

Wisconsin Soy Scoop

News from the Wisconsin Soybean Programs

December 2006

Biodiesel Policy Incentives Proposed

Developing Wisconsin's biodiesel industry is vital to the success of State soybean producers and the Wisconsin Soybean Association (WSA) board of directors is urging widespread support for their biodiesel policy initiative.

The WSA biodiesel initiative recommends focusing state resources at increasing the use, availability and reliability of biodiesel fuel sold in Wisconsin. Specifically, the proposal from WSA urges the State to focus support in four specific areas, as follows:

1. Expand the distribution network for biodiesel fuel throughout the state by instituting tax incentives for wholesale and retail distributors and bulk fuel users.
2. Encourage consumption of biodiesel fuel via incentives for government entities to purchase new diesel vehicles.
3. Adopt a definition of biodiesel that conforms to ASTM D6751 standards.
4. Establish proper testing, laboratory and enforcement resources for biodiesel fuel within the Wisconsin Department of Agriculture, Trade and Consumer Protection (WDATCP) and/or Department of Commerce.

The WSA proposal recommends tax incentives to offset the cost of installing storage, piping and blending systems. Because biodiesel is an effective solvent, it has a tendency to "clean-out" or loosen deposits present in containers and piping making it important to have clean systems prior to adding biodiesel. The WSA proposal calls for funding to underwrite the cost of tank inspection and cleaning at both the retail and fleet level.

Additional tax incentives are recommended to encourage the sale, distribution and use of biodiesel fuel blends as a source of "green" heating oil as well as other off-road diesel applications.

WSA also proposes incentives for buying biodiesel fuel that correspond to the amount of biofuel blended. For instance, B2 might reduce the tax by 6 percent; B10 could offer additional savings and B20 an even higher tax reduction.

A new vehicle incentive (2007 or newer model) would cover incremental costs of purchasing vehicles with diesel engines by government entities. Money for this program would come from oil-overcharge dollars allocated by the Joint Finance Committee. Once complete, this program could help support additional incentive programs for diesel passenger vehicles and light trucks.

This proposal would authorize the state to mandate ASTM D6751 standards for biodiesel fuel throughout the state's supply chain. Furthermore, it calls for the state to set rules requiring tank inspections and standards for the maintenance and cleaning of such tanks used for biodiesel.

Funding should also be allocated for workers and resources to effectively monitor and regulate the production and distribution of biodiesel fuel in Wisconsin and to ensure compliance with quality standards. Finally, the state should establish, or contract with, a testing laboratory to insure compliance with these proposed product standards.

Corn/Soy EXPO to Address Biofuels

Biofuels and their impact on Wisconsin markets are being discussed at this winter's Corn/Soy EXPO in Wisconsin Dells. The meeting kicks off Thursday, Feb. 1, with a discussion of investments in ethanol and biodiesel plants by Moe Russell, financial analyst. DTN's Senior Market Analyst Darin Newsom provides his analysis of grain and hog market trends in light of the growing biofuels market. Also on tap is an analysis of state cash market trends by Jim Cronin, consultant with Advance Trading. Friday, Feb. 2, the focus is on farm policy with presentations by Theresa Lasseter, head of the USDA Farm Services Agency and Dave Kruse, commodity analyst and author of The ComStock Report.

The full program of educational and informational sessions and registration materials for the 2007 Corn/Soy EXPO are available online at www.soybean.org or by calling the Wisconsin soybean programs office in Madison at 608-274-7522. Registration fees for Corn/Soy EXPO are reduced for members of the Wisconsin Soybean Association and are \$25 lower when paid before January 15. ###