



## 2011 Nebraska Farm Bureau Policy Development Guide

# Bio-based Products

### Issue

As more bio-based products have come into the consumer market, some states have established programs obligating state governments to give preference to the purchase of bio-based products in the normal course of carrying out state government operations. During the 2011 legislative session, similar legislation was introduced in Nebraska. NEFB policy is generally supportive of efforts to increase the use of value-added agriculture products but does not speak directly to implementation of specified purchasing programs for state government.

### Background

Introduced by State Sen. Lydia Brasch, LB 691 would require the Nebraska Department of Administrative Services, state agencies, the university and state colleges to give preference to the purchase of products and materials identified as bio-based. The program would not apply to biofuel, but other common bio-based products. The bill was modeled after legislation that recently passed in Ohio and from other efforts undertaken in Iowa, Indiana, Michigan, Arkansas and New York to encourage state government to acquire more products that are produced from agricultural commodities and materials.

The 2002 Farm bill created a federal program similarly requiring the federal government to purchase bio-based products. That program is still in place today and was reauthorized in the 2008 Farm bill. Under the federal and proposed state program, bio-based products are defined as commercial or industrial products that are composed of biological products and renewable domestic agriculture materials, including plant, forestry, animal and marine materials. A wide array of products are now produced out of bio-based materials, including common household items, lubricants, construction materials, office supplies, cleaners, furniture, packing materials and numerous other products.

USDA estimates some 9,000 products now meet the federal criteria for being a bio-based product. Some 400 plus bio-products have now received approval to be labeled as USDA “biobased certified” under USDA’s voluntary labeling program which started in February 2011. Bio-based products are generally marketed to consumers as having traits making them more environmentally friendly than traditional products. The Nebraska Soybean Board recently

launched a website (NEbioproducts.org) that highlights the production of bio-based products produced in Nebraska.

In following the federal USDA purchase program, LB 691 would require state agencies to give preference to the purchase of bio-based products only if such products meet certain criteria. Under the bill, bio-products would only be given purchase preference if the products are readily available to state governments and are both equivalent in the price and quality to the traditional petroleum-based product that would be replaced.

LB 691 was assigned to the legislature's Government Committee and did not advance during the legislative session. Concerns were raised about the potential fiscal impact of implementing such a program. Since the hearing on the bill, State Administrative Services has indicated that it would work with Sen. Brasch to see if there are ways to modify the legislation to lower any potential fiscal impact. An interim study on the topic was introduced prior to the end of the legislative session.

### **Farm Bureau Policy**

VALUE-ADDED PROGRAMS (2007). The production of value added products and the processing and distribution of Nebraska agricultural products should be promoted. We encourage our membership and leadership to promote the use of Nebraska's value added products in local, state, national, and international markets where possible and feasible, and to look for, and identify new emerging markets where Nebraska's value added products may be used. We support legislation, which will create additional markets for all commodities.

We also support legislation that would create tax incentives for investors in ethanol and other value-added agricultural processing ventures. The use of general tax revenues for education programs and financial incentives should be coordinated through the University of Nebraska Cooperative Extension, Department of Agriculture, Nebraska Rural Development Commission, and USDA Rural Development in coordination with commodity groups and farm organizations.

### **Questions for Discussion**

1. Should NEFB policy support efforts to encourage state and local government acquisition of biobased products?
2. Should NEFB policy support placing legislative obligations on state agencies to purchase such products?
3. Are there other things that can be done to develop or promote value-added agriculture products?