



TAX INCENTIVES FOR RENEWABLE FUEL

Background:

Biodiesel production benefits soybean farmers and the livestock industry. About half of U.S. biodiesel is produced from soybean oil that is a by-product of soybean production. Rendered animal fat is also a significant feedstock for biodiesel and renewable diesel production. The Bipartisan Budget Act of 2018 retroactively extended the biodiesel tax credit for one year, 2017, but not for 2018. Extension of the tax incentive is important to the industry's continued growth.

Issues:

Farm Bureau calls on Congress to formulate predictable, stable, long-term tax policy that provides businesses and investors with the certainty they need for sound business planning. The uncertainty surrounding the expired biodiesel tax credits undermines the purpose of these credits, which is to provide incentives for investment and to promote economic growth. It is critical that Congress extend these important tax credits.

Tax Credits for Biodiesel, Renewable Biodiesel, and Second-Generation Biofuel (Sect. 40A, 6426(c) and 6427(e)) (Expired December 31, 2017)

Biodiesel is a cleaner-burning renewable replacement for petroleum diesel fuel. It can be manufactured primarily from vegetable oils (soybean, corn, sunflower seed, cotton seeds, canola, etc.), animal fats and recycled cooking oils. Second-generation biofuel (formerly referred to as cellulosic ethanol) comes from cellulosic biomass, for example woody crops and agricultural residues or waste. Farm Bureau supports the continuation of tax credits for biodiesel, renewable biodiesel and second-generation biofuels because of the markets they provide for agricultural commodities and their byproducts.

Biodiesel and biofuel production not only help farmers and ranchers by expanding markets for their products, but in many rural areas of the country, biodiesel and biofuel production facilities are a driving force in local economies by providing employment opportunities and broadening the local tax base. In addition, all citizens, including farmers who are large fuel consumers, benefit when our nation reduces its dependence on volatile international oil markets.

AFBF Policy:

Farm Bureau supports policies that help create a diverse domestic fuel and energy supply to propel America's economic growth and strengthen our nation's energy security. Continuation of tax incentives that encourage further development and use of renewable fuels benefit our nation and aid the agriculture sector.

Contact: Pat Wolff, 202-406-3670, patw@fb.org

February 2019