

*Jeanne Shaheen*

115<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

**S.** \_\_\_\_\_

To amend the Farm Security and Rural Investment Act of 2002, to require the Secretary of Agriculture to establish a community wood energy and wood innovation program, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

*Senator Shaheen*  
*and Senator Collins*

\_\_\_\_\_ introduced the following bill; which was read twice and referred to the Committee on \_\_\_\_\_

\_\_\_\_\_

**A BILL**

To amend the Farm Security and Rural Investment Act of 2002, to require the Secretary of Agriculture to establish a community wood energy and wood innovation program, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Community Wood En-  
5 ergy Innovation Act of 2018”.

1 **SEC. 2. COMMUNITY WOOD ENERGY AND WOOD INNOVA-**  
2 **TION PROGRAM.**

3 Section 9013 of the Farm Security and Rural Invest-  
4 ment Act of 2002 (7 U.S.C. 8113) is amended to read  
5 as follows:

6 **"SEC. 9013. COMMUNITY WOOD ENERGY AND WOOD INNO-**  
7 **VATION PROGRAM.**

8 "(a) **DEFINITIONS.**—In this section:

9 "(1) **COMMUNITY WOOD ENERGY SYSTEM.**—

10 "(A) **IN GENERAL.**—The term 'community  
11 wood energy system' means an energy system  
12 that—

13 "(i) produces useful—

14 "(I) thermal energy; or

15 "(II) combined thermal energy  
16 and electricity, where thermal energy  
17 is the primary energy produced;

18 "(ii) services—

19 "(I) public facilities owned or op-  
20 erated by State or local governments,  
21 including schools, town halls, libraries,  
22 and other public buildings; or

23 "(II) private or nonprofit facili-  
24 ties, including commercial and busi-  
25 ness facilities, such as hospitals, office  
26 buildings, apartment buildings, and

1 manufacturing and industrial build-  
2 ings; and

3 “(iii) uses woody biomass, including  
4 residuals from wood processing facilities,  
5 as the primary fuel.

6 “(B) INCLUSIONS.—The term ‘community  
7 wood energy system’ includes—

8 “(i) single facility central heating sys-  
9 tems;

10 “(ii) district heating systems serving  
11 multiple buildings;

12 “(iii) combined heat and electric sys-  
13 tems, where thermal energy is the primary  
14 energy produced; and

15 “(iv) other related biomass energy  
16 systems, as determined by the Secretary.

17 “(2) ELIGIBLE ENTITY.—The term ‘eligible en-  
18 tity’ means—

19 “(A) a State;

20 “(B) a local government;

21 “(C) a nonprofit entity; or

22 “(D) a private commercial entity.

23 “(3) ELIGIBLE PROJECT.—The term ‘eligible  
24 project’ means a project described in subsection  
25 (b)(2).

1           “(4) INNOVATIVE WOOD PRODUCT FACILITY.—

2           The term ‘innovative wood product facility’ means a  
3           manufacturing or processing plant or mill that pro-  
4           duces—

5                   “(A) building components or systems that  
6                   use large panelized wood construction, including  
7                   mass timber;

8                   “(B) wood products derived from nano-  
9                   technology or other new technology processes,  
10                  as determined by the Secretary; or

11                  “(C) other innovative wood products that  
12                  use wood that is low-value and low-quality, as  
13                  determined by the Secretary (referred to in this  
14                  section as ‘low-value, low-quality wood’).

15           “(5) MASS TIMBER.—The term ‘mass timber’  
16           includes—

17                   “(A) cross-laminated timber;

18                   “(B) nail laminated timber;

19                   “(C) glue laminated timber;

20                   “(D) laminated strand lumber; and

21                   “(E) laminated veneer lumber.

22           “(6) SECRETARY.—The term Secretary means  
23           the Secretary, acting through the Chief of the For-  
24           est Service.

25           “(b) GRANT PROGRAM.—

1           “(1) IN GENERAL.—The Secretary shall estab-  
2           lish a program, to be known as the ‘Community  
3           Wood Energy and Wood Innovation Program’, to  
4           provide to eligible entities grants to carry out eligible  
5           projects described in paragraph (2).

6           “(2) ELIGIBLE PROJECTS.—

7           “(A) IN GENERAL.—An eligible entity that  
8           receives a grant under paragraph (1) shall use  
9           the grant to install a community wood energy  
10          system or to build an innovative wood product  
11          facility in an area in which the market for low-  
12          value, low-quality wood used by the community  
13          wood energy system or innovative wood product  
14          facility has declined.

15          “(B) LIMITATION.—An eligible entity that  
16          receives a grant under paragraph (1) may only  
17          use the grant to install a community wood en-  
18          ergy system that does not exceed a nameplate  
19          capacity of 10 megawatts of thermal energy or  
20          combined thermal and electric energy.

21          “(3) SELECTION OF GRANT RECIPIENTS.—

22          “(A) APPLICATIONS.—An eligible entity  
23          desiring a grant under paragraph (1) shall sub-  
24          mit to the Secretary an application at such  
25          time, in such manner, and containing such in-

1           formation as the Secretary may require, includ-  
2           ing a detailed plan that describes the engineer-  
3           ing and design work to be carried out for the  
4           proposed eligible project.

5           “(B) SELECTION.—The Secretary shall  
6           award grants under paragraph (1) on a com-  
7           petitive basis, taking into account—

8                   “(i) the energy efficiency of the pro-  
9                   posed eligible project;

10                   “(ii) the cost effectiveness of the pro-  
11                   posed eligible project;

12                   “(iii) whether the proposed eligible  
13                   project represents best-in-class commer-  
14                   cially available technology;

15                   “(iv) whether the applicant has dem-  
16                   onstrated a high likelihood of the eligible  
17                   project succeeding, as demonstrated in the  
18                   plan required as part of the application  
19                   under subparagraph (A); and

20                   “(v) other technical, economic, con-  
21                   servation, and environmental criteria that  
22                   the Secretary considers appropriate.

23           “(C) PRIORITIZATION.—In selecting eligi-  
24           ble entities for grants under subparagraph (B),

1 the Secretary shall give priority to applicants  
2 proposing eligible projects that—

3 “(i) are located in areas in which mar-  
4 kets are needed for the low-value, low-qual-  
5 ity wood;

6 “(ii) are located in areas with limited  
7 access to natural gas pipelines;

8 “(iii) include the use or retrofitting of  
9 existing sawmill facilities located in coun-  
10 ties in which the average annual unemploy-  
11 ment rate exceeded the national average  
12 unemployment rate by greater than 1 per-  
13 cent in the previous calendar year; or

14 “(iv) are located in areas in which  
15 markets will aid with forest restoration.

16 “(c) FUNDING REQUIREMENTS.—

17 “(1) CAP ON CAPITAL COSTS.—

18 “(A) IN GENERAL.—Except as provided in  
19 subparagraph (B), the total installed capital  
20 cost of an eligible project that receives a grant  
21 under subsection (b)(1) shall not exceed  
22 \$1,000,000.

23 “(B) EXCEPTION.—The Secretary may  
24 award a grant to an eligible entity for an eligi-  
25 ble project the total installed capital cost of

1 which exceeds the cap described in subpara-  
2 graph (A) but does not exceed \$1,500,000 if, as  
3 determined by the Secretary, special cir-  
4 cumstances warrant such a grant, such as the  
5 eligible project being carried out at a school or  
6 hospital located in a low-income community.

7 “(2) COST-SHARING REQUIREMENTS.—

8 “(A) FEDERAL SHARE.—

9 “(i) IN GENERAL.—Except as pro-  
10 vided in clause (ii), the Federal share of  
11 the installed capital cost of an eligible  
12 project carried out by an eligible entity  
13 that receives a grant under subsection  
14 (b)(1) shall be not greater than 35 percent.

15 “(ii) EXCEPTION.—The Federal share  
16 of the installed capital cost of an eligible  
17 project carried out by an eligible entity  
18 that receives a grant under subsection  
19 (b)(1) may be not greater than 50 percent  
20 if the Secretary determines that special cir-  
21 cumstances warrant such a Federal share,  
22 such as the eligible project being carried  
23 out at a school or hospital located in a low-  
24 income community.

1           “(B) NON-FEDERAL SHARE.—The non-  
2           Federal share of the installed capital cost of an  
3           eligible project carried out by an eligible entity  
4           that receives a grant under subsection (b)(1)  
5           shall be not less than the Federal share pro-  
6           vided under clause (i) or (ii) of subparagraph  
7           (A), as applicable.

8           “(d) REPORT TO CONGRESS.—Not later than Decem-  
9           ber 31, 2019, and not less frequently than once every 2  
10          years thereafter, the Secretary shall submit to the Com-  
11          mittee on Energy and Natural Resources of the Senate,  
12          the Committee on Agriculture, Nutrition, and Forestry of  
13          the Senate, the Committee on Natural Resources of the  
14          House of Representatives, and the Committee on Agri-  
15          culture of the House of Representatives a report that—

16               “(1) analyzes the impact of the Community  
17          Wood Energy and Wood Innovation Program on  
18          supporting market investments in low-value, low-  
19          quality wood; and

20               “(2) identifies specific opportunities and meas-  
21          ures necessary to enhance support for low-value,  
22          low-quality wood.

23          “(e) AUTHORIZATION OF APPROPRIATIONS.—

24               “(1) IN GENERAL.—There is authorized to be  
25          appropriated to the Secretary to carry out this sec-

1           ~~\$50,000,000~~<sup>\$25,000,000</sup> 10  
2           tion ~~\$50,000,000~~ for each of fiscal years 2019  
3           through 2023, to remain available until expended.

4           “(2) LIMITATION.—The Secretary may use not  
5           greater than 25 percent of amounts made available  
6           under paragraph (1) to make grants to eligible enti-  
7           ties to build innovative wood product facilities, un-  
8           less the Secretary has received no other appropriate  
9           applications for grants to install community wood  
          energy systems.”.