

BILL ANALYSIS

Senate Research Center

C.S.S.B. 663
By: Hegar
Natural Resources
4/2/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2003, the Texas Legislature created a producer incentive program (program) to assist and encourage fuel ethanol and biodiesel plants in the state. This program uses definitions and guidelines provided by Chapter 16, Agriculture Code. These definitions, as they currently exist, do not recognize a type of diesel fuel created through certain renewable processes. As a result, producers of renewable diesel may not be receiving full support from the program.

C.S.S.B. 663 creates a definition for "renewable diesel" to ensure that the production of renewable diesel fuel is encouraged by the producer incentive program. This would allow second and third generation biofuels to qualify for Texas' programs and further encourage economic development and enhance the market for Texas' agricultural products.

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 Subdivision (19) and adding Subdivision (53-a), to redefine "diesel fuel" and to define "renewable diesel."

SECTION 2. Amends Section 162.204(a), Tax Code, by exempting from taxes imposed under Subchapter C (Diesel Fuel Taxes), Chapter 162, Tax Code, the volume of certain liquids, including renewable diesel, that is blended with taxable diesel fuel and that is clearly identified as such when the product is sold or used.

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) and (6) and adding Subdivision (7), to redefine "account," to redefine "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 conforming changes.

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, to make conforming changes

SECTION 13. Makes application of the change in law made by this Act to Section 162.204(a), Tax Code, prospective.

SECTION 14. Makes application of the change in law made by this Act to Chapter 16 (Fuel Ethanol, Biodiesel, and Renewable Diesel Production Incentive Program), Agriculture Code, prospective to fees imposed on or after the effective date of this Act.

SECTION 15. Effective date: upon passage or September 1, 2007.