HOUSE DOCKET, NO. 892 FILED ON: 1/13/2009

HOUSE . . . . . No. 2787

The Commonwealth of Massachusetts

In the Year Two Thousand Nine

An Act relative to biofuel feedstock tax incentives..

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

SECTION 1. Section 6 of chapter 62 of the General Laws, as most recently amended by chapter 312 of the Acts of 2008, is hereby amended by adding the following new subsection:-

(p)(1) As used in this subsection the following words shall, unless the context clearly requires otherwise, have the following meanings:-

“Agricultural producer”, a taxpayer that produces renewable biomass used in the production of cellulosic biofuel.

“Cellulosic biofuel”, fuel that may be used in place of petroleum-based fuel derived from cellulose, hemicellulose or lignin derived from renewable biomass.

"Renewable biomass", non-fossil fuel based material, including: planted crops; crop residues; planted trees and tree residues from sustainably managed forests; waste materials including animal waste, animal byproducts, organic portions of municipal solid waste, grease trap waste, construction and demolition debris; and algae, or as otherwise determined by the

division in consultation with the department and the executive office of energy and environmental affairs.

(2) An agricultural producer shall be allowed a credit against the taxes imposed by this chapter for production of renewable biomass used in the production of cellulosic biofuel.

(3) The amount of the credit shall be calculated as follows:

(i) Determine the quantity of renewable biomass transferred to a cellulosic biofuel producer during the tax year;

(ii) Categorize the renewable biomass into appropriate categories; and

(iii) Multiply the quantity of renewable biomass in a particular category by the appropriate credit rate for that category, as prescribed in paragraph (6).

(4) The tax credit shall be taken against the taxes imposed under this chapter and shall not be refundable. The amount of the credit claimed under this section for any tax year may not exceed the tax liability of the taxpayer. Any amount of the tax credit that exceeds the tax due for a taxable year may be carried forward by the taxpayer to any of the 5 subsequent years.

(5)(i) A cellulosic biofuel producer shall provide a written receipt to an agricultural producer at the time renewable biomass is transferred from the agricultural producer to the cellulosic biofuel producer. The receipt must state the quantity and type of renewable biomass being transferred and that the renewable biomass is to be used to produce cellulosic biofuel.

(ii) Each agricultural producer shall maintain the receipts described in this subsection in their records for a period of at least five years after the tax year in which the credit is claimed or for a longer period of time prescribed by the commissioner.

(ii) The credit shall be claimed on a form prescribed by the commissioner that contains the information required by the commissioner.

(6) The credit rates for renewable biomass shall be:

(i) For planted crops or crop residue, $0.05 per pound.

(ii) For grease trap waste, $0.10 per gallon.

(iii) For algae or wastewater biosolids, $10.00 per wet ton.

(iv) For planted trees and tree residues from sustainably managed forests, $10.00 per green ton.

(v) For yard debris and organic portions of municipal solid waste, $5.00 per wet ton.

(vi) For animal waste or animal byproducts, $5.00 per wet ton.

(7) The commissioner, in consultation with the secretary, shall promulgate regulations necessary for the administration of this subsection.