

Legislative Analysis



AGRICULTURAL BIOMASS

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Senate Bill 538 as passed by the Senate
Sponsor: Cameron S. Brown

House Committee: Agriculture
Senate Committee: Agriculture, Forestry, and Tourism

Complete to 9-19-05

A SUMMARY OF SENATE BILL 538 AS PASSED BY THE SENATE 6-14-05

The bill would amend Part 145 (Waste Reduction Assistance) of the Natural Resources and Environmental Protection Act to allow loans from the Small Business Pollution Prevention Assistance Revolving Loan Fund for qualified agricultural energy production systems. The bill also would increase the maximum amount of a loan from the Fund from \$150,000 to \$200,000.

Under Part 145 of NREPA, the Department of Environmental Quality (DEQ) must spend money from the Small Business Pollution Prevention Assistance Revolving Loan Fund for loans to small businesses to implement pollution prevention projects. For each loan, the DEQ must disburse the money to a lending institution that has entered into a loan participation agreement with the Department.

Currently, the definition of "pollution prevention" includes environmentally sound on-site or off-site reuse or recycling. Under the bill, this would include agricultural biomass by qualified agricultural energy production systems.

To be eligible for a loan from the Fund, an applicant for a qualified agricultural energy production system would have to be an eligible farmer or agricultural processor, or a for-profit farmer cooperative corporation. The applicant also would have to be verified under the appropriate system of the Michigan Agriculture Environmental Program administered by the MDA. In addition, within a three-year period immediately preceding the date the application was submitted, the applicant could not have been found guilty of a criminal violation under NREPA or found responsible for a civil violation under the act that resulted in a civil fine of at least \$10,000.

The bill would define "eligible farmer or agricultural processor" to mean a person who processes agricultural products or a person who is engaged as an owner-operator of a farm in the production of agricultural goods.

The bill would define "agricultural biomass" as residue and water generated on a farm or by farm cooperative members from the production and processing of agricultural products, animal waste, food processing waste, or other materials as approved by the DEQ Director.

"Qualified agricultural energy production system" would mean the structures, equipment, and apparatus to be used to produce a gaseous fuel from the noncombustive decomposition of agricultural biomass and the apparatus and equipment used to generate electricity or heat from the gaseous fuel or store the fuel for future generation of electricity or heat. A system could include, but would not be limited to, a methane digester, biomass gasification technology, or thermal depolymerization technology.

MCL 324.14501 and 324.14513

FISCAL IMPACT:

This bill would not have a fiscal impact on the state or on local governmental units. It would expand the scope of eligible uses of loan funds and provide larger loan amounts, but no new funds would be available for the program.

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