

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: HB1025

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Ingram

3. Committee: Agriculture, Chesapeake and Natural Resources

4. Title: Biofuels Production Incentive Grant Program.

5. Summary: Repeals the scheduled expiration of the Biofuels Productions Incentive Grant Program and the Biofuels Production Fund, which is currently July 1, 2017. The bill does not establish a new expiration date. Under the bill, producers of advanced biofuels would no longer be eligible to receive a biofuels production incentive grant.

6. Budget Amendment Necessary: Indeterminate. See item 8, below.

7. Fiscal Impact Estimates: Preliminary. See item 8, below.

8. Fiscal Implications: This bill proposes that producers of biofuels would be eligible to receive a grant in the amount of \$0.10 per gallon of biofuels sold per year. There is currently one facility in the state that would, once the facility begins production, qualify for the grant program. The nameplate capacity for the facility is approximately 65 million gallons per year (MGY). If the currently existing facility produces at nameplate capacity, then the producer would be eligible for a grant of up to \$6.5 million each year. It is unclear when the facility may begin producing biofuels, however the Department of Mines, Minerals, and Energy estimates that the facility could ramp-up production to nameplate capacity within six months to one year.

Grants would be paid out of the Biofuels Production Fund, which is subject to appropriation. Currently, the fund is not capitalized. This bill does not identify a dedicated funding source for the fund; therefore, a budget amendment will be needed to capitalize the fund before any grants could be awarded.

Given that there is only one facility currently in the state that would be eligible to apply for and receive grant payments, the Department of Mines, Minerals, and Energy anticipates that it would be able to manage the grant application and award process using existing resources. The state and local tax revenue the facility referenced above may generate is unknown.

9. Specific Agency or Political Subdivisions Affected: Department of Mines, Minerals, and Energy.

10. Technical Amendment Necessary: No.

11. Other Comments: An eligible producer may receive grants for qualifying sales made for up to six calendar years. Also, any producer that received a grant under the Clean Manufacturing Incentive Grant Program may not receive a grant under the Biofuels Productions Incentive Grant Program too.