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CHAPTER 63.

 ENERGY FREEDOM AND RURAL DEVELOPMENT ACT

**SECTION 12‑63‑10.** Citation of chapter.

This chapter may be cited as the “Energy Freedom and Rural Development Act”.

**SECTION 12‑63‑20.** Tax credits; alternative fuels and other energy sources.

(A)(1) An incentive payment for an alternative fuel purchase is provided beginning after June 30, 2009, and ending before July 1, 2012, and shall be provided from the general fund, excluding revenue derived from the sales and use tax as follows:

(a) five cents to the retailer for each gallon of E70 fuel or greater sold, provided that the ethanol‑based fuel is subject to the South Carolina motor fuel user fee;

(b) twenty‑five cents to the retailer for each gallon of pure biodiesel fuel sold so that the biodiesel in the blend is at least two percent B2 or greater, provided that the qualified biodiesel content fuel is subject to the South Carolina motor fuel user fee. Biodiesel fuel is a fuel for motor vehicle diesel engines comprised of vegetable oils or animal fats and meeting the specifications of the American Society of Testing and Materials (ASTM) D6751 or (ASTM) D975 blended stock; and

(c) twenty‑five cents to the retailer or wholesaler for each gallon of pure biodiesel fuel sold as dyed diesel fuel for “off‑road” uses, so that the biodiesel in the blend is at least two percent B2 or greater.

(2) The payments allowed pursuant to this subsection must be made to the retailer upon compliance with verification procedures set forth by the Department of Agriculture.

(B)(1) An incentive payment for production of electricity or energy is provided pursuant to subitems (a) and (b), beginning after June 30, 2008, and ending before July 1, 2018, and shall be provided from the general fund, excluding revenue derived from the sales and use tax as follows:

(a) One cent per kilowatt‑hour (kwh) for electricity produced from biomass resources in a facility not using biomass resources before June 30, 2008, or facilities which produce at least twenty‑five percent more electricity from biomass resources than the greatest three‑year average before June 30, 2008, up to a maximum of one hundred thousand dollars per year per taxpayer for five years. The incentive payment is also applicable to electricity from a qualifying facility placed in service and first producing electricity on or after July 1, 2008. The incentive payment extends for five years, and ends on July 1, 2013, or five years from the date the facility was placed in service and first produced electricity. In no case shall the incentive payment apply after June 30, 2018.

(b) Thirty cents per therm (100,000 Btu) for energy produced from biomass resources in a facility not using biomass resources before June 30, 2008, or facilities which utilize at least twenty‑five percent more energy from biomass resources than the greatest three‑year average before June 30, 2008, up to a maximum of one hundred thousand dollars per year per taxpayer for five years. The incentive payment is also applicable to energy from a qualifying facility placed in service and first producing energy on or after July 1, 2008. The incentive payment extends for five years, and ends on July 1, 2013, or five years from the date the facility was placed in service and first produced energy. In no case shall the incentive payment apply after June 30, 2018.

The incentive payment for the production of electricity or thermal energy may not be claimed for both electricity and energy produced from the same biomass resource.

(2) For purposes of this subsection, a biomass resource means wood, wood waste, agricultural waste, animal waste, sewage, landfill gas, and other organic materials, not including fossil fuels.

(C) The Department of Revenue may prescribe forms and procedures, issue policy documents, and distribute funds as necessary to ensure the orderly and timely implementation of the provisions of this section. The Department of Revenue shall coordinate with the Department of Agriculture as necessary.

**SECTION 12‑63‑30.** Biodiesel fuel at state‑owned diesel fueling facilities.

A state‑owned diesel fueling facility shall provide fuel containing at least five percent biodiesel fuel in all diesel pumps.