

The Patriot-News

Subsidy for biodiesel included in legislation

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A state subsidy that would help Keystone BioFuels of Shiremanstown and other biodiesel makers in Pennsylvania appears likely.

The state Senate on Wednesday passed legislation that would provide a subsidy of 75 cents on each gallon of biodiesel sold in Pennsylvania for commercial use.

Keystone BioFuels and other biodiesel producers in the state had formed a group in May to lobby legislators for a subsidy of \$1 per gallon. They said the incentive is needed to compete with biodiesel subsidized by other states that is being sold for less in Pennsylvania and driving producers here out of business.

"It's big step in the right direction," said Ben Wootton, president of Keystone BioFuels. "We didn't get our complete ask, but I think it's enough to stabilize the industry. We were at the point of having to shut our doors here."

The Senate bill now goes to the House, where legislation calling for a biodiesel subsidy of \$1 per gallon has been introduced and is in committee.

The House session resumes on Jan. 14.

The 75-cent subsidy in the Senate bill would be limited to 7 million gallons of biodiesel per producer per year. No producer could get more than \$2 million in an annual subsidy.

Producers would apply for the subsidy monthly and certify after every 500,000 gallons produced that the biodiesel meets state standards. State subsidy payments would end on Dec. 31, 2010.

The state subsidy would be on top of a biodiesel incentive of \$1 per gallon being paid by the federal government.

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