

(c) Makes a conforming change.

(e) Makes a conforming change.

SECTION 13. Provides that the change in law made by Section 2 of this Act does not affect tax liability accruing before the effective date of this Act. Provides that that liability continues in effect as if this Act had not been enacted, and the former law is continued in effect for the collection of taxes due and for civil and criminal enforcement of the liability for those taxes.

SECTION 14. Makes application of the change in law made by this Act to Chapter 16, Agriculture Code, prospective.

SECTION 15. Effective date: upon passage or September 1, 2009.