

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass with Amendments to the B-Eng. Measure (Printed C-Eng.)

Vote: 3 - 2 - 0

Yeas: Burdick, Metsger, Devlin

Nays: Boquist, Ferrioli

Exc.: -

Prepared By: Erin Seiler, Administrator

Meeting Dates: 6/10

WHAT THE MEASURE DOES: Finds that it would be premature to establish required percentages of other renewable diesel for sale in Oregon given the lack of technology and standards. Finds that it would not be in the best interest of encouraging development of a market and the means for production of other renewable diesel to implement a ban or prohibition whether it is produced in Oregon or another state. Finds that given the market and means to produce biodiesel fuels it is an appropriate exercise of Oregon's police powers to regulate the production, use, and sale and to require specified percentages of biodiesel be contained in diesel fuel. Requires notice to dealers when capacity of biodiesel production facilities in Oregon reaches certain levels. Prohibits sale of diesel fuel that does not contain specified percentages of biodiesel after a certain date. Places two year moratorium on applying standards to "other renewable diesel." Makes changes applicable to biodiesel production in Willamette Valley effective on or after August 1, 2009 and remainder of state on or after October 1, 2009. Applies renewable diesel standard to other renewable diesel effective January 2, 2012.

ISSUES DISCUSSED:

- Provisions of measure
- Aligning renewable fuel standard triggers for renewable diesel and ethanol
- Clarifying the effect of the 2 year time-out on the ability to adopt regulations on renewable diesel
- Advancement in renewable diesel technology
- Affect of the amendment

EFFECT OF COMMITTEE AMENDMENT: Replaces statement of Legislative Assembly findings. Finds that it would be premature to establish required percentages of other renewable diesel for sale in Oregon given the lack of technology and standards. Finds that it would not be in the best interest of encouraging development of a market and the means for production of other renewable diesel to implement a ban or prohibition whether it is produced in Oregon or another state. Finds that given the market and means to produce biodiesel fuels it is an appropriate exercise of Oregon's police powers to regulate the production, use, and sale and to require specified percentages of biodiesel be contained in diesel fuel. Reinstates State Department of Agriculture's direction to adopt standards for other renewable diesel. Applies renewable diesel standard to other renewable diesel effective January 2, 2012.

BACKGROUND: The 2007 Legislative Assembly passed House Bill 2210 establishing a Renewable Fuel Standard (RFS) for biodiesel and ethanol based on in-state production, prohibiting the sale of gasoline that contains certain additives, providing a mandate on state agencies regarding biodiesel for backup power generation, modifying the site certificate exemption criteria for ethanol and biodiesel production facilities to preclude coal-fueled facilities, and allowing certain farm biofuel production facilities on land zoned for exclusive farm use. The 2007 legislation set a trigger for the biodiesel RFS based on production of five million gallons on an annualized basis for three consecutive months from qualifying feedstock. House Bill 3463C changes the trigger to when the capacity of biodiesel production facilities reaches at least five million gallons on an annualized basis.

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This summary has not been adopted or officially endorsed by action of the committee.