

59th Legislature
LC 0891.01

Bill with 02, 03 and 04 amendments

HOUSEBILL NO. 489

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INTRODUCED BY [Signature]
(Primary Sponsor)

AND BIOBASED RENEWABLE
FUELS

A BILL FOR AN ACT ENTITLED: "AN ACT ESTABLISHING AN ETHANOL EDUCATION BOARD AND
PRESCRIBING ITS DUTIES; PROVIDING FUNDING FOR THE EDUCATION PROGRAM FROM THE TAX
INCENTIVE FOR THE PRODUCTION OF ALCOHOL; AMENDING SECTION 15-70-522, MCA; AND
PROVIDING AN EFFECTIVE DATE"

AND A CONTINGENT
TERMINATION DATE

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

+ biobased renewable fuels

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fuels

NEW SECTION. Section 1. Ethanol education board -- duties. (1) There is an ethanol education

board. The board consists of seven members appointed by the governor. The board members may represent
agriculture, agricultural organizations, fuel distributors, energy consultants, labor, and the ethanol industry. The
board is attached to the department of transportation for administrative purposes only as provided in 2-15-121.
Board members shall serve 4-year terms except for the initial appointments. Of the initial appointments, one
member must be appointed for a 1-year term, two members must be appointed for a 2-year term, two members
must be appointed for a 3-year term, and two members must be appointed for a 4-year term. Members may be
reappointed. Members serve for no compensation but are entitled to expenses as provided in 2-18-501 through
2-18-503.

(2) (a) The board shall educate Montanans regarding the benefits, effects, and uses of ethanol and other
biofuels as renewable alternative fuels to replace traditional fossil fuels. The board's education efforts must
include:

- (i) benefits to the environment, including improved air quality;
- (ii) economic development, including the establishment of Montana-based industry; ~~and~~
- (iii) reductions in dependency on domestic and foreign crude oil; and (iv) ^{the effects, if any,} of ethanol and ^{biofuels on} internal combustion ^{engine.}

(b) The board shall hold an annual conference to notify, explain, and educate Montanans concerning
the progress, benefits, and status of the production and use of ethanol and other biofuels. The conference must
include:

- (i) workshops to educate fleet managers at all levels of government and in the private sector to explain
the benefits of ethanol use;

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1 million in any consecutive 12-month period.

2 (5) An alcohol distributor may not receive tax incentive payments under subsection (2) unless the
3 distributor has provided a written business plan to the department of transportation at least 24 months before
4 the distributor's anticipated collection of the tax incentives and has complied with the schedule provided for in
5 subsection (6). The plan must contain the following information:

6 (a) the source or sources of financing for the acquisition of the plant, land, and equipment used for the
7 production of alcohol for use in gasohol;

8 (b) the anticipated source of agricultural products used in the production of alcohol for use in gasohol;
9 and

10 (c) the anticipated time, quantity, and duration of production of alcohol for use in gasohol.

11 (6) An applicant that has provided the department with a written business plan shall meet the following
12 schedule to be able to receive alcohol tax incentive payments:

13 (a) start building construction or remodeling within 24 months of the date on which the department
14 received the business plan;

15 (b) complete 50% of construction or remodeling of a production facility within 36 months of the date on
16 which the business plan was received; and

17 (c) complete 100% of construction or remodeling of a production facility and be in production of alcohol
18 for use in gasohol for distribution within 48 months of the date on which the business plan was received.

19 (7) If the applicant does not adhere to the schedule in subsection (6), the applicant loses its priority for
20 receiving incentive payments.

21 (8) After the department has verified production, the department shall begin payments of the alcohol
22 tax incentives based on actual production according to the terms of subsection (2).

23 (9) The department shall reserve, in the order that written plans required under subsection (5) are
24 received by the department, alcohol tax incentives based on the anticipated time, quantity, and duration of
25 production.

26 (10) A new tax incentive payment may not be made if the total tax incentive established in subsection
27 (3) has been reserved or paid. If an alcohol tax incentive has been reduced or canceled, the amount by which
28 the tax incentive has been reduced or canceled is available for reservation as provided in subsection (9).

29 (11) The department shall prescribe rules necessary to carry out the provisions of this section."
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1 NEW SECTION. Section 3. Codification instruction. [Section 1] is intended to be codified as an
2 integral part of Title 2, chapter 15, part 25, and the provisions of Title 2, chapter 15, part 25, apply to [section 1].

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4 NEW SECTION. Section 4. Effective date. [This act] is effective July 1, 2005.

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- END -

New Section Section 5. Contingent Termination