



# Statement of the American Farm Bureau Federation

---

## STATEMENT FOR THE RECORD AMERICAN FARM BUREAU FEDERATION

Committee on Ways and Means  
Hearing on Energy Tax Incentives Driving the Green Job Economy

April 27, 2010

---

Clean, renewable, domestic energy will help America achieve long-term economic growth, create a cleaner environment and shield our economy from unreliable foreign energy sources. American farmers and ranchers are playing a bigger role in supplying our nation's energy needs through production of agricultural-based, renewable energy resources. Tax incentives play a key role in the development and production of renewable energy.

Farm Bureau supports creating new and expanding existing incentives to develop, produce and promote home-grown renewable fuels. These incentives encourage investment in new bioenergy technology, open new markets for America's farmer and ranchers and help ensure the economic health of rural communities.

The successful development of our nation's ethanol industry stands as a testament to the effectiveness of tax incentives for renewable energy. The ethanol industry, which was launched with the aid of tax incentives during the 1980s, produced 12.5 billion gallons in January 2010 at an annualized rate and supports nearly 400,000 jobs in all sectors of the economy according to the Renewable Fuels Association. Tax incentives also have proved valuable in promoting the development of biodiesel made from oilseed crops and animal fats, an industry that supports 23,000 jobs nationwide according to the National Biodiesel Board. Incentives for infrastructure, such as the installation of alternative fuel pumps, will hasten the adoption and distribution of biobased fuels and build market demand for renewable fuels.

The Renewable Electricity Production Tax Credit (Section 45) is a small but important piece of a renewable energy strategy for the United States. The extension of credits that encourage the production of electricity from wind and biomass will help stabilize energy costs and reduce dependence on traditional energy sources.

Unfortunately, existing renewable energy tax incentives are temporary with varying expiration dates. Long-term extensions are needed to boost renewable technologies and support development of the market infrastructure necessary to make these technologies more competitive. In addition, the long-term extension of renewable energy credits will ensure industry stability and attract the capital necessary to realize the benefits of long-term planning.

Farm Bureau supports the long-term extension of the:

- Volumetric ethanol excise tax credits (VEETC): Expires Dec. 31, 2010.
- Small ethanol producer tax credit: Expires Dec. 31, 2010.
- Cellulosic biofuels tax credit: Expires Dec. 31, 2013.
- Biodiesel tax incentive: Expired Dec. 31, 2009.
- Small biodiesel producer tax credit: Expired Dec. 31, 2009.
- Production tax credit for power from wind: Expires Dec. 31, 2012.
- Production tax credit for power from biomass: Expires Dec. 31, 2013.
- Tax Incentives for alternative energy fuel pumps: Expires Dec. 31, 2011.
- Advanced energy investment credit: Expires Dec. 31, 2010.

Farm Bureau also supports enactment of the following legislation in support of renewable fuels.

H.R. 4070, introduced by Reps. Earl Pomeroy (D-N.D.) and John Shimkus (R-Ill.), would extend the biodiesel tax incentive for five years. In addition, the legislation would change the biodiesel tax incentive from a blenders excise tax credit to a production excise tax credit. This change will improve administration of the nation's tax laws and protect the integrity of the credit.

H.R. 4940, the *Renewable Fuels Reinvestment Act*, introduced by Reps. Earl Pomeroy (D-N.D.) and John Shimkus (R-Ill.), extends the Volumetric Ethanol Excise Tax Credit (VEETC) and the Small Ethanol Producers Tax Credit for five years through 2015. The bill also extends the Cellulosic Ethanol Production Tax Credit for three years, through 2015 and the secondary tariff on ethanol that offsets the benefit received by imported ethanol.