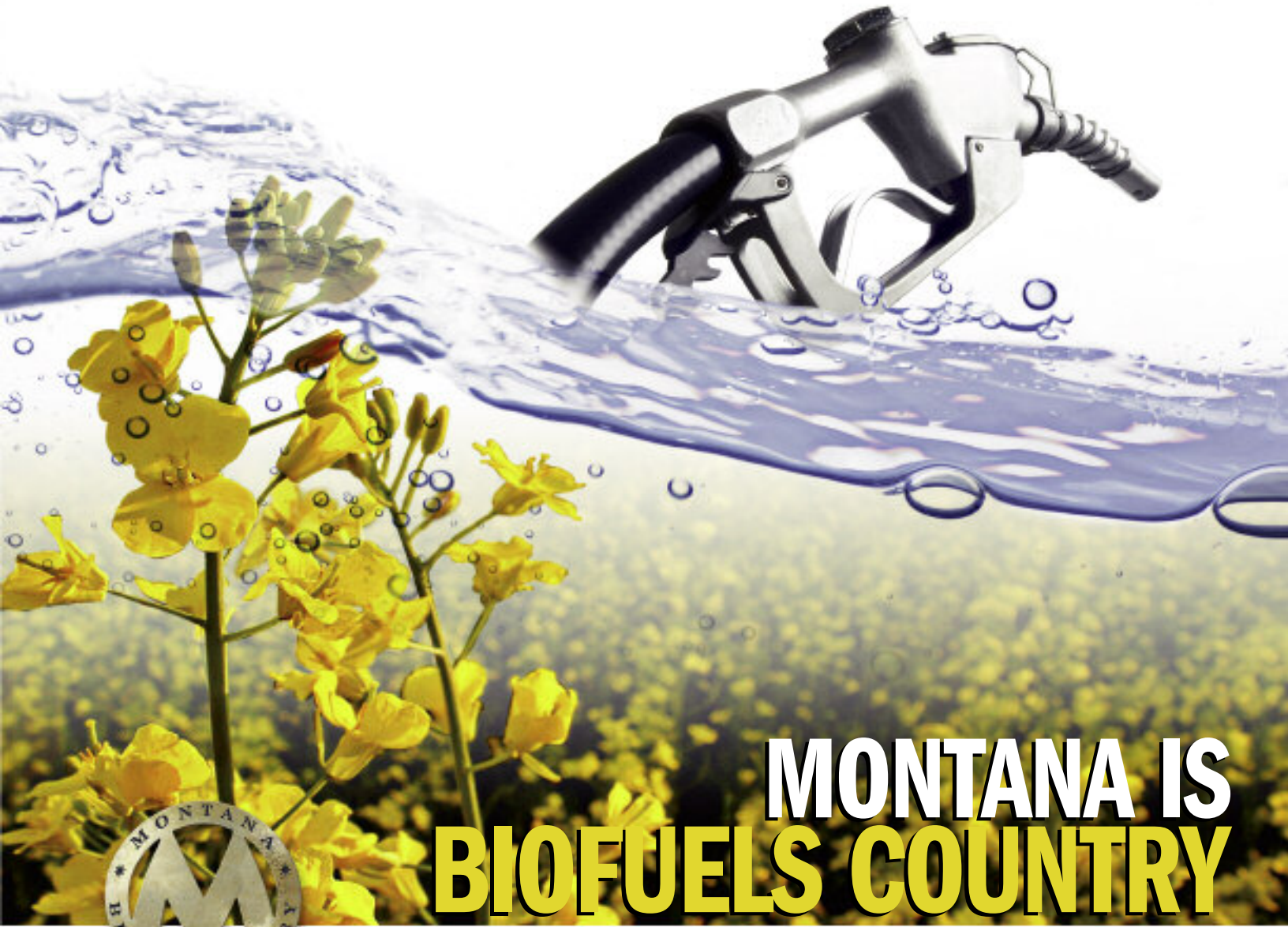


MONTANA MEANS BUSINESS



MONTANA IS BIOFUELS COUNTRY

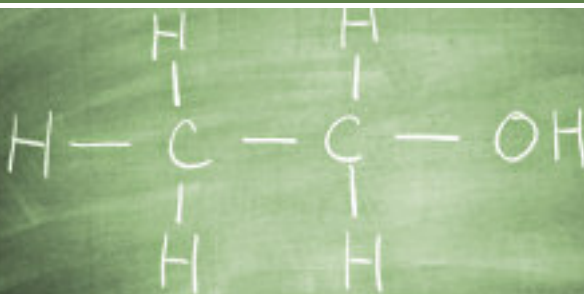


DEVELOPING BIOMASS FUELS FOR TOMORROW'S ENERGY

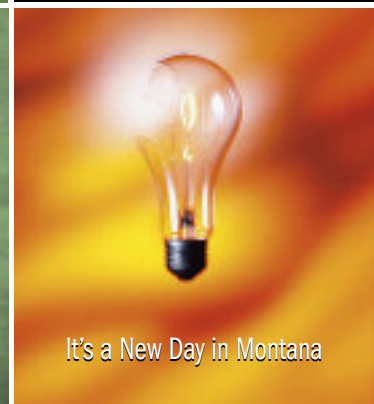
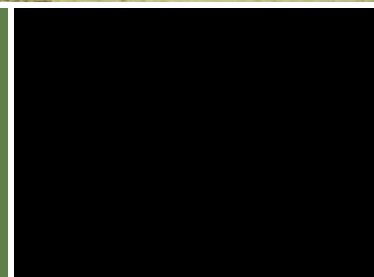


Montana is Biofuels Country

Biofuels production is an important component of Governor Brian Schweitzer's energy policy. Biofuels production will create new markets for agricultural products, reduce our state and nation's dependence on imported oil, attract investment and create jobs in economically distressed rural Montana.



$\text{C}_2\text{H}_5\text{OH}$ Ethanol



It's a New Day in Montana

MONTANA'S OBJECTIVES

- Develop a Montana biofuels industry as a component of Governor Schweitzer's energy policy of developing diverse energy sources available in abundant supply in Montana.
- Utilizing the \$15 million under a US Department of Labor WIRED grant, create a "biofuels" energy production economy in the region comprised of 32 eastern Montana counties that will boost one of the nation's most economically distressed regions.
- Advance the utilization of grain and oil seed crops that can be made into transportation fuels and biolubricants.

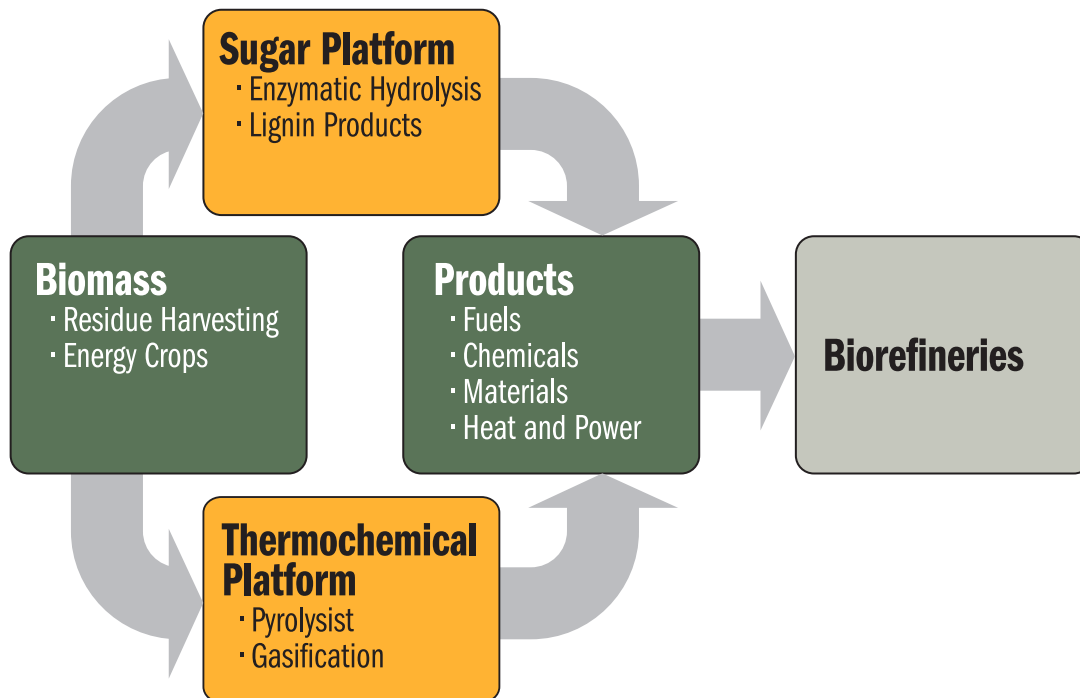
MONTANA'S ASSETS

- Total land area of 145,000 square miles, the nation's 4th largest state.
- 16.5 million acres of crop land suitable for growing grain and/or oil seed crops for use in ethanol and biodiesel production.
- 19 million acres of non-reserved forest land in Montana available for production of cellulosic ethanol and other biofuels.
- The Montana Department of Environmental Quality (DEQ) conducts a DOE funded Biomass Energy Program that currently:
 - Assists in commercial development
 - Develops new bio-energy technology
 - Provides technical assistance to the industry
- DEQ conducts biodiesel production workshops for those interested in starting a business.

CONVERTING BIOMASS TO FUEL

The U.S. Department of Energy (DOE) Biomass Program develops technology for conversion of biomass (plant-derived material) to valuable fuels, chemicals, materials and power, so as to reduce dependence on foreign oil and foster growth of biorefineries. Biomass is one of our most important energy resources. The largest U.S. renewable energy source every year since 2000, it also provides the only renewable alternative for liquid transportation fuel. Biomass use strengthens rural economies, decreases America's dependence on imported oil, avoids use of highly toxic fuel additives, reduces air and water pollution, and reduces greenhouse gas emissions.

Today's biomass uses include ethanol, biodiesel, biomass power, and industrial process energy. Tomorrow, biorefineries or cluster companies will use advanced technology such as hydrolysis of cellulosic biomass to sugars and lignin and thermochemical conversion of biomass to synthesis gas for fermentation and catalysis of these platform chemicals to produce slates of biopolymers and fuels.



BIOFUEL PLANTS PROPOSED AND EXISTING

■ Proposed ethanol plants:

Billings	Butte	Box Elder	Glasgow-Ft. Peck	Great Falls
Hardin	Harlem	Miles City	Shelby	

■ Proposed biodiesel plants:

Billings	Bozeman	Chester	Culbertson	Gallatin County
Hardin	Havre	Livingston	Kalispell	Malta

- Limited biodiesel production is on-going in Florence, Great Falls, Helena, Livingston, and Simms.

- Montana Microbial Products LLC is a leader in enzymes for cellulose and barley-based reduced energy ethanol production. They are operating a pilot plant in Butte to demonstrate this process with select cellulosic feedstocks.

ENVIRONMENTAL CONSIDERATIONS

■ Biodiesel:

- Safer
- Renewable
- Biodegradable
- Positive Energy Balance
- Cleaner Burning

■ Ethanol:

- Domestic
- Renewable
- Cleaner Burning
- Good for your car
- Environmentally Friendly



- Governor Schweitzer is the nation's first governor to endorse the national 25 x '25 initiative; a nationwide grass roots effort gaining widespread bipartisan support to pass federal legislation requiring 25% of US energy demand be supplied by renewable energy by 2025.

FEDERAL INCENTIVES

- **Biodiesel/Alternative Fuels:** Small producer biodiesel and ethanol credit. This credit will benefit small agri-biodiesel producers by giving them a 10 cent per gallon tax credit for up to 15 million gallons of agri-biodiesel produced. In addition, the limit on production capacity for small ethanol producers increased from 30 million to 60 million gallons. This is effective until the end of 2008.
- **Credit for installing alternative fuel refueling property:** Fueling stations are eligible to claim a 30% credit for the cost of installing clean-fuel vehicle refueling equipment, (e.g. E85 ethanol pumping stations). Under the provision, a clean fuel is any fuel that consists of at least 85% ethanol, natural gas, compressed natural gas, liquefied natural gas, liquefied petroleum gas, or hydrogen and any mixture of diesel fuel and biodiesel containing at least 20% biodiesel. This is effective through December 31, 2010.

STATE INCENTIVES

- **Grant and loan assistance for biofuels**
 - Alternate Energy Revolving Loan Fund, Montana Department of Environmental Quality
 - Montana Growth Through Agriculture Program, Montana Department of Agriculture
 - Montana Alternate and Renewable Resource Program, Montana Department of Natural Resources and Conservation
- **Montana Ethanol Incentives**
 - 10% ethanol blending requirement when Montana production reaches 40 million gallons per year
 - Ethanol production tax credit (up to \$0.20 per gallon)
 - Ethanol-blend fuel tax reduction (15% until blend requirement is in place)
 - Distribution and storage equipment (retail and distribution) tax incentive
- **Montana Biodiesel Incentives**
 - Biodiesel tax credits for production (\$0.10 per new gallon)
 - Biodiesel distributor and retailer tax credit (up to \$0.02 per gallon sold)
 - Production (and oilseed crushing) Facility tax incentive (up to 15%)
 - Distribution and storage equipment (retail and distribution) tax incentive



MONTANA MEANS BUSINESS



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This document was printed at state expense. Information on the cost of the publication can be obtained by writing to the Department of Administration or to the Governor's Office of Economic Development.

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Graphic design and layout by Luke Duran, Element L Design.