

April 13, 2010

The Honorable Nancy Pelosi
Speaker
U.S. House of Representatives
H-232 U.S. Capitol
Washington, DC 20515

The Honorable Harry Reid
Majority Leader
U.S. House of Representatives
S-221 U.S. Capitol
Washington, DC 20510

The Honorable John Boehner
Minority Leader
U.S. House of Representatives
H-204 U.S. Capitol
Washington, DC 20515

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
S-231 U.S. Capitol
Washington, DC 20510

Dear Speaker Pelosi, Majority Leader Reid, Minority Leader Boehner, and Minority Leader McConnell:

We the undersigned organizations representing the U.S. biodiesel industry; fuel marketers and retailers; and agriculture stakeholders are writing to you regarding the immediate need to retroactively extend the biodiesel tax incentive.

The biodiesel tax incentive expired on December 31, 2009. The tax incentive is structured in a manner that makes biodiesel price competitive with conventional diesel fuel in the marketplace. The lapse of the tax incentive has caused a severe retraction in the domestic production and use of biodiesel. Biodiesel plants nationwide have reduced employee hours, laid-off employees and in some instances ceased operations altogether. This disturbing trend will certainly continue - jeopardizing the 23,000 green jobs currently supported by the U.S. biodiesel industry - unless Congress acts quickly to retroactively extend the biodiesel tax incentive.

The lapse of the biodiesel tax incentive and the resulting decline in customer demand is undermining the ability of fuel retailers and marketers to offer Advanced Biofuels like biodiesel to the public. This uncertainty makes it exceedingly difficult for fuel retailers and marketers to invest in the vital infrastructure that is necessary to widely distribute biodiesel in the marketplace. The longer the biodiesel tax incentive is allowed to lapse, the more difficult it will be to restore consumer confidence in the availability of this worthwhile fuel.

Since its enactment in 2004, the biodiesel tax incentive has played a critical role in expanding the nation's ability to produce biodiesel – the only domestically produced, commercial scale Advanced Biofuel available in the marketplace. The 1.9 billion gallons of biodiesel produced in the U.S. since the tax incentive's enactment has displaced an equivalent amount of diesel fuel with a clean-burning, efficient fuel that reduces greenhouse gas emissions by as much as 86 percent compared to petroleum diesel fuel and creates 4.56 units of energy for every unit of energy that is required to produce the fuel.

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There are significant job creation, energy security and environmental benefits associated with the domestic production and use of biodiesel. However, to fully realize these benefits, it is imperative that Congress act in an expedient manner to retroactively extend the biodiesel tax incentive.

Thank you in advance for your consideration on this issue of vital importance.

Sincerely,

National Biodiesel Board
Petroleum Marketers Association of America
NATSO
Society of Independent Gas Marketers of America
New England Fuel Institute
American Soybean Association
National Farmers Union
American Farm Bureau Federation

Cc:

The Honorable Sander Levin
The Honorable Max Baucus
The Honorable Dave Camp
The Honorable Charles Grassley