

06/09/2016



Advanced
Biofuels
Association



The Honorable Orrin Hatch
Chairman
Committee on Finance
219 Dirksen SOB
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
219 Dirksen SOB
Washington, D.C. 20510

Dear Chairman Hatch, Ranking Member Wyden, and Members of the Finance Committee:

The above organizations – representing the entire biodiesel supply chain, including consumers – write to reiterate the importance of the biodiesel blenders' tax credit in helping to displace traditional petroleum-based fuel with a cleaner-burning substitute. As the Finance Committee considers energy tax policy and comprehensive tax reform, we urge you to extend the biodiesel blenders' credit in its current form, and oppose any change to the existing tax credit's structure.

Since 2005, there has been a biodiesel and renewable diesel blenders' tax credit of \$1.00 for each gallon of biodiesel used in a qualified mixture. This tax credit, which expires at the end of 2016, has successfully stimulated production and driven consumer acceptance of biofuels by lowering the cost to consumers.

For more than ten years, this tax credit has worked: It creates a strong incentive for downstream fuel marketers to blend renewable fuel into the fuel supply all while lowering prices at the pump for consumers.

Allowing the credit to expire, or converting the biodiesel credit to a so-called *producer* credit, would increase the cost of biodiesel for consumers. Increasing the price of biofuels will reduce consumption of advanced biodiesel fuels resulting in higher amounts of harmful emissions from vehicles and higher heating oil prices. Converting the credit to a producer credit would primarily benefit a small number of large biodiesel refiners and potentially violate trade agreements which could result in retaliatory sanctions against domestic industries.

Converting the credit to a producer credit is an extremely contentious issue that was specifically rejected in last year's final tax extenders package. No Committee in the House or the Senate has held a single hearing to examine this change. This proposed policy change potentially would (i) increase fuel prices for the millions of trucks that move two-thirds of the country's freight; (ii) raise the price of heating oil in the Northeast; and (iii) result in a trade violation. The proposal to amend the tax credit to shift the tax credit from consumers to producers should be closely examined and rejected again.

We urge Congress to extend the current blenders' credit in its current form for an additional two years as Congress continues to consider comprehensive tax reform proposals. We urge you to reject any additional modification to this tax credit.

Respectfully,

**Advanced Biofuels Association
NATSO, Representing America's Travel Plazas and Truckstops
American Trucking Associations
Society of Independent Gasoline Marketers of America
National Association of Convenience Stores
Petroleum Marketers Association of America**

CC:

Members of the United States Senate Committee on Finance