



TAX INCENTIVES FOR RENEWABLE FUEL AND ENERGY

Background:

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 and renewable energy benefit our nation and aid the agriculture sector.

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 tax credits undermines the purpose of these credits, which is to provide incentives for investment and to promote economic growth. In the short-term it is critical that Congress extend these important tax credits for one year.

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.

Alternative Fuel Vehicle Refueling Property Tax Credit (Sect 30C) (Expired December 31, 2017)

While expanding production of renewable fuels is important to agriculture and to our nation at-large, correspondingly important is the network of dispensing pumps that customers use to purchase ethanol and biodiesel. Farm Bureau supports continuation and modernization of the tax credit that incentivizes the installation of pumps for alternative fuels.

Tax Credits for Renewable Energy from Biomass (Sect. 45) and Biogas (Sect. 48)

Renewable energy provides supplemental income to farmers and ranchers, expands energy productivity and results in fewer emissions. Electricity produced from closed-loop biomass comes from plants grown exclusively for electricity production, for example switch grass. Byproducts such as wood chips, biogas and farm waste are used to produce electricity from open-loop biomass. Farm Bureau supports expanding the biogas credit to include other sustainable uses such as for fuel and fertilizer.

AFBF Policy:

Farm Bureau supports H.R 2853 and S. 988, the Agriculture Environmental Stewardship Act to make biogas and nutrient recovery systems eligible for the existing 30 percent investment tax credit.

Farm Bureau supports H.R. 2383 and S. 944, the American Renewable Fuels and Job Creation Act of 2017 to extend and restructure the biodiesel tax credit.

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