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NBB Vice President of Federal Affairs Testifies Before U.S. House Committee Regarding Importance of Extending Biodiesel Tax Credit

WASHINGTON, DC: Today, Manning Feraci, Vice President of Federal Affairs for the National Biodiesel Board (NBB), testified before the U.S. House Committee on Small Business regarding the pressing need to extend and reform the biodiesel tax incentive. The incentive is currently set to expire on December 31, 2009.

“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 the incentive is needed to provide certainty and stability in the marketplace. In addition, the U.S. biodiesel industry supports reforming the biodiesel tax incentive by changing the current blenders excise tax credit to a production excise tax credit. This will preserve the elements of the existing tax credit that have effectively incentivized the production and use of biodiesel, with the additional benefit of improving administration, eliminating potential abuses and simplifying tax compliance,” stated Feraci.

Feraci went on to explain that the biodiesel tax incentive, first enacted in 2004, helped grow a then nascent industry with 25 million gallons of annual production in 2004 to a commercial scale industry that produced 690 million gallons of fuel in 2008. Additionally, Feraci’s testimony pointed out the environmental, economic and energy security benefits of producing a low carbon diesel replacement fuel that is renewable and made right here in America.

“Yet, despite recent growth, the 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.”

Without a renewal of the tax credit, Feraci explained, “It is safe to assume that if the biodiesel tax incentive lapses, biodiesel production in the U.S. will halt or at a minimum be severely curtailed, and the energy security, environmental, and job creation benefits that the nation realizes from biodiesel production will be lost.”

The National Biodiesel Board is the national trade association of the biodiesel industry and is the coordinating body for biodiesel research and development in the U.S. NBB’s membership is comprised of state, national, and international feedstock and feedstock processor organizations, biodiesel producers, fuel marketers and distributors, and technology providers.

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Additional information about biodiesel is available online at www.biodiesel.org.