

Arkansas Alternative Fuels Commission
(Act 2223 of 2005)
Certification Requirements for a Biodiesel Producer
Rules and Regulations

I. Introduction

To stimulate the production of biodiesel within the State of Arkansas, Act 2223 of 2005 allows a biodiesel supplier to receive motor fuel tax refunds on biodiesel mixtures that contain at least two percent (2%) biodiesel after the Arkansas Alternative Fuels Commission has approved a biodiesel producer with an annual production capacity of at least one million (1,000,000) gallons. The purpose of this regulation is to establish procedures by which an Arkansas biodiesel producer may obtain approval by the Arkansas Alternative Fuels Commission to operate a biodiesel production facility that produces enough biodiesel fuel to allow suppliers to take advantage of the motor fuel tax refund.

II. Definitions

(1) "Biodiesel fuel" means a diesel fuel substitute produced from nonpetroleum renewable resources that meets the registration requirements for fuels and fuel additives established under the Energy Policy Act of 1992, 42 U.S.C. §§ 13211 – 13219, as in effect on January 1, 2005;

(2) "Biodiesel mixture" means a mixture of biodiesel fuel and undyed, clear distillate special fuel that is suitable for use in motor vehicles on Arkansas highways and determined without regard to any use of kerosene that is:

(A) Sold by the supplier producing biodiesel mixture to any person for use as a fuel; or

(B) Used as a fuel by the supplier producing the biodiesel mixture;

(3) "Biodiesel producer" means a business located in the State of Arkansas that uses agricultural crops, agricultural residues, or waste products to manufacture biodiesel fuels;

(4) "Commission" means the Alternative Fuels Commission; and

(5) "Supplier" means any person who:

(A) Is customarily in the wholesale business of offering distillate special fuels or liquefied gas special fuels for resale or use to any person in this state; and

(B) Makes bulk sales of fuel.

III. **To Be Approved as a Biodiesel Producer, a Business Must**

- (a) Sign a financial incentive agreement with the Arkansas Department of Economic Development for one or more of the incentives administered by the Department of Economic Development;
- (b) Provide information to the Arkansas Alternative Fuels Commission, or its agent, in sufficient detail to:
 - (1) Determine that the proposed biodiesel facility is capable of producing at least one million (1,000,000) gallons a year of biodiesel fuel (B100);
 - (A) Including information on the type of feedstock(s) to be used;
 - (B) Including a brief description of the process to be used to produce biodiesel;
 - (C) Including anticipated process throughputs, cycle times and any other information that may be helpful in ascertaining the ability of the proposed plant to produce in excess of one million (1,000,000) gallons annually; and
- (c) Establish a firm date upon which the production of biodiesel fuel will begin;

IV. **In Considering the Approval of a Biodiesel Producer, the Arkansas Alternative Fuels Commission Shall**

- (a) Approve a qualified biodiesel production facility, after first having been satisfied that the proposed biodiesel production facility:
 - (1) Will produce a motor fuel/additive consistent with federal and state standards for biodiesel fuel; and
 - (2) Is capable of producing at least one million (1,000,000) gallons annually of biodiesel fuel meeting federal and state standards;
- (b) Notify the Motor Fuel Tax Section of the Department of Finance and Administration, the Arkansas Oil Marketers Association, the Arkansas Bureau of Standards and the Arkansas Energy Office of the Department of Economic Development that a biodiesel producer has been approved/disapproved;
- (c) Provide the entities to be notified in paragraph (b) above with the specific date upon which the approved biodiesel producer is to begin production of biodiesel fuel;
- (d) Notify the entities to be notified in paragraph (b) above of the date upon which the biodiesel producer terminates the production of biodiesel; and
- (e) Work with the entities to be notified in paragraph (b) above to advise suppliers of the date upon which biodiesel fuel mixtures of at least two percent (2%) will be eligible for a motor fuel tax refund.