

**BMB Transportation Group**  
379 Farmington Avenue, Suite D204  
Hartford, CT 06105  
**Phone:** 860-462-6079

**Bonnie Brown, President/CEO**

[E-mail:bmbinc@bmbtransportgroup.com](mailto:bmbinc@bmbtransportgroup.com)  
[www.bmbtransportgroup.com](http://www.bmbtransportgroup.com)

**January 2006 Newsletter**

**Happy New Year!**



**Biodiesel hits snags in some states, moves forward in others**

[terry\\_scruton@landlinemag.com](mailto:terry_scruton@landlinemag.com)

**By Terry Scruton**  
**senior writer**

In spite of setbacks in some areas, biodiesel is becoming a much-talked-about topic in many states.

Washington recently came up with a new contract for state fuel to increase the state's usage of biodiesel.

The Olympian reported that the Office of State Procurement is following up on an executive order signed by then-Gov. Gary Locke that calls on state agencies to use a 5-percent biodiesel blend.

In addition, the order also calls on the state to commit to a 20 percent blend by Sept. 1, 2009.

And Arizona state lawmaker Tom Boone, R-Glendale, said he plans to introduce a bill in 2006 that would encourage the use of biodiesel and provide incentives for producing it in the state.

The proposed legislation also would waive the 18-cent fuel tax on biodiesel sales for seven years.

In addition, it would set the property tax ratio for any biodiesel and ethanol production facilities at 10 percent instead of the usual commercial rate of 25 percent.

But not all is happy in the land of biodiesel.

Both Minnesota and Texas had their own issues with biodiesel production in early November.

On Nov. 2, 2005, a rumor was swirling around the Lone Star State that Texas officials had banned biodiesel altogether. But Roger Vaughan of the Texas Commission on Environmental Quality said that isn't exactly true.

Vaughan told Land Line that Texas Low Emission Diesel standards, or TxLED, require certain fuel standards in 110 counties in the eastern

half of the state, in particular with regard to nitrogen oxide emissions.

The trouble, Vaughn said, is that only one 20-percent biodiesel mixture meets those standards, so in effect the rest of the mixtures in use in the eastern half of the state are illegal.

The new fuel requirements went into effect Nov 1, 2005.

Meanwhile, in Minnesota, a problem of a different sort disrupted sales of biodiesel throughout the state.

The St. Paul Pioneer Press reported that a bad batch of soybean-based biodiesel led to a series of problems that prompted the state to temporarily halt biodiesel sales. The batch did not measure up to the legal standards required by the state.

As a result, diesel deliveries from that refiner were shut off for about 20 hours Oct. 28, 2005, prompting the state to temporarily waive the law that requires all diesel sold in Minnesota to be mixed with at least 2 percent biodiesel.

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