



<b>National Biodiesel Board</b> 605 Clark Ave. PO Box 104898 Jefferson City, MO 65110-4898 (800) 841-5849 phone (573) 635-7913 fax	<b>National Biodiesel Board</b> 1331 Pennsylvania Ave., NW Suite 505 Washington, DC 20004 (202) 737-8801 phone <a href="http://www.biodiesel.org">www.biodiesel.org</a>
---	--

October 28, 2015

The Honorable Paul Ryan  
U.S. House Ways and Means Committee  
1102 Longworth Building  
Washington, DC 20515

The Honorable Sander M. Levin  
U.S. House Ways and Means Committee  
1102 Longworth Building  
Washington DC 20515

**Re: Tax Extenders Legislation**

Dear Chairman Ryan and Ranking Member Levin:

We are writing to reiterate our support for a “tax extenders” package that includes the biodiesel tax incentive and to highlight the taxpayer benefits of reforming the incentive as a domestic production credit, as recently adopted unanimously by the Senate Finance Committee under the Tax Relief Extension Act of 2015 (S. 1946).

We represent hundreds of biodiesel producers and related businesses who support this extension and common-sense reform that would focus the incentive on stimulating U.S. production instead of supporting foreign imports, while saving taxpayers \$90 million, according to the Congressional Budget Office.

The growth of the U.S. biodiesel industry in recent years is an American success story. In less than a decade, biodiesel has grown from a niche fuel to a commercial-scale industry with production plants in almost every state in the country.

However, the inconsistent nature of the biodiesel tax incentive has been severely disruptive. The incentive has expired four times in six years, most recently on Dec. 31, 2014, even as tax incentives supporting oil and gas development have continued unabated. This has stunted growth and prevented biodiesel companies from expanding production and hiring new employees, leaving significant untapped production capacity in the industry.

Additionally, the incentive as currently structured – allowing foreign biodiesel blended in the U.S. to qualify – is increasingly stimulating imports to the U.S. that are undermining U.S. production. We have seen imports grow steadily in recent years, particularly from countries in South America, Europe and Asia that offer generous incentives or protectionist policies that prevent U.S. companies from competing fairly.

While you have heard from groups representing foreign producers and blenders of foreign fuel, the National Biodiesel Board represents the vast majority of the U.S. biodiesel and renewable diesel industry, and we can assure you that the industry is overwhelmingly supportive of this reform. U.S. tax dollars and energy policy should be aimed at incentivizing domestic production, not foreign production. Subsidizing foreign manufacturing is obviously not the intent of Congress, and we should close this loophole by reforming the credit as a domestic production credit, consistent with other domestic manufacturing and production tax incentives. By sharply narrowing the point of taxation and the number of claimants, it will also streamline administration of the incentive by the IRS to prevent waste, fraud and abuse.

The proposed reform achieves these benefits with little or no tradeoff. The value of the incentive will continue to be shared throughout the distribution chain, culminating in savings to the consumer. Producers, blenders, retailers and consumers will all continue to benefit; the point of taxation will simply be moved “upstream” to the producer level where it can be more effectively monitored and tracked.

The U.S. biodiesel industry has significant underutilized capacity. (The industry has more than 3.1 billion gallons of installed capacity and produced roughly 1.4 billion gallons in 2014). Increased production will put this untapped production to work, while helping achieve a variety of bipartisan goals, including ending our dependence on global oil markets and pricing schemes, reducing harmful and costly pollution, and strengthening U.S. energy security by diversifying fuel supplies and refining capacity.

We urge you to act quickly on this important legislation.

Sincerely,

A handwritten signature in black ink that reads "Anne Steckel". The signature is written in a cursive, flowing style.

Anne Steckel  
Vice President of Federal Affairs  
National Biodiesel Board