

HOUSE No.

The Commonwealth of Massachusetts

PRESENTED BY:

Bradley H. Jones, Jr.

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the passage of the accompanying bill:

An Act relative to a biofuel production tax credit.

PETITION OF:

NAME:	DISTRICT/ADDRESS:
Bradley H. Jones, Jr.	20th Middlesex
George N. Peterson, Jr.	9th Worcester
Viriato Manuel deMacedo	1st Plymouth
Elizabeth Poirier	14th Bristol

The Commonwealth of Massachusetts

In the Year Two Thousand and Nine

AN ACT RELATIVE TO A BIOFUEL PRODUCTION TAX CREDIT.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1. Chapter 63 of the General Laws, as most recently amended by chapter 312 of the
2 Acts of 2008, is hereby amended by adding the following new section:-

3 Section 38AA. (a) A taxpayer engaged in the production of eligible cellulosic biofuels in the
4 commonwealth, as defined in section 1 of chapter 64A, shall be allowed a credit against the
5 taxes imposed by this chapter on income derived during the taxable year from the production
6 of eligible cellulosic biofuel for increases in annual production during the first 3 years of
7 production. For the purposes of this section, the production year is the period from July 1 of
8 the current year to June 30 of the succeeding year.

9 (b) Except as provided in subsection (c), the credit allowed on each gallon of increased cellulosic
10 biofuel production that replaces the use of petroleum or liquid fuels derived from other fossil
11 carbon sources over the previous year, in accordance with paragraph (a), is 10 cents a gallon for

12 each gallon of increased production. In blends with petroleum or other non-cellulosic biofuels,
13 the credit is allowed only on the portion of that blend that the cellulosic biofuel constitutes.

14 (c) The credit allowed in subsection (b) may be claimed for:

15 (1) the first year's total production;

16 (2) the production in the second year that exceeds production in the first year; and

17 (3) the production in the third year that exceeds production in the second year.

18 (d) The tax credit shall be taken against taxes imposed under this chapter and shall not be
19 refundable. Any amount of tax credit that exceeds the tax due for a taxable year may be
20 carried forward by the taxpayer to any of the 5 subsequent taxable years.

21 (e) Cellulosic biofuels for which the credit is allowed must meet state and federal regulatory
22 requirements applicable to the nature and intended use of the fuel produced, and shall be
23 classified as "eligible cellulosic biofuels" in accordance with the provisions of section 1A of
24 chapter 64A.

25 (f) The commissioner, in consultation with the secretary, shall promulgate regulations necessary
26 for the administration of this subsection.