



Nat'l Biodiesel Board  
3337A Emerald Ln.  
P O Box 104898  
Jefferson City, MO  
65110-4898  
(573) 635-3893 *phone*  
(800) 841-5849  
(573) 635-7913 *fax*  
[www.biodiesel.org](http://www.biodiesel.org)

# NEWS

**FOR IMMEDIATE RELEASE**

**Contact:** Jenna Higgins/NBB  
800-841-5849

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## **Minnesota Diesel Now Contains Two Percent Biodiesel Statewide**

*As ground-breaking B2 requirement takes effect, other states adopt their own legislation*

**JEFFERSON CITY, Mo.** – The National Biodiesel Board (NBB) today congratulated Minnesota for becoming the first to successfully implement a statewide initiative that blends two percent biodiesel (B2) throughout its entire diesel fuel supply. Today marks the official implementation of the effort after the state met all requirements contained in the March 2002 legislation that received bipartisan support. Minnesota has exceeded the legislative requirement that the state have biodiesel production capacity of at least eight million gallons a year. The state now leads the nation with its annual biodiesel production capacity of 63 million gallons.

Biodiesel, an alternative to traditional petroleum-based diesel fuel, is made from soybean oil and other vegetable oils and fats. It burns cleaner than traditional diesel, can be used in any diesel engine with few or no engine modifications and is a renewable source of fuel.

“Many people talk about doing something to help change our energy situation in this country; in Minnesota they don’t just talk - they took a stand and did something about it,” said Joe Jobe, chief executive officer NBB. “Today, biodiesel produced in Minnesota from soybeans grown in Minnesota, is flowing through the veins of the state’s energy infrastructure. Liquid solar energy from the Midwest is replacing oil from the Mid-East. Minnesotans should be proud.”

Soybean farmers funded the initial research into this alternative fuel in 1990 through the soybean checkoff. Now, 15 years later, biodiesel is used across the country and its momentum is growing in farm equipment, fleets, transit systems, school buses, mines and in marinas. Coast to coast, more truckers are also filling their rigs with the renewable fuel and more truck stops are selling biodiesel blends.

The Minnesota Soybean Growers Association (MSGA) first introduced the B2 legislation in 2000 and again in 2001. With the help of many clean air advocates and agricultural organizations, including NBB, the legislation that had become known as the “B2 legislation” passed in a bi-partisan vote in March 2002. However, before it could be implemented, the state was required to have a biodiesel production capacity of at least eight million gallons annually. There are biodiesel plants in Redwood Falls, Albert Lea and Brewster, with combined production capacity of 63 million gallons.

“An economic study completed by the Minnesota Department of Agriculture estimates that using just B2 blends will increase the demand for soybean oil in Minnesota by 92 million pounds – that’s the equivalent of 8.5 million bushels of soybeans,” said Bob Worth, President of MSGA. “But we already have school bus fleets, trucking firms and municipal fleets using a twenty percent blend – B20. Minnesotans really

*(more)*

embraced biodiesel for three basic reasons: It's better for the environment, it's good for the economy and it helps our nation reduce its dependence on foreign oil."

The biodiesel blend will also help meet an operational need in diesel starting in 2006. Next year, ultra-low sulfur diesel will be phased in nationwide, and some sort of lubricity additive will be required. Two percent biodiesel fully restores the needed lubricity to prevent premature engine wear and tear in diesel engines.

Demonstrating the strong momentum behind biodiesel, in 2005 alone, 36 state houses across the country considered about 170 pieces of biodiesel-related legislation.

Although the Minnesota requirement stands out as one of the first significant pieces of public policy, several other states have also passed significant legislation to encourage biodiesel supply and demand, including:

- **Arkansas:** Passed a fund granting up to \$.10/gallon for biodiesel producers.
- **Hawaii:** Lowered state excise tax for biodiesel blends.
- **Illinois:** Enacted a partial state sales tax exemption for biodiesel blends from B1-B10 and a full exemption for B10-B100, through 2013.
- **Indiana:** Provides an expansion of state tax credits for biodiesel producers, blenders, and retailers.
- **Missouri:** Qualified biodiesel producers are eligible for a monthly \$.30/gallon grant for the first 15 mm gallons produced annually, or \$.10/gallon up to 15 mm gallons produced beyond their initial 15 mm gallons.
- **Pennsylvania:** Developed an Alternative Fuels Incentive Fund to provide grants to schools, municipalities, political subdivisions, non-profits, LLCs and partnerships for purposes including incremental purchase costs of B100 and B20, refueling infrastructure and vehicle retrofitting. Also reimburses qualified renewable fuels producers up to \$.05/gallon.
- **Texas:** Provides a production incentive grant of a net 16.8 cents per gallon for 18 million gallons per plant per year. Also exempts biodiesel portion of biodiesel blends from state excise tax.

Biodiesel reduces emissions and poses no threat to human health. It is nontoxic, biodegradable and essentially free of sulfur and aromatics, significantly reducing emissions of carbon monoxide, particulate matter, unburned hydrocarbons and sulfates. On a lifecycle basis, biodiesel reduces carbon dioxide by 78 percent compared to petroleum diesel, making it the most effective greenhouse gas mitigation technology currently available for heavy-duty vehicles and equipment. It has the highest energy balance of any fuel and can be used in its pure form, or blended with petroleum diesel at any level. Biodiesel offers similar fuel economy, horsepower and torque to petroleum diesel while providing superior lubricity.

Nationwide, more than 500 major fleets now use biodiesel commercially, and 600 retail filling stations also make it available to the public.

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*Readers can learn more about biodiesel by visiting [www.biodiesel.org](http://www.biodiesel.org).*