November 14, 2019

The Honorable Nancy Pelosi  
Speaker of the U.S. House  
1236 Longworth House Office Building  
Washington, DC 20515

The Hon. Mitch McConnell  
Senate Republican Majority Leader  
317 Russell Senate Office Building  
Washington, DC 20510

The Honorable Kevin McCarthy  
U.S. House Republican Leader  
2468 Rayburn House Office Building  
Washington, DC 20515

The Hon. Charles Schumer  
Senate Democratic Minority Leader  
322 Hart Senate Office Building  
Washington, DC 20510

Dear Speaker Pelosi, Minority Leader McCarthy, Majority Leader McConnell, and Minority Leader Schumer:

We are writing to urge you to extend the expired biodiesel and renewable diesel tax incentive before the end of the year. The undersigned companies and organizations from across the biomass-based diesel value chain – production, blending, distribution, and marketing – would like to impress on Congressional leaders that an immediate extension of the biodiesel tax incentive is needed to prevent a severe economic disruption of the U.S. biodiesel industry.

Congress last addressed the biodiesel tax incentive in February 2018, retroactively extending it for 2017 but leaving it expired for 2018 and beyond. The future of the credit has been unclear for nearly two years. In the atmosphere of policy uncertainty, biodiesel producers are forced to sell fuel at a loss, since the value of the tax credit is built into market agreements. Producers are now cutting back production, purchases of raw materials, and deliveries of renewable fuel to consumers, which will have impacts across the economy.

Since June, U.S. production of biodiesel has declined by 8%, with sales of blended biodiesel down nearly 10%, according to the Energy Information Administration. Use of recycled cooking oil and inedible corn oil (from ethanol production) for biodiesel production has dropped by nearly 20% since June 2019, compared to the same period in 2018.

Since the start of the year, ten biodiesel plants have closed or cut back production, furloughing several hundred workers; the states impacted include Connecticut, Georgia, Indiana, Iowa, Michigan, Mississippi, Missouri, Pennsylvania and Texas. The economic fallout spreads across the U.S. economy, impacting more than 7,500 total jobs. Immediate extension of the tax credit is needed to prevent more plant closures, more production cutbacks, and more job losses. With winter now in almost full swing in the Northeast and other parts of the country, the credit’s extension will also support home heating oil businesses that blend biodiesel to reduce emissions and offer a more environmentally competitive product to consumers.

The tax incentive has been a key to the biodiesel and renewable diesel industry’s success, helping the industry grow from a few hundred million gallons of production in 2005 to a more than 2.6-billion-gallon annual market today. The industry benefits farmers and rural communities; it reduces food costs for consumers by creating value for agricultural coproducts, which lowers the cost of animal feed by $20 to $40 per ton. Biodiesel diversifies our nation’s fuel resources and increases our
energy independence. It stimulates economic activity worth $17 billion annually and supports more than 65,000 U.S. jobs—oftentimes in economically disadvantaged areas of the country. Biodiesel has many environmental benefits, reducing carbon emissions and toxic air pollutants. Renewing this tax credit will ensure that the public continues to enjoy these benefits.

The U.S. biodiesel and renewable diesel industry’s continued success is at stake. Tens of thousands of American workers and manufacturers—as well as the millions of Americans who benefit from cleaner air and water—are depending on you to provide our industry the certainty we need to continue our growth.

While a long-term extension of the tax incentive would be the best policy to help the industry achieve growth over time, we urgently need an immediate multiyear extension to end the current climate of uncertainty surrounding the industry. We appreciate that both the House and Senate have introduced legislation to accomplish this.

Thank you for your consideration, and we look forward to working with you to achieve this job-creating policy objective.

Sincerely,

[Logos of various organizations]
CC: The Hon. Charles Grassley
The Hon. Ron Wyden
The Hon. Richard Neal
The Hon. Kevin Brady