

2002 Farm Bill –v- 2008 Farm Bill—Energy Provisions

Biobased Markets Program

Previous Legislation	2008 Farm Bill
<p>Established new program for preferred purchase of biobased products by Federal agencies, modeled on existing program for purchase of recycled materials.</p> <p>Voluntary biobased labeling program was included, authorizing producers of biobased products to use the label "USDA Certified Biobased Product." Motor vehicle fuels and electricity were excluded.</p>	<p>Renames Federal Biobased Procurement Program as Biobased Markets Program.</p> <p>Establishes process for determining eligibility criteria for intermediate ingredients and feedstocks for Federal agency procurement.</p> <p>Continues voluntary "USDA Certified Biobased Product" labeling program and establishes a process for determining which new products may qualify to receive the label. Adds heating oil as an excluded category.</p> <p>Calls for establishment of a National Testing Center Registry of testing centers for biobased products that will serve biobased product manufacturers.</p>
<p>Mandated funding of \$1 million annually through Commodity Credit Corporation (CCC) for fiscal years (FY) 2002-07 for testing biobased products.</p>	<p>Mandates total funding through CCC of \$1 million for FY 2008 and \$2 million annually for FY2009-12 for testing and labeling of biobased products. Authorizes appropriations of additional funding of \$2 million annually for FY 2009-12.</p>

Biorefinery Assistance

Previous Legislation	2008 Farm Bill
<p>Authorized competitive grant program to support development of biorefineries to convert biomass into multiple products such as fuels, chemicals, and electricity.</p>	<p>Authorizes competitive grants to assist development and construction of demonstration-scale biorefineries that convert renewable biomass to advanced biofuels. Grants may not exceed 30% of project cost.</p> <p>Authorizes loan guarantees to fund development, construction, and retrofitting of commercial-scale biorefineries. Loan guarantees of up to 90% of principal and interest may not exceed \$250 million and are limited to 80% of project costs.</p> <p>Grants and loan guarantees for both types of projects are subject to feasibility studies and a scoring system.</p>
<p>No mandatory funding was provided. Discretionary funding was authorized but not appropriated.</p>	<p>Mandates \$75 million in funding for FY 2009 and \$245 million in FY 2010 through CCC, for cost of loan guarantees, until expended. No mandatory funding specified for grant program. Authorizes appropriations of \$150 million annually for FY 2009-12.</p>

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Repowering Assistance

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Authorizes payments to encourage existing biorefineries to replace fossil fuels used to produce heat or power for operation of the biorefinery. Payments would be made for installation of new systems that use renewable biomass or for new production of energy from renewable biomass.</p> <p>Mandatory funding of \$35 million through CCC for FY 2009, until expended. Authorizes appropriations of \$15 million annually FY 2009-12.</p>

Bioenergy Program for Advanced Biofuels

Previous Legislation	2008 Farm Bill
<p>Reauthorized Bioenergy Program originally established by Executive Order in 1999, providing CCC incentive payments to ethanol and biodiesel producers based on yearly increases in production.</p> <p>Biofuel producers entering into contract with USDA were reimbursed a proportion of feedstocks purchased for additional biofuel production.</p> <p>Eligible feedstocks included grains; oilseeds; cellulosic material; animal byproducts; and fat, oils, and greases (including recycled fats, oils, and greases).</p> <p>Mandated use of not more than \$150 million in CCC funds annually for FY 2003-06. No funding was authorized for FY 2007.</p>	<p>Retitles, renews, and extends program as Bioenergy Program for Advanced Biofuels. Eligibility is now limited to producers of advanced biofuels.</p> <p>Eligible producers entering into a contract with Secretary are paid based on quantity and duration of advanced biofuel production and on net nonrenewable energy content of the advanced biofuel. Funding to a single eligible producer may be limited to ensure equitable distribution of funding.</p> <p>Mandates a total of \$300 million in CCC funding for FY 2009-12. Authorizes appropriations of \$25 million annually for FY 2009-12. No more than 5% of funds made available annually may go to facilities with a total refining capacity of more than 150 million gallons/year.</p>

Biodiesel Fuel Education Program

Previous Legislation	2008 Farm Bill
<p>Established a competitive grant program in consultation with Secretary of Energy to educate government and private entities with vehicle fleets, as well as the public, about benefits of biodiesel fuel use. Mandated CCC funding of \$1 million annually for FY 2003-07.</p>	<p>Extends program, with CCC funding remaining at \$1 million annually for FY 2008-12. Eligible recipients include nonprofit organizations or institutions of higher learning.</p>

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Rural Energy for America Program

Previous Legislation	2008 Farm Bill
<p>Authorized a competitive grant program (Energy Audit and Renewable Energy Development Program) for entities to administer energy audits and renewable energy development assessments for farmers, ranchers, and rural small businesses. Authorized appropriations as necessary for this grant program.</p> <p>Authorized Renewable Energy Systems and Energy Efficiency Improvements Program to provide loans, loan guarantees, and grants to assist eligible farmers, ranchers, and rural small businesses in purchasing renewable energy systems and making energy efficiency improvements. Provided mandatory CCC funding of \$23 million annually for FY 2003-07.</p>	<p>Combines programs under new name, Rural Energy for America Program. New program is designed to promote energy efficiency and renewable energy development for agricultural producers and rural small businesses.</p> <p>Provides grants and loan guarantees for energy audits, feasibility studies, and project development of renewable energy systems/energy efficiency improvements.</p> <p>Competitive grants may be provided to government, educational, or other institutions to promote energy audits, improved energy efficiency, and use of renewable energy technologies and resources. Agricultural producers or rural small businesses are required to pay at least 25% of cost of an energy audit conducted by a grant recipient.</p> <p>Grants for energy efficiency improvements and renewable energy systems may not exceed 25% of cost. Loan guarantees are capped at \$25 million/loan. Combination of grant and loan guarantees may not exceed 75% of cost.</p> <p>Mandates a total of \$255 million in CCC funding for FY 2009-12. Authorizes funding of \$25 million annually for FY 2009-12.</p> <p>See Title VI, Energy Efficiency and Renewable Energy Programs for related program information.</p>

Biomass Research and Development

Previous Legislation	2008 Farm Bill
<p>Originally created under the Biomass Research and Development Act of 2000, the initiative directed Secretaries of Agriculture and Energy to coordinate policies promoting biobased industrial products. Funded competitive grants for research, development, and demonstration projects for biofuels and biobased chemicals and products. Termination date extended to Sept 30, 2007.</p>	<p>Extends provision.</p>
<p>Provided \$5 million of CCC funds for FY 2002 and \$14 million annually for FY 2003-07. Authorized additional appropriations of \$49 million annually for FY 2002-07.</p>	<p>Provides mandatory CCC funding of \$118 million for FY 2009-12. Authorizes additional \$35 million annually FY 2009-12.</p>

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Rural Energy Self Sufficiency Initiative

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Authorizes new program to provide financial assistance to increase energy self-sufficiency of rural communities. Provides grants to conduct energy assessments, formulate plans to reduce energy use from conventional sources, and install integrated renewable energy systems, Integrated renewable energy systems are defined as community-wide systems that reduce conventional energy use and incorporate renewable energy use.</p> <p>Federal-cost share for any grant is limited to 50% of project cost.</p> <p>Authorizes appropriations of \$5 million annually for FY 2009-12.</p> <p>See Title VI, Energy Efficiency and Renewable Energy Programs for related program information.</p>

Feedstock Flexibility Program for Bioenergy Producers

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Secretary must purchase sugar (that is eligible for human consumption) that would otherwise be forfeited to CCC, and either sell it to eligible bioenergy producers or dispose of it by other specified means to ensure that the U.S. sugar program operates at no net cost to the Government. Competitive procedures will be used to maximum extent practicable in receiving, offering, and accepting bids. Mandates CCC funding as necessary.</p> <p>Program is only to be implemented in those years Secretary determines it necessary to avoid Government costs. See Title I, Sugar.</p>

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Biomass Crop Assistance Program

Previous Legislation	2008 Farm Bill
<p>No similar provision.</p>	<p>Establishes a program to support establishment and production of eligible crops for conversion to bioenergy, and to assist agricultural and forest landowners with collection, harvest, storage, and transportation of these crops to conversion facility. Project sponsors apply for selection as Biomass Crop Assistance Program (BCAP) project areas. Requires Secretary to provide necessary financial assistance to eligible producers in selected areas. Assistance includes:</p> <ul style="list-style-type: none"> • payments for up to 75% of cost of establishing an eligible crop • annual payments to support production • matching payments of up to \$45/ton for 2 years for collection, harvest, storage, and transportation to a biomass conversion facility <p>Contract terms are up to 5 years for annual and perennial crops and up to 15 years for woody biomass. Eligible crops and other biomass do not include those eligible for commodity payments under Title I, invasive or noxious plants, animal waste and byproducts, food and yard waste, or algae. Specified conservation practices must be adhered to.</p> <p>Provides funding separate from BCAP program for collection, harvest, storage, and transport of certain biomass for delivery to biomass conversion facility.</p> <p>Such sums as necessary from CCC must be used each year of FY 2008-12.</p>

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Research, Extension, and Educational Programs on Biobased Energy Technologies and Products (Sun Grant Program)

Previous Legislation	2008 Farm Bill
<p>Provision established by Sun Grant Research Initiative Act of 2003. Established 5 regional sun grant research centers based at Land Grant universities. Intent was to foster collaboration between USDA, Department of Energy, and Land Grant universities in developing and disseminating biobased energy technologies.</p> <p>Authorized appropriations of \$25 million in FY 2005, \$50 million in FY 2006, and \$75 million for each of FY 2007-10.</p>	<p>See Title VII, Bioenergy Research.</p>

Forest Biomass for Energy

Previous Legislation	2008 Farm Bill
<p>No similar provision.</p>	<p>Authorizes new competitive research and development program to encourage use of forest biomass for energy. To be administered by USDA's Forest Service, priority project areas include:</p> <ul style="list-style-type: none"> • developing technology and techniques to use low-value forest biomass for energy production • developing processes to integrate energy production from forest biomass into biorefineries • developing new transportation fuels from forest biomass • improving growth and yield of trees intended for renewable energy <p>Authorizes appropriation of \$15 million annually for FY 2009-12.</p>

Community Wood Energy Program

Previous Legislation	2008 Farm Bill
<p>No similar provision.</p>	<p>Authorizes new program to provide State and local governments with matching grants of up to \$50,000 to develop community wood energy plans and to fund a program of competitive grants to acquire community wood energy systems (that use woody biomass as the primary fuel) for public facilities.</p> <p>Authorizes appropriations of \$5 million annually for FY 2009-12.</p>

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Biofuels Infrastructure Study

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Requires Secretaries of Agriculture, Energy, and Transportation and Administrator of Environmental Protection Agency to jointly conduct a study that includes:</p> <ul style="list-style-type: none"> • assessment of infrastructure needs for expanding domestic production, transport, and distribution of biofuels • recommendations for infrastructure needs • development of a report that summarizes infrastructure needs, analyses alternative development approaches, and provides recommendations for specific infrastructure development actions taken

Renewable Fertilizer Study

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Requires Secretary to conduct a study to assess current state of knowledge regarding potential for production of fertilizer from renewable-energy sources in rural areas.</p> <p>Authorizes appropriations of \$1 million in funding for FY 2009.</p>

Title VI

Appropriate Technology Transfer Program for Rural Areas

Previous Legislation	2008 Farm Bill
Existing program funded a nonprofit organization that provided information and technical assistance to farmers on a variety of sustainable agricultural practices.	Makes permanent existing program, with modifications focusing on reduced input costs, conserving energy resources, diversifying through new energy crops and generation facilities, and expanding agricultural commodity markets for producers using practices that enhance environment, natural resource base, and quality of life. Defines several specific characteristics of organization to provide assistance to farmers.

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Title VI

Rural Electric Programs

Energy Efficiency and Renewable Energy Programs

Previous Legislation	2008 Farm Bill
Rural Utility Service (RUS) authorized to guarantee loans made by Federal Financing Bank for its electrification and telephone programs.	<p>Clarifies that loans can be made for energy efficiency purposes. Redefines eligible renewable energy sources as energy conversion systems fueled from solar, wind, hydropower, biomass, or geothermal sources. Authorizes deferment of principal and interest payments on existing loans so that borrowers can make loans to residential, commercial, and industrial consumers to install energy-efficient measures or devices that reduce demand on electric systems for 60 months.</p> <p>Allows direct lending from U.S. Department of Treasury as an alternative to financing through Federal Financing Bank.</p> <p>Allows loans to be made for projects that resell electricity generated by renewable energy to both rural and non-rural residents.</p> <p>Allows RUS to make loans to rural electric cooperatives for electric generation from renewable energy sources.</p> <p>See Title IX, Rural Energy for America Program and Rural Energy Self Sufficiency Initiative for related program information.</p>

Title XI

Study on Bioenergy Operations

Previous Legislation	2008 Farm Bill
No similar provision.	<p>Directs Secretary to conduct a study to evaluate role of animal manure as fertilizer and potential additional uses. Study to evaluate:</p> <ul style="list-style-type: none"> • extent to which animal manure is used as fertilizer in agricultural operations, by type and size of operations • potential impact on consumers and agricultural operations resulting from limits on use of animal manure as fertilizer • effects on agriculture production due to increased competition for animal manure from bioenergy producers, including as feedstock or replacement for fossil fuels <p>Report due to Congress 1 year after enactment.</p>

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Title XII

Pilot Programs and New Product Development

Previous Legislation	2008 Farm Bill
Expanded Pilot program of insurance coverage based on producer's historical Adjusted Gross Revenue (AGR) .	Continues Pilot program. Requires FCIC to contract for study of AGR policies for beginning farmers .
Authorized FCIC to offer pilot programs. Pilot programs for pasture, rangeland, and forage for livestock production were initiated.	Requires FCIC to establish pilot programs of insurance for camelina, sesame (in Texas), and grass seed (in Minnesota and North Dakota).
No similar provision.	Requires FCIC to contract for studies of insurance policies for energy crops, aquaculture, poultry, apiary (bees), and skip-row cropping practices (for corn and sorghum in Central Great Plains).

Title XV: Other Energy Provisions

Credit for Production of Cellulosic Biofuel

Previous Legislation	2008 Farm Bill
No similar provision.	Provides temporary cellulosic biofuels production tax credit of up to \$1.01/gallon through Dec 31, 2012.

Comprehensive Study of Biofuels

Previous Legislation	2008 Farm Bill
No similar provision.	Requires study to be conducted by National Academy of Sciences concerning future production of biofuels and domestic effects of increased production.

Modification of Alcohol Credit

Previous Legislation	2008 Farm Bill
Provided income and excise tax credit of 51 cents/gallon of ethanol mixed with gasoline to blending firms.	Reduces tax credits to 45 cents/gallon in calendar year after annual production or importation of ethanol reaches 7.5 billion gallons.

Calculation of Volume of Alcohol for Fuel Credits

Previous Legislation	2008 Farm Bill
In determining volume of alcohol for purposes of the credit for alcohol used as fuel or in qualified mixture, volume included any denaturant as long as denaturant did not exceed 5% of volume of such alcohol.	Reduces amount of allowable denaturants to 2% of volume of alcohol.

Ethanol Duty Extension

Previous Legislation	2008 Farm Bill
Imposed tariff on imported ethanol through Dec 31, 2008.	Extends additional duty on ethanol imported for fuel use for 2 years through Dec 31, 2010.

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Limitations on Duty Drawback on Certain Imported Ethanol

Previous Legislation	2008 Farm Bill
U.S. businesses were eligible for rebate of duties, fees, or taxes paid on imported goods when the business subsequently exported a "commercially interchangeable" good. Rebate was made available for exported jet fuel on basis of ethanol imports, even though imported ethanol was not blended with exported jet fuel.	Phases out rebates available for imported ethanol after Oct 1, 2008.