SB 2333 Testimony – Senator Terry Wanzek

- SB 2333 replaces the ethanol production incentive fund with the low carbon fuels fund. The production incentive fund has served its purpose. It was a counter cyclical matrix formula providing production incentives based on market costs of corn versus market value of ethanol.
- The ethanol plants are no longer receiving funding from this program. Yet the production incentive fund has a continuing appropriation from 40% of all sums collected for the registration of all farm vehicles and currently has a balance of approximately $6 million. This bill will redirect those funds to a new low carbon fuels fund. Previously the fund had a cap of $7.5 million. The new fund will be capped at $30 million.
- The new low carbon fuels fund incentives will be distributed to ethanol facilities for eligible projects that increase efficiency and decrease the carbon intensity of their production process.
- Distributions to any one ethanol facility are limited to 50% of the costs of any eligible project and may not exceed $3 million per biennium or cumulatively more than $10 million total over a 10 year period beginning with the first distribution to the facility.
- Eligible capital projects are defined as new infrastructure or replacement of existing infrastructure for CO2 capture and storage, beneficial use of CO2, energy efficiency enhancements or ethanol yield improvements.
- These funds to the low carbon fuels fund is paid for by farmers, just as they paid for the ethanol production incentive fund. The funding comes from 40% of all sums collected for the registration of farm trucks or combinations of trucks and trailers weighing more than 20,000 lbs but not more than 105500 lbs., owned or leased by a bona fide resident farmer who uses it exclusively for transporting the farmers own property.
- Importance of the program and ethanol is significant. There is a huge opportunity to increase market. By lowering the CI score could present an opportunity to produce SAF. A current ethanol plant CIS is approximately 70. If an infrastructure project captures and sequesters an ethanol plants CO2, it could reduce the carbon intensity score to 30. SAF requires a score of 50
- Current USA ethanol market demand is about 15 Billion gallons. SAF would be 20 Billion gallons, domestically, and globally the market is over 100 billion gallons. Lowering our carbon intensity score would open a huge new opportunity for corn farmers to seek SAF markets.
- ND Corn crop 2023- 543 million bushels produced on 3.8 million acres. At $4.50 per bushel =$2.5 billion crop. Turned over 4 times in our communities equals $10 billion economic impact. 46% of ND corn is used to produce ethanol. 43% is exported and 11% for animal feed and 5% corn sweetener.