

Regular Session, 2006

# ACT No. 313

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.

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SPEAKER OF THE HOUSE OF REPRESENTATIVES

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PRESIDENT OF THE SENATE

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GOVERNOR OF THE STATE OF LOUISIANA

APPROVED: \_\_\_\_\_