

Biodiesel producers receive \$16M subsidy, mandates

By Jim Ryan
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Both houses of the state Legislature passed a bill Friday to give Pennsylvania biodiesel manufacturers up to \$15.9 million in subsidies over three years.

[Special Session Senate Bill 22](#) will give producers 75 cents on every gallon produced beginning immediately with a cap of \$1.9 million for each producer, according to the bill.

It also includes grants of up to \$5,000 for automotive-service businesses that buy nitrogen tire-inflation equipment.

The subsidies expire in the 2010-2011 fiscal year, according to the bill.

In a related matter, the Legislature also passed biodiesel-blending mandates, said Ben Wootton, president of [Keystone Biofuels Inc.](#) based in Hampden Township, Cumberland County, and chairman of the [Pennsylvania Biodiesel Producers Group](#).

[House Bill 1202](#) requires all sales of diesel fuel and gasoline for on-road use meet content requirements after in-state production triggers are reached. All diesel fuels must contain 2 percent biodiesel one year after production reaches 40 million gallons, which Wootton estimates will take at least 12 months, he said.

The bill requires gasoline to contain 10 percent cellulosic ethanol one year after its production levels reach 350 million gallons.

Gov. Ed Rendell intends to sign both bills this week, said Michael Smith, a spokesman for the [state Department of Environmental Protection](#).

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