

States' Ethanol, Biodiesel and Low-Carbon Fuel Legislation

	Illinois	Iowa
Ethanol Fuel Standard	There is legislation that requires a minimum of 10% of all gasoline be ethanol, goal is 15% by 2012. (not yet enacted)	By 01/01/2020, all biofuel will replace 25% of all petroleum. In order to maximize incentives, retailers will be required to follow an RFS schedule: 2009 = 10%, 2010 = 11%, 2011 = 12%, 2012 = 13%, 2013 = 14%, 2014 = 15%, 2015 = 17%, 2016 = 19%, 2017 = 21%, 2018 = 23%, 2019 = 25% The schedule is delayed two years for retailers with sales below 200,000 gallons annually. (HF2754)
Biodiesel Fuel Standard	same as above	same as above
Plant Development Incentives and Funds	The Biofuels Business Planning Grant Program provides grants of up to \$25,000 for the development of business plans, engineering studies, design studies, permit applications, and legal work for potential new biofuels facilities in Illinois.	Offers zero-percent interest loans for up to half the cost of biomass or alternative fuels related fuel production projects, up to a maximum of \$250,000 per facility.
Infrastructure Incentives and Funds	\$500,000 in funding is available for the Illinois E85 Clean Energy Infrastructure Development Program to establish new E85 facilities at retail gasoline facilities in Illinois. The program provides up to 50% of the total cost for converting an existing facility to E85 operation (maximum grant of \$3,000 per facility), or up to 30% of the cost to construct a new E85 refueling facility or major modification to an existing facility (maximum grant of up to \$30,000 per facility).	Provides financial assistance to E85 retailers and biodiesel wholesale distributors. More than \$13 million over three years was appropriated for the grant program. Cost-share grants for retailers to upgrade or install new E85 equipment will be available. A retailer could receive 50% of the total cost of the project up to a maximum of \$30,000. Biodiesel blenders may apply for a cost-share grant for terminal distribution facilities. Grants could cover 50% of the total project up to a maximum of \$50,000
E85 Related		A new E85 Promotion Tax Credit is created for every gallon of E85 fuel retailers sell. For 2006, 2007, and 2008, the E85 Promotion Credit is 25 cents per gallon. In 2009 and 2010, the E85 Promotion Tax Credit is 20 cents per gallon. Beginning in calendar year 2011, the tax credit is 10 cents per gallon and diminishes one penny each year through calendar year 2020.
Ethanol Financial Incentives	Sales and use taxes do not apply to ethanol-blended fuels (containing between 70% and 90% ethanol) sold between July 1, 2003, and December 31, 2013. There is also a program that provides a rebate for 80% of the incremental cost of purchasing an AFV (up to \$4,000), 80% of the cost federally certified alternative fuel vehicle conversions (up to \$4,000), and for the incremental cost of purchasing alternative fuels. Eligible fuels for the program include E85, biodiesel blends of at least 20%, natural gas, propane, electricity, and hydrogen.	New ethanol promotion tax credit for each gallon of ethanol blended into gasoline. The tax credit increases from 2.5 cents per gallon for retailers within 4% of the schedule to 6.5 cents for full compliance of the schedule.
Biodiesel Financial Incentives	same as above	Retailers whose diesel sales are at least 50% biodiesel (B2 and higher blends) are eligible for a 3 cent per gallon tax credit on each gallon of B2 or higher blend sold. The tax credit for biodiesel is effective through December 31, 2011.
Ethanol Research Funding	\$25 million annually over the next two years for everything from ethanol plant expansion and construction to research initiatives at local research institutes.	
Biodiesel Research Funding	same as above	
City/State-Owned Vehicles that operate on diesel	Beginning July 1, 2006, any diesel powered vehicle owned or operated by the state, county or local government, school district, community college or public college or university, or mass transit agency is required to use B2.	State agencies must ensure that diesel vehicles operate on biodiesel blends whenever the blends are available.
City/State-Owned vehicles that operate on gasoline	The directors of all executive agencies using the state's fleet of FFVs are directed to implement policies and procedures requiring state employees to use E85 and B2 in state vehicles whenever practical.	All state agency non-law enforcement, light-duty vehicles procured by 2010 must be AFVs or HEVs when an equivalent AFV or HEV model is available. Furthermore, agencies must ensure that their flexible fuel vehicles operate on E85 whenever available.
Carbon standard		

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	California	Michigan
Ethanol Fuel Standard		
Biodiesel Fuel Standard		
Plant Development Incentives and Funds		A tax exemption may apply to industrial property which is used for the creation or synthesis of alternative fuel.
Infrastructure Incentives and Funds	Provides grant money to implement activities or purchase equipment that reduces air pollution from vehicles, including purchasing alternative fuel vehicles and building alternative fuel and advanced technology infrastructure.	Refueling station matching grant program provides incentives to owners and operators of service stations to convert existing, and install new, fuel delivery systems designed to provide E85 and biodiesel blends. Grants will not exceed 75% of the costs to convert existing refueling infrastructure, up to \$3,000 per facility. Grants will not exceed 50% of the new construction costs to install new refueling infrastructure, up to \$12,000 per facility for E85 and \$4,000 per facility for biodiesel blends.
E85 Related		
Ethanol Financial Incentives	CARB and the California Energy Commission (CEC) are authorized to develop a plan to expend \$25 million in the 2006/2007 budget year to incentivize the use and production of alternative fuels.	Tax reduction: A tax of \$0.12 per gallon is imposed on gasoline containing at least 70% ethanol. (Tax is currently \$0.19 on gasoline.)
Biodiesel Financial Incentives	same as above	Tax reduction: A tax of \$0.12 per gallon is imposed on diesel containing at least 5% biodiesel. (Tax is currently \$0.15 on diesel.)
Ethanol Research Funding	Funds demonstration projects of innovative technologies that can reduce air pollution.	
Biodiesel Research Funding	same as above	
City/State-Owned Vehicles that operate on diesel	On and after January 1, 2006, when awarding a vehicle procurement contract, every city, county and special district, including a school district and a community college district, is authorized to require that 75% of the passenger cars and/or light-duty trucks acquired be energy-efficient vehicles. Vehicle procurement contracts are also authorized to evaluate fuel economy and life cycle factors. By definition, this includes hybrid vehicles or alternative fuel vehicles that meets California's advanced technology partial zero-emission vehicle (AT PZEV) standard for criteria pollutant emissions.	Necessary fueling infrastructure must be installed to supply alternative fuels at all state motor transport facilities so that all state-owned vehicles capable of utilizing alternative fuels are able to use them.
City/State-Owned vehicles that operate on gasoline	same as above	
Carbon standard	Governor's Executive Order requires that the carbon intensity of transportation fuels sold in the state be reduced by at least 10 percent by 2020. The Low Carbon Fuel Standard will reduce California's dependence on oil.	

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	Minnesota	Washington
Ethanol Fuel Standard	Minimum 20% ethanol content for all gasoline by 8/30/2013. Currently minimum of 10% is required.	Minimum 2% ethanol content for all gasoline. Goal is 10% by 11/30/2008, if it does not affect attainment of clean air act standards. (HB2738)
Biodiesel Fuel Standard	Minimum 2% biodiesel content for all diesel effective 9/29/2005	Minimum 2% biodiesel content for all diesel by 11/30/08, if feedstock and crushing capacity reaches 2% in WA. Requirement would increase to 5% if capacity reaches 3% in WA. (HB2738)
Plant Development Incentives and Funds	Through June 30, 2010, there is an ethanol production incentive of \$0.20 per gallon of ethanol produced. Appropriated funds have temporarily reduced this incentive to \$0.13 per gallon for fiscal year (FY) 2004 through FY 2007. This incentive only applies to qualified ethanol production facilities that began production on or before June 30, 2000. Annual payments are limited to \$3 million to any one producer.	Investments in buildings, equipment and labor for the purpose of manufacturing biodiesel, biodiesel feedstock or alcohol fuel are eligible for the deferral of state and local sales and use taxes until 7/1/09. Qualifying buildings, equipment and land used in the manufacturing of alcohol fuel, biodiesel, or biodiesel feedstocks are also exempt from state and local property and leasehold taxes for a period of six years. Additionally, a reduced Business & Occupation tax rate of 0.138% applies to persons engaged in manufacturing of alcohol fuel, biodiesel fuel, or biodiesel feedstock.
Infrastructure Incentives and Funds	Grants administered by the Minnesota E85 Team are available to service stations installing equipment or converting existing equipment for dispensing E85 fuel to flexible fuel vehicles. Cost eligibility and grant amounts vary according to grant sponsorship.	
E85 Related	E85 is taxed at a rate of \$0.142 per gallon.	A tax deduction is available for the sale or distribution of biodiesel or alcohol fuel (comprised of at least 85% alcohol fuel by volume). Additionally, fuel delivery vehicles and machinery, equipment, and related services that are used for the retail sale of a biodiesel or alcohol fuel are exempt from state retail fuel sales and use taxes.
Ethanol Financial Incentives		same as above
Biodiesel Financial Incentives		same as above
Ethanol Research Funding		Low-interest loans and grants are available for research and development of new and renewable energy sources, including infrastructure, facilities, technologies and research and development that will advance Washington's move towards energy independence. Financial assistance may be awarded by the Board for: research and development of new and renewable energy and biofuel sources, including biomass, solar, and wind power; renewable energy and biofuel development infrastructure and facilities; and research and development to develop markets for alternative fuel byproducts.
Biodiesel Research Funding		same as above
City/State-Owned Vehicles that operate on diesel	State agencies are required to use alternative fuels (B20-B100 biodiesel blends, compressed or liquefied natural gas, E70-E100 ethanol blends, hydrogen, or liquefied petroleum gas) in state motor vehicles if the clean fuels are reasonably available at similar costs to other fuels and are compatible with the intended use of the motor vehicle. Additionally, state agencies are required to purchase alternative fuel vehicles, which include those capable of being powered by the fuels listed above, if such a motor vehicle is reasonably available at similar costs to other vehicles.	State agencies are required to achieve 20% reduction in petroleum use in state vehicles by September 1, 2009. At least 30% of all new vehicles purchased through a state contract must be clean-fuel vehicles; this percentage shall increase at the rate of 5% each year. It is preferred that dedicated clean-fuel vehicles be purchased; in the event that dedicated clean-fuel vehicles are not available or would not meet operation requirements, conventionally powered vehicles may be converted to clean-fuel or dual-fuel use.
City/State-Owned vehicles that operate on gasoline	same as above	same as above
Carbon standard		