



National Biodiesel Board
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December 9, 2009

The Honorable Charles B. Rangel
Chairman
U.S. House Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Rangel:

On behalf of the National Biodiesel Board (NBB), the trade association for the U.S. biodiesel industry, I am writing in support of H.R. 4213, *the Tax Extenders Act of 2009*.

NBB fully supports the provisions in H.R. 4213 that extend the income tax credits and blenders excise tax credit that comprise the biodiesel tax incentive through December 31, 2010. 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. The tax incentive is designed to make biodiesel price competitive with conventional diesel fuel, and is structured in a manner that allows the value of the incentive to be recognized immediately in the market price of the biodiesel. Thus, the production and consumption of biodiesel in the U.S. will cease if the tax incentive is allowed to lapse on December 31, 2009.

Despite recent growth, 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. This year, 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. The 475 million gallons of biodiesel that will be produced in 2009 will displace 26.9 million barrels of petroleum with a clean-burning, efficient fuel that creates 4.56 units of energy for every unit of energy that is required to produce the fuel. Lastly, lifecycle analysis conducted by the U.S. Department of Agriculture (USDA) and the U.S. Department of Energy (DoE) shows that biodiesel yields a 78 percent reduction in direct lifecycle carbon dioxide emissions compared to petroleum diesel fuel. The extension of the biodiesel tax incentive included in *the Tax Extenders Act of 2009* will help maintain the U.S. biodiesel industry's positive contribution to the nation's energy policy in the upcoming year.

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Again, the NBB appreciates your willingness to extend the biodiesel tax incentive in H.R. 4213, *the Tax Extenders Act of 2009*. We look forward to working with you in the future to improve the form and function of the biodiesel tax incentive.

Sincerely,

A handwritten signature in blue ink, appearing to read "Manning Feraci". The signature is stylized and cursive, with a large initial "M" and "F".

Manning Feraci
Vice President of Federal Affairs
National Biodiesel Board