

October 21, 2015

The Honorable Paul Ryan  
Chairman  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Sander Levin  
Ranking Member  
Committee on Ways and Means  
1106 Longworth House Office Building  
Washington, DC 20515

Dear Chairman Ryan and Ranking Member Levin:

The undersigned organizations are writing to express concern about changes to the biodiesel and renewable diesel blenders tax credit the Senate Finance Committee adopted in July as part of legislation to extend various expired tax benefits. We urge the Ways and Means Committee to extend the biodiesel and renewable diesel blenders' tax credit in its current form and to reject the Finance Committee's proposed changes.

Since 2005 there has been a biodiesel and renewable diesel blenders' tax credit of \$1.00 for each gallon of biodiesel or renewable diesel used in a qualified mixture. This tax credit, which expired at the end of 2014, was created to stimulate production and use of biodiesel and renewable diesel, an agricultural alternative to fossil fuels. The biodiesel and renewable tax credits stimulate consumption of these fuels by reducing fuel prices for the millions of trucks that move 2/3 of the country's freight.

In the Senate Finance Committee's July markup, Senator Charles Grassley offered an amendment, co-sponsored by Senator Maria Cantwell, which would extend the biodiesel and renewable diesel tax credit for two years but, starting in 2016, convert the credit from one for blenders (those who make biodiesel mixtures) to one for those who produce biodiesel and renewable diesel. The Grassley amendment would also deny the tax credit to imported biodiesel or renewable diesel.

Converting the tax credit to a producer's tax credit and denying its availability to imported fuels will benefit a small group of biodiesel producers and come at the expense of fuel retailers who have incurred significant costs to purchase and maintain the equipment to dispense blended fuels and at the expense of the nation's consumers who will pay higher prices for the shipment of goods. There is also significant concern that the provision will limit the amount of supply of biofuels heating oil into the Northeast this winter. Additionally, the poorly designed excise tax system in combination with this change could lead to oil heat consumers paying as much as an additional 24 cents per gallon for their biofuels mixed heating oil this winter. Converting the tax credit to a domestic production credit will also likely result in a trade violation, a concern acknowledged by Senator Grassley.

The current blenders' credit for biofuels is successfully creating a market for biodiesel and renewable diesel and building consumer acceptance. Continuing the policy that allows truckers to share in the value of the credit and encourages consumer acceptance of biofuels benefits American consumers, those who blend those fuels, and those who provide the feedstocks that make biofuels.

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We believe the current blenders' credit should be extended in its longstanding form as was originally intended.

Respectfully,



Advanced  
Biofuels  
Association



Cc: Committee Members