

February 2, 2010

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

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

The Honorable Max Baucus
Chairman
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
U.S. Senate Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Baucus, and Ranking Member Grassley:

We the undersigned U.S. biodiesel industry stakeholders are writing to you regarding the urgent and immediate need to retroactively extend the biodiesel tax incentive. It is imperative that Congress address expiration of this effective tax incentive in the first appropriate legislative vehicle. In addition, to provide needed certainty and promote the creation of domestic green jobs, we urge you to move expeditiously to provide a multiple year extension of a biodiesel tax incentive that is structured in a manner that promotes the domestic production and use of this clean-burning diesel replacement fuel.

The biodiesel tax incentive expired on December 31, 2009. The tax incentive is designed to make biodiesel price competitive with conventional diesel fuel, and is structured as an excise tax credit that allows the value of the incentive to be recognized immediately in the market price of the biodiesel. Thus, expiration of the tax incentive has essentially caused the production and use of biodiesel in the U.S. to cease and has placed the 23,000 jobs that are currently supported by the domestic biodiesel industry in immediate jeopardy. Companies have already started laying-off employees, and this situation is certain to worsen the longer the tax incentive is allowed to lapse.

Since its enactment in 2004, the biodiesel tax incentive has played a critical role in allowing the U.S. to reach commercial scale production of biodiesel. Despite growth in previous years, the U.S. biodiesel industry is in the midst of an economic crisis. Plants are having difficulty accessing operating capital. Volatility in commodity markets and reduced demand for biodiesel in both domestic and global markets are making it difficult for producers to sell fuel. Lastly, uncertainty relating to federal policy that is vital to the industry's survival is sending inconsistent signals to the marketplace and undermining investor confidence in the industry. The U.S. biodiesel industry has lost 29,000 jobs in 2009 as a result of these factors.

In spite of these challenges, there remain significant job creation, energy security and environmental benefits associated with the domestic production and use of biodiesel. In 2009, the U.S. biodiesel industry supported 23,000 jobs in all sectors of the economy. This added \$4.1 billion to the nation's Gross Domestic Product (GDP) and generated \$828 million in tax revenue for federal, state and local governments. Since 2005, the 1.9 billion gallons of biodiesel produced in the U.S. displaced an equivalent amount of diesel fuel with a clean-burning, efficient

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fuel that reduces lifecycle carbon dioxide emissions by 78 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.

Further, as the current situation clearly demonstrates, it is difficult for entrepreneurs and investors to make long-term business decisions based on year to year extensions of the biodiesel tax incentive. Thus, a multiple year extension of an incentive that is structured to promote domestic production and use of biodiesel is needed to provide certainty in the marketplace that will allow for sustained job creation in the domestic biodiesel industry.

Thank you in advance for your attention to this time sensitive issue that is of utmost importance to the U.S. biodiesel industry.

Sincerely,

A. Stemme Farms
Ag Farm Services, Inc
AGP
AgriFuels LLC
Alexander Farms
Allied Energy
Alterra Bioenergy
Amerigreen Biofuels
Arbor Bio-Fuels Company
Archer Daniels Midland Company
ARFuels LLC
Arkansas Soybean Association
Arlington Energy
American Soybean Association
ASG Renaissance
Baker Commodities, Inc
Baystate Biofuels
Beacon Energy
Beaver Biodiesel, LLC
Bently Biofuels Company
BEST Biodiesel Cashton
Bethlehem Biodiesel
BioCat Fuels, LLC
Biodiesel of Texas, Inc.
BioFuelBox Corporation
Biofuels, LLC
Biopur, Inc

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Blue Ridge Biofuels
Bratney Companies
Bredehoeft Farms, Inc
BullDog BioDiesel
Bunge
Cargill
Center Alternative Energy
Chesapeake Custom Chemical
Chesapeake Green Fuels LLC
Clinton Biodiesel Initiative
Cognis Corporation
Community Fuels
Connecticut Biodiesel/Bioheat Association
CountryMark
Crown Iron Works
DC BIODIESEL
Deffenbaugh Farms
Direct Fuels
Down to Earth Energy
Dunn Farms
ED&F Man Biofuels, Inc
Emergent Green Energy, Inc
Evans Environmental Energies, Inc.
Fantastic Farms, LLC
Five Brothers Farms
Five Points Farms, Inc
Fork Cattle, LLC
Fork Farms Grain & Services, LLC
Galveston Bay Biodiesel LP
GEN-X Energy Group, Inc.
Global Alternative Fuels, LLC
GOT GREASE LLC
Great Plains Canola Association
Green Diesel, LLC
Green Earth Fuels, LLC
Green Technologies, LLC
Greenleaf Biofuels, LLC
Greenlight Biofuels, Inc

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Greg Sharpe Farms
Griffin Industries, Inc
Guardian Fuel & Energy Systems, Inc.
Hale Hill BioFuels
Hawaiian Islands Bioenergy, Inc.
HERO BX
High Hills Farms
High Plains Bioenergy
Hurst Farms
Illinois Soybean Association
Imperial Valley Biodiesel, LLC
Imperial Western Products
Imperium Renewables, Inc.
Incobrasa
Indiana Flex Fuels
Inland Empire Oilseeds, LLC
Insight Equity
Integrity Biofuels
Iowa Biodiesel Board
Iowa Renewable Energy
Iowa Renewable Fuels Association
Iowa Soybean Association
Jatrodiesel
Johann Haltermann
John Deere
Julian Vail, LLC
Kansas Soybean Association
Kentucky Soybean Board
Keystone BioFuels, Inc.
Kingsbury Energy Credit
Knightsbridge Biofuels, LLC
LD Jaeger Farms, Inc
Ludwig Farms
Madison Farms and Madison Renewables
MARC-IV Consulting, Inc.
Methanex Corporation
Methanol Institute
Michigan Bio Diesel, LLC
Michigan Soybean Association

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Mid-America Biofuels
Mid-Atlantic Soybean Association
Middletown Biofuels LLC
Milagro BioFuels
Minnesota Canola Council
Mississippi Soybean Association
Minnesota Soybean Processors
Missouri Soybean Association
Minnesota Soybean Growers Association
NAB Energy Group
Najeti Ventures LLC
Natural Biodiesel Plant, LLC
Nebraska Soybean Association
Nittany BioDiesel
North Carolina Soybean Producers Association
North Dakota Soybean Growers Association
Northern Canola Growers Association
Ohio Soybean Council
P.K. Biodiesel
Pinnacle Biofuels, Inc.
Pleasant Valley Biofuels, LLC
R & C Farms
Reco Biodiesel, LLC
REG
Renewable Biofuels Inc.
Rio Valley Biofuels
RKA Petroleum Companies
Ron Gibson Farms, Inc.
Runnin 6 Farms, Inc
Scott Petroleum
SEO Bio
SeSequential Pacific Biodiesel LLC
South Dakota Soybean Association
South Dakota Soybean Research and Promotion
Council
Southeast BioDiesel LLC
Sprague Energy
Stemme Cattle Company
Stemme Farms

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Strobel Farms
Sun Power Biodiesel
Sustainable Fuels, LLC
Tennessee Soybean Association
Tennessee Soybean Promotion Board
Texas Green Manufacturing LLC
Texas Soybean Association
The Sun Products Corporation
Thomas & Thomas Farms
Thomas Farms
Thomas Rafferty Farms, Inc
TMT Biofuels LLC
TPA Inc
Trifecta Farms, Inc
Tulip Farms, Inc
U. S. Biofuels Inc
U.S. Renewables Group
Ultra Green Energy Services LLC
ULTRA SOY OF AMERICA, LLC.
United Oil Company
US Alternative Fuels Corp.
US Canola Association
Valley Proteins, Inc.
Vermont Sustainable Jobs Fund
VERT BIODIESEL
W. Stemme Farms
Walsh Bio Fuel LLC
Wellons Management Associates
Westerly Innovations Network
Western Dubuque Biodiesel
Western Iowa Energy, LLC
Wilmar Oleo North America LLC
Wisconsin Soybean Association
Wisconsin Soybean Program
World Energy Alternatives, LLC
Worley & Obetz Inc
Yokayo Biofuels, Inc.