



Renewable Fuels: Incentives for Fleets

Mike Nasi

General Counsel, Biodiesel Coalition of Texas (BCOT)

Partner, Jackson Walker L.L.P.
(512) 236-2216, mnasi@jw.com

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Amp Up Your Fleet: 2009 Advancing the Choice
Humble, Texas





Renewable Fuel Fleet Incentives – Outline

- *Tax Incentive Programs*
- EPA Act Fleet Requirements
- New Texas State Fleet Requirements
- New TERP-funded Grant Program
- School Bus Biodiesel Programs
- Texas Low Emission Diesel (TxLED) Update

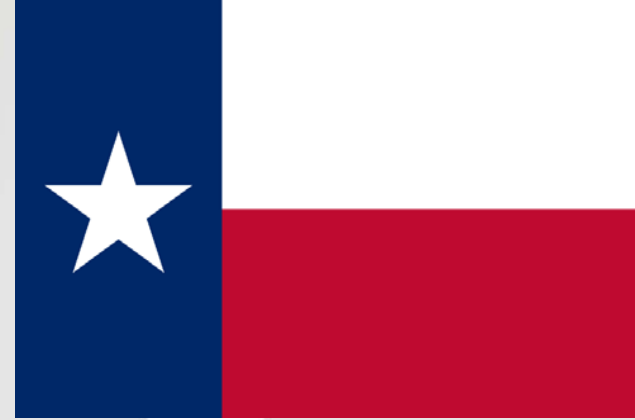
IRS Tax Exemptions / Credits for Biofuels



- Blender/Mixture credits on biofuel sales
 - Biodiesel = \$1.00/gallon of biodiesel blend stock
 - Ethanol = 51 cents/gallon blend stock (45 cents U.S. ethanol production reaches 7.5 billion gallons/year)
 - Other Alcohol Fuels = 60 cents/gallon of blend stock
- If credit exceeds the excise tax actually charged on the fuel, such amount can be used to offset future excise taxes, other fuels taxes, or income tax (can also be payable directly to the taxpayer)



TX Tax Exemptions / Credits for Biofuels



- Sales Tax
 - Biofuel sales are exempt
- State Fuel Excise Tax
 - Biodiesel and biodiesel blend stock is exempt
 - Renewable diesel blend stock is exempt
 - Ethanol when blended with diesel is exempt
- Comptroller in process of refining labeling/invoicing requirements





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Renewable Fuels = Cost-effective Method for Fleets to Meet Federal EPO Act Alternative Fuel Vehicle (AFV) Requirements

- EPO Act requires that certain state and “covered” fleets purchase alternative fueled vehicles (AFVs)
- State fleets required to purchase at least 75% AFVs
- Electric utility fleets required to purchase 90% AFVs
- Biofuel use credit allows fleets to avoid the cost of purchasing new AFVs, retrofit kits for existing vehicles, or purchasing EPO Act credits





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New Texas State Fleet Requirements – HB 432 (81st Leg. Session)

Fuel Efficiency Requirements

- 20 percent of new vehicles purchased by state agencies must be Tier II, Bin 3 vehicle with a Gas Greenhouse Score of at least eight.
- All of the vehicles that are eligible in the category get at least 30 miles per gallon fuel mileage.

Note: Biodiesel allows fleets to minimize cost of purchasing concept vehicles or retrofits/conversions by allowing use of biodiesel blends in conventional diesel vehicles

Alternative Fuels

- By September 30, 2010, state agency fleets (other than peace officers), 50% of vehicles shall use alternative fuels in existing engines or converted engines (prior requirement was “capable of using”).
- Considered “using” alternative fuel if using that fuel at least 80 % of the time.
- Relief valve provided for agencies that calculate net costs or fuel unavailability.





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New Alternative Fuel Grant Program – SB 1759 (81st Leg. Session)

- **TERP – funded grant program for use of alternative fuels**
- **Fleets of at least 100 vehicles may apply for and receive a grant under the program.**
- **5% of TERP is reserved for the program.**
- **Biodiesel retained in the definition of alternative fuel**



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School Bus Solutions



- Introducing biodiesel into school buses can immediately and substantially reduce PM & HC

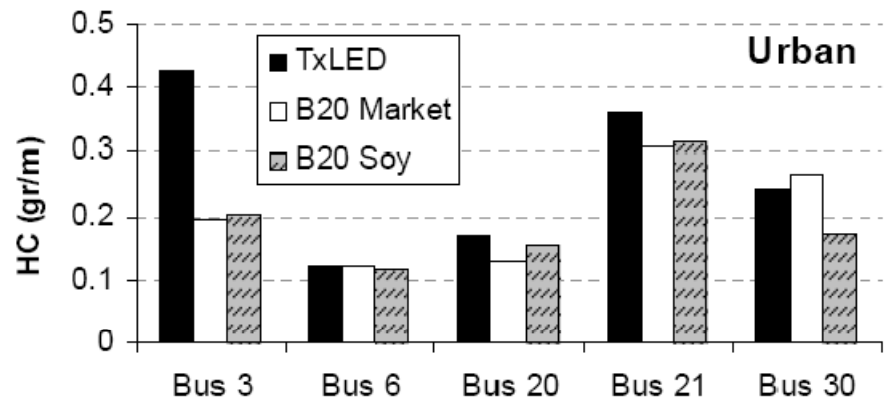
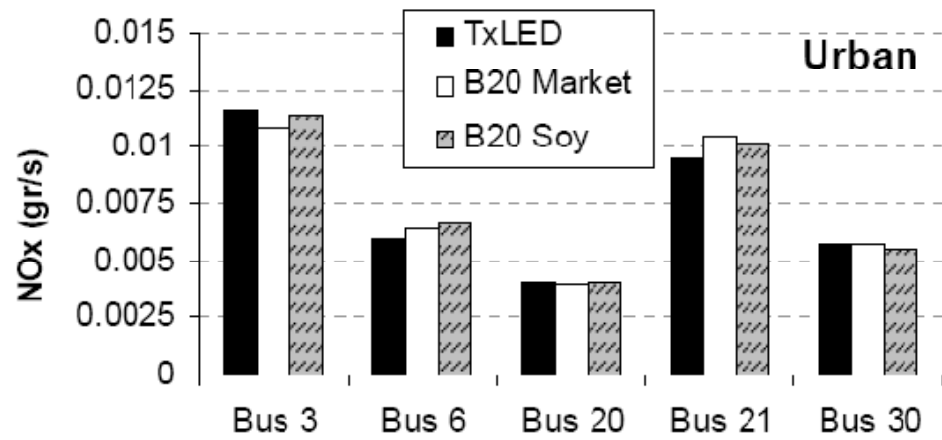
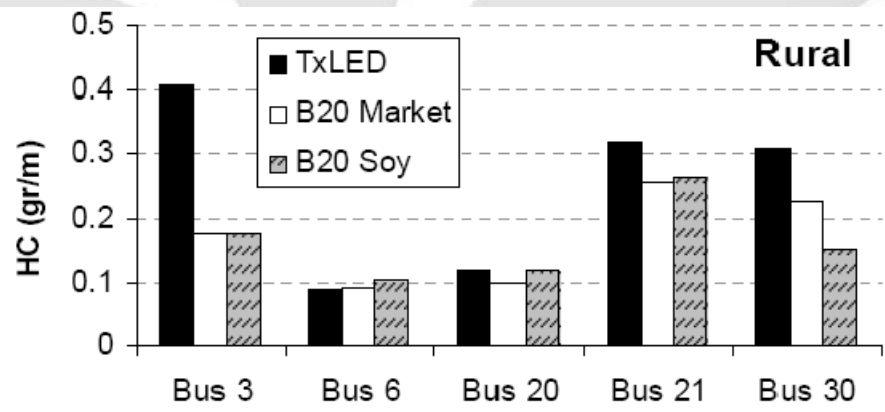
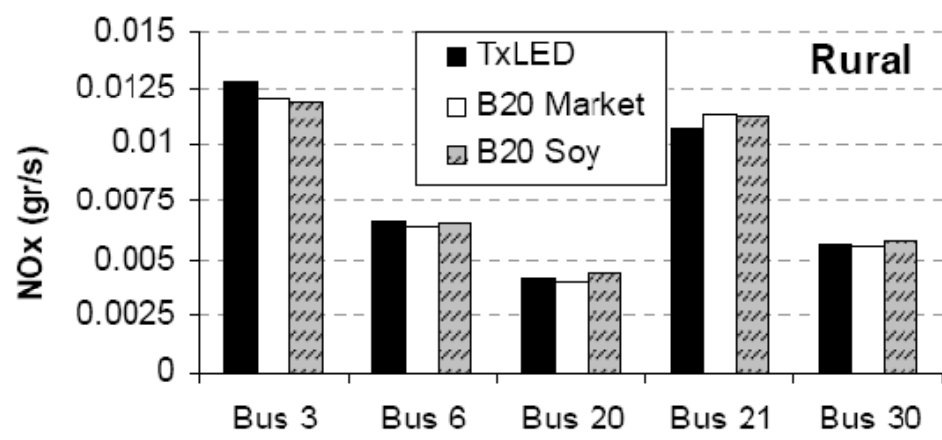
SUCCESS STORIES:

- Pearland ISD, Brazoria County, Texas
- Denton ISD, Denton County, Texas
- Medford, New Jersey School District
- Arlington County, Virginia
- Three Arkansas school districts in Pulaski County
- Clark County, Nevada





NOx & HC School Bus Emission Results: Benefits of Biodiesel





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TxLED Update

- B5: 110 TxLED Counties Allowed to Use B5 Biodiesel without additives
- B6-B20 - 2 additives approved (Oryxe & Viscon)
- B6-B99 – SB 1016 from the 81st Legislative Session sets in motion process that will lift the requirement to use additives if EPA confirms that TX = CA
- B100 – Exempt from TxLED as not “diesel”



Biodiesel Economic Benefits to Texas

- Already realized (2006-2008) - \$891 million, 2,520 jobs
- At full 2009 production capacity - \$1.1 billion, 5,131 jobs
- Annual (even with no added capacity) - \$3.7 billion, 9,977 jobs
- If Texas feedstocks developed & crushed (*jatropha example*)
 - Initial Construction/Establishment –
\$23.7 billion & 147,675 jobs
 - Annual Impact –
\$ 6.36 billion and 73,293 jobs



AFFPC

Agricultural and Food Policy Center
Texas A&M University

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Texas A&M System



Questions

Contact:

Mike Nasi

(512) 236-2216

mnasi@jw.com

