



## States' Biofuels Statutes

### STATE OF ARKANSAS

*This project was undertaken in partnership with the USDA Office of the Chief Economist, The Office of Energy Policy and New Uses. For information on the full project, visit [States' Biofuels Statutory Citations](#). These statutes are placed in reverse chronological order using the date of the most recent amendment to the statute. Many biofuels laws were enacted as amendments to previously passed laws.*

*Current through the 2013 Legislative Session of the Arkansas General Assembly.*

#### **§ 15-13-101. Title**

This chapter shall be known and may be cited as the “Arkansas Alternative Fuels Development Act”.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007; Acts of 2007, Act 873, § 1, eff. July 31, 2007.

#### **§ 15-13-102. Definitions**

As used in this chapter:

1. “Alternative fuels” means biofuel, ethanol, compressed natural gas, propane gas, or a synthetic transportation fuel;
2. “Alternative fuels distributor” means a business located in the State of Arkansas that distributes alternative fuels or alternative fuels mixture;
3. “Alternative fuels mixture” means a mixture of alternative fuels that is:
  - a. An undyed, clear distillate special fuel that is suitable for use in motor vehicles on Arkansas highways;
  - b. A dyed fuel for off-road use;
  - c. Sold by the supplier producing alternative fuels mixture to any person for use as a fuel;  
or
  - d. Used as a fuel by the supplier producing the alternative fuels mixture;
4. “Alternative fuels producer” means a business located in Arkansas that uses biomass or other renewable resources excluding recycled petroleum oils to manufacture alternative fuels;

5. “Bi-fuel compressed natural gas motor vehicle” means a motor vehicle that is powered by :
  - a. Compressed natural gas; and
  - b. Gasoline or diesel;
6. “Bi-fuel propane gas motor vehicle” means a motor vehicle that is powered by:
  - a. Propane gas; and
  - b. Gasoline or diesel;
7.
  - a. “Biofuel” means a renewable, biodegradable, combustible liquid or gaseous fuel derived from biomass or other renewable resources that can be used as transportation fuel, combustion fuel, or refinery feedstock and that meets the American Society for Testing and Materials International Specifications and Test Methods and federal quality requirements as in effect on February 1, 2007, for each category or grade of fuel.
  - b. “Biofuel” includes without limitation:
    - i. Biodiesel or renewable diesel;
    - ii. Renewable gasoline;
    - iii. Renewable jet fuel;
    - iv. Renewable naphtha;
    - v. Biocrude;
    - vi. Biogas; and
    - vii. Other renewable, biodegradable, mono alkyl ester combustible fuel derived from biomass;
8.
  - a. “Biomass” means any matter derived from plants, animals, or waste materials that is used for the production of alternative fuels.
  - b. “Biomass” includes residues or byproducts from:
    - i. Agricultural production;
    - ii. Agricultural processing;

- iii. Algae;
  - iv. Forest or wood resources;
  - v. Forestry or wood production;
  - vi. Forestry or wood processing; or
  - vii. Landfill refuse.
- c. "Biomass" includes plant material from crops that are produced for use in the production of alternative fuels and cellulosic biomass.
- d. "Biomass" does not include recycled petroleum oil;
9. "Conversion kit" means a set of supplies, materials, parts, tools, or equipment used to convert a diesel-powered or gasoline-powered motor vehicle to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas vehicle, or bi-fuel propane gas motor vehicle;
10. "Dedicated compressed natural gas motor vehicle" means a motor vehicle that is powered only by compressed natural gas;
11. "Dedicated propane gas motor vehicle" means a motor vehicle that is powered only by propane gas;
12. "Differential costs" means the difference in costs between:
- a. A dedicated compressed natural gas motor vehicle or a dedicated propane gas motor vehicle;
  - b. A comparably equipped motor vehicle powered by gasoline or diesel;
13. "Ethanol" means ethyl alcohol derived from biomass that:
- a. Meets the American Society for Testing and Materials Specification D4806-04a for ethanol as in effect on January 1, 2007; and
  - b. Is denatured as specified in 27 C.F.R. Part 20 and Part 21, as in effect on January 1, 2007;
14. "Feedstock processor" means a business located in Arkansas that uses biomass or other renewable resources excluding recycled petroleum oils to manufacture feedstock to be used in the production of alternative fuels;

15. “Incremental costs” means the difference in the costs between:
  - a. Converting a motor vehicle to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle, including the original cost of the vehicle; and
  - b. A comparably equipped dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle;
16. “Other renewable resources” means any material that can be recycled, regenerated, reclaimed, or reused;
17. “State agency” means any office, board, commission, department, council, bureau, or other entity created by the General Assembly; and
18. “Synthetic transportation fuel” means a liquid fuel produced from biomass by a gasification process or other refining process that meets any applicable state or federal environmental requirement.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007; Acts of 2007, Act 873, § 1, eff. July 31, 2007; Acts of 2009, Act 977, § 1, eff. April 7, 2009; Acts of 2011, Act 832, § 1, eff. July 1, 2011; Acts of 2011, Act 1165, § 1, eff. July 1, 2011; Acts of 2011, Act 347, § 1, eff. July 27, 2011; Acts of 2011, Act 734, § 1, eff. July 27, 2011; Acts of 2013, Act 152, §§ 1 to 3, eff. July 1, 2013.

**§ 15-13-201. Alternative fuels production goal**

The per annum goal for alternative fuels production at production facilities in the state is fifty million gallons (50,000,000 gal.) by October 1, 2008.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007.

**§ 15-13-202. Biofuels standard for state vehicles and state equipment**

Beginning on January 1, 2009, all diesel-powered motor vehicles, light trucks, and equipment owned or leased by a state agency shall be operated using diesel fuel that contains a minimum of two percent (2%) biofuel by volume.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007.

**§ 15-13-203. Allowances for variance of the biofuels standard**

The Director of the Department of Finance and Administration may grant a waiver for a variance from the biofuel standard under § 15-13-202 if the applicant demonstrates one (1) or more of the following:

- (1) The cost of diesel fuel that is blended with biofuel exceeds the cost of diesel that does not contain biofuel by fifteen cents (15¢) per gallon or more;
- (2) Diesel fuel blended with biofuel is not available for purchase in the geographic region; or
- (3) Compliance with the biofuel standard is not economically feasible.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007.

#### **§ 15-13-204. Quality determinations and testing**

- (a) The Arkansas Bureau of Standards of the State Plant Board shall make the determination that alternative fuels used in this state:
  - (1) Are useable in motor vehicles;
  - (2) Meet the specifications for biofuel and ethanol as provided under § 15-13-102; and
  - (3) Undergo quality assurance testing to ensure fuel quality and continued consumer confidence in alternative fuels.
- (b) The Director of the Arkansas Bureau of Standards may:
  - (1) Establish a fuel testing laboratory;
  - (2) Contract with a laboratory for testing;
  - (3) Adopt rules on false and misleading advertising, labeling, and posting of prices; and
  - (4) Adopt the standards for alternative fuels.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007.

#### **§ 15-13-205. Rules**

The Director of the Department of Finance and Administration shall promulgate rules and regulations to provide for the administration of this subchapter.

**Credits:** Acts of 2007, Act 699, § 1, eff. July 31, 2007.

**§ 15-13-301. Arkansas Alternative Fuels Development Program**

- (a) The Arkansas Alternative Fuels Development Program is established and shall be developed and administered by the Arkansas Agriculture Department.
- (b) The program shall include four (4) types of incentives:
  - (1) Capital and operation production incentives for alternative fuels producers;
  - (2) Production incentives for feedstock processors;
  - (3) Distribution incentives for alternative fuels distributors; and
  - (4) Rebate incentives for the:
    - A. Differential costs; and
    - B. Costs of converting a diesel-powered or gasoline-powered motor vehicle into a:
      - i. Dedicated compressed natural gas motor vehicle;
      - ii. Bi-fuel compressed natural gas motor vehicle;
      - iii. Dedicated propane gas motor vehicle; or
      - iv. Bi-fuel propane gas motor vehicle.
- (c) The incentives under this subchapter are available only for the following after July 1, 2013:
  - (1) Capital investments in alternative fuels production facilities, feedstock processing facilities, or distribution facilities;
  - (2) The production of alternative fuels;
  - (3) The processing of feedstock; or
  - (4) The conversion of a diesel-powered or gasoline-powered motor vehicle into a:
    - A. Dedicated compressed natural gas motor vehicle;
    - B. Bi-fuel compressed natural gas motor vehicle;
    - C. Dedicated propane gas motor vehicle; or
    - D. Bi-fuel propane gas motor vehicle.

**Credits:** Acts of 2007, Act 873, § 1, eff. July 31, 2007; Acts of 2011, Act 832, § 2, eff. July 1, 2011; Acts of 2011, Act 1165, § 2, eff. July 1, 2011; Acts of 2013, Act 152, § 4, eff. July 1, 2013.

**§ 15-13-302. Production incentives for alternative fuels producers**

- (a) The Arkansas Alternative Fuels Development Program shall include a grant incentive program for alternative fuels producers based on the gallonage production of alternative fuels as provided in this section.
- (b) The program shall include grants for:
  - (1) Capital improvements made after January 1, 2007, for the construction, modification, alteration, or retrofitting of an alternative fuels production facility located and operated in Arkansas; and
  - (2) Operations costs after January 1, 2007, for the operation of an alternative fuels production facility located and operated in Arkansas.
- (c) The Arkansas Agriculture Department shall create a grant application process for alternative fuels producers for capital improvements that includes:
  - (1) An application for a grant under this subsection (c) that shall include at a minimum:
    - A. The expected gallonage production of alternative fuels at the facility;
    - B. A narrative description of the intended use of the grant moneys; and
    - C. Evidence sufficient to satisfy the department that the applicant has the capacity to complete the proposed project;
  - (2) Instructions about the grant process;
  - (3) Scoring procedures to determine the award of the grants; and
  - (4) Other factors that the Secretary of the Arkansas Agriculture Department deems necessary.
- (d) The department shall create a grant application process for alternative fuels producers for operations costs that includes:
  - (1) An application for a grant under this subsection (d) shall include at a minimum:
    - A. The expected gallonage production of alternative fuels at the facility; and

- B. Evidence sufficient to satisfy the department that the applicant has the capacity to operate during the applicable grant period;
  - (2) Instructions about the grant process;
  - (3) Scoring procedures to determine the award of the grants; and
  - (4) Other factors that the secretary deems necessary.
- (e)
- (1) The department shall prepare an annual progress report on grant assistance made under this section.
  - (2) The report shall include:
    - A. The amount of each grant;
    - B. The purpose of each grant;
    - C. How grant funds were expended by the grant recipient;
    - D. The results produced or the progress made;
    - E. The revenues produced;
    - F. Tonnages of feedstock materials used; and
    - G. The gallonage of alternative fuels produced.
  - (3) The report for each state fiscal year shall be filed by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.
- (f)
- (1) The secretary shall make cash payments to an alternative fuels producer that qualifies as a grant recipient under this section in an amount not to exceed twenty cents (20¢) per gallon of alternative fuels produced.
  - (2) The payment to an alternative fuels producer under this section shall be for the annual production of alternative fuels.
- (g)
- (1) The department shall not award a grant in an amount that exceeds two million dollars (\$2,000,000) to any one (1) alternative fuels producer in any one (1) fiscal year.
  - (2) An entity that holds a controlling interest in more than one (1) alternative fuels



production facility is considered one (1) alternative fuels producer under this section.

- (h) Nothing in this section shall limit a grant recipient under this section from applying for or receiving a production incentive for feedstock processors under § 15-13-303.

**Credits:** Acts of 2007, Act 873, § 1, eff. July 31, 2007.

**§ 15-13-303. Production incentives for feedstock processors**

- (a) The Arkansas Alternative Fuels Development Program shall include a grant incentive program that provides grants to feedstock processors to assist in the construction, modification, alteration, or retrofitting of feedstock processing facilities that are located and operated in Arkansas.

- (b) The Arkansas Agriculture Department shall create a grant application process for feedstock processors that shall include:

- (1) An application for a grant under this subchapter that shall include at a minimum:

- A. A narrative description of the intended use of the grant moneys; and
- B. Evidence sufficient to satisfy the department that the applicant has the capacity to complete the proposed project;

- (2) Instructions about the grant process;

- (3) Scoring procedures to determine the award of the grants; and

- (4) Other factors that the Secretary of the Arkansas Agriculture Department deems necessary.

- (c)

- (1) The department shall prepare an annual progress report on grant assistance made under this section.

- (2) The report shall include:

- A. The amount of each grant;
- B. The purpose of each grant;
- C. How grant funds were expended by the grant recipient; and
- D. The origin and tonnage of the feedstock that was processed.

(3) The report for each state fiscal year shall be filed by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.

(d)

(1) The department shall not award a grant in an amount that exceeds three million dollars (\$3,000,000) or fifty percent (50%) of the project cost, whichever is less, to any one (1) feedstock processor in any one (1) fiscal year.

(2) An entity that holds a controlling interest in more than one (1) feedstock processing plant is considered one (1) feedstock processor under this section.

(e) Nothing in this section shall limit a grant recipient under this section from applying for or receiving a production incentive for alternative fuels producers under § 15-13-302.

**Credits:** Acts of 2007, Act 873, § 1, eff. July 31, 2007; Acts of 2009, Act 977, § 2, eff. April 7, 2009.

#### **§ 15-13-304. Distribution incentives for alternative fuels distributors**

(a) The Arkansas Alternative Fuels Development Program shall include a grant incentive program that provides grants to alternative fuels distributors to assist the alternative fuels distributors with the storage and distribution of the alternative fuels or alternative fuels mixture at distribution facilities that are located and operated in Arkansas.

(b) The Arkansas Agriculture Department shall create a grant application process for alternative fuels distributors that shall include:

(1) An application for a grant under this subchapter that shall include at a minimum:

A. A narrative description of the intended use of the grant moneys; and

B. Evidence sufficient to satisfy the department that the provision of a grant to the alternative fuels distributor will improve the statewide supply and distribution of alternative fuels and alternative fuels mixtures that are produced in Arkansas;

(2) Instructions about the grant process;

(3) Scoring procedures to determine the award of the grants; and

(4) Other factors that the Secretary of the Arkansas Agriculture Department deems necessary.

(c)

(1) The department shall prepare an annual progress report on grant assistance made under this section.

(2) The report shall include:

- A. The amount of each grant;
- B. The purpose of each grant;
- C. How grant funds were expended by the grant recipient;
- D. The results produced or the progress made in the overall distribution of alternative fuels or alternative fuels mixtures statewide;
- E. The revenues produced; and
- F. Tonnages of materials stored and distributed.

(3) The report for each state fiscal year shall be filed by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.

(d) The department shall not award a grant in an amount that exceeds three hundred thousand dollars (\$300,000) or fifty percent (50%) of the project cost, whichever is less, to any one (1) alternative fuels distributor at each alternative fuels distributor site in any one (1) fiscal year.

**Credits:** Acts of 2007, Act 873, § 1, eff. July 31, 2007; Acts of 2009, Act 977, § 3, eff. April 7, 2009.

#### **§ 15-13-305. Rules**

After consulting the Arkansas Energy Office, the Arkansas Agriculture Department shall promulgate rules to implement and administer this subchapter.

**Credits:** Acts of 2007, Act 873, § 1, eff. July 31, 2007; Acts of 2009, Act 977, § 4, eff. April 7, 2009.

#### **§ 15-13-306. Rebate incentives for modification of motor vehicles**

(a) The Arkansas Alternative Fuels Development Program shall include an incentive program that provides a rebate to a public entity, a company, an organization, or an affiliate of a public entity, a company, or an organization:

- (1) To assist in the purchase of a conversion kit used to convert a diesel-powered motor vehicle or gasoline-powered motor vehicle to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle; and

- (2) For the differential costs and incremental costs associated with the conversion of a diesel-powered motor vehicle or gasoline-powered motor vehicle into a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle.
- (b) Additional funding for the incentive program provided by this section shall be from gifts, grants, private donations, and other funds made available by the General Assembly.
  - (c) The Arkansas Agriculture Department shall create a rebate application process for a public entity, a company, an organization, or an affiliate of a public entity, a company, or an organization to obtain a rebate that shall include:
    - (1) An application for a rebate under this subchapter that shall include :
      - A. An affidavit or proof that the motor vehicle is registered in Arkansas or will be registered in Arkansas upon acquisition of the motor vehicle; and
      - B. Evidence of the following:
        - i. The purchase of a dedicated compressed natural gas motor vehicle or a dedicated propane gas motor vehicle and the differential costs; or
        - ii. The differential costs, incremental costs, or the costs associated with the conversion of a diesel-powered motor vehicle or gasoline-powered motor vehicle into a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle;
    - (2) Instructions about the rebate process;
    - (3) Scoring procedures to determine the award of the rebates; and
    - (4) Other factors that the Secretary of the Arkansas Agriculture Department deems necessary.
  - (d)
    - (1) The department shall prepare an annual progress report on rebates made under this section.
    - (2) The report shall include:
      - A. The amount of each rebate;
      - B. The purpose of the rebate;
      - C. The total amount expended by the rebate recipient in converting the diesel-

powered motor vehicle or gasoline-powered motor vehicle to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle; and

D. The results produced or the progress made in the overall conversion of diesel-powered motor vehicles and gasoline-powered motor vehicles to dedicated compressed natural gas motor vehicles, bi-fuel compressed natural gas motor vehicles, dedicated propane gas motor vehicles, or bi-fuel propane gas motor vehicles.

(3) The report for each state fiscal year shall be filed by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.

(e) An independent third-party evaluator selected by the department shall:

(1) Study the use of a diesel-powered motor vehicle or gas-powered motor vehicle as compared to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle in the following areas:

A. Environmental impact;

B. Operational costs; and

C. Maintenance costs;

(2) Prepare an annual report of the results from the study; and

(3) File the annual report by June 30 of the following fiscal year with the office of the Governor and the Legislative Council.

(f) The rebate to be awarded by the department is the lesser of:

(1) Seventy-five percent (75%) of the cost for the differential costs, conversion kit, and incremental costs of converting a diesel-powered motor vehicle or gasoline-powered motor vehicle to a dedicated compressed natural gas motor vehicle, bi-fuel compressed natural gas motor vehicle, dedicated propane gas motor vehicle, or bi-fuel propane gas motor vehicle; or

(2) As determined by weight:

A. Five thousand dollars (\$5,000) for a motor vehicle with a gross vehicle weight rating that does not exceed eight thousand five hundred pounds (8,500 lbs.);

B. Eight thousand dollars (\$8,000) for a motor vehicle with a gross vehicle

weight rating that is more than eight thousand five hundred pounds (8,500 lbs.) but does not exceed fourteen thousand pounds (14,000 lbs.);

C. Twenty thousand dollars (\$20,000) for a motor vehicle with a gross weight rating that is more than fourteen thousand pounds (14,000 lbs.) but does not exceed twenty-six thousand pounds (26,000 lbs.); or

D. Thirty-two thousand dollars (\$32,000) for a motor vehicle with a gross vehicle weight rating of more than twenty-six thousand pounds (26,000 lbs.).

(g) A public entity, a company, an organization, or an affiliate of a public entity, a company, or an organization shall not receive more than fifty thousand dollars (\$50,000) per fiscal year for conversion kit costs, differential costs, and incremental costs.