



National Biodiesel Board
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May 21, 2010

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

Dear Chairman Levin:

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 American Jobs and Closing Tax Loopholes Act of 2010*.

NBB fully supports the provisions in H.R. 4213 that retroactively 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 expanding the nation's ability to produce biodiesel – the only domestically produced, commercial scale Advanced Biofuel available in the marketplace.

The biodiesel tax incentive is structured in a manner that makes biodiesel price competitive with petroleum diesel fuel. The lapse of the tax incentive on December 31, 2009 has caused a severe retraction in the domestic production and use of biodiesel. Plants nationwide have reduced employee hours, laid-off employees and in some instances ceased operations altogether. This year, the industry has lost more than half of its production and is shedding employees at an annualized rate of nearly 12,000 jobs. The economics of biodiesel will continue to worsen the longer the tax incentive is allowed to lapse, leading eventually to the loss of the entire 23,000 annualized job base supported by the industry in 2009. However, if Congress acts in a timely manner to retroactively extend the tax incentive, the U.S. biodiesel industry will not only recover the jobs lost since the lapse of the tax incentive, it will add 12,271 jobs and support a total of 35,271 jobs on an annualized basis in 2010.

Domestic production and use of biodiesel also reduces greenhouse gas (GHG) emissions and lessens the nation's reliance on petroleum. The 1.9 billion gallons of biodiesel produced in the U.S. since enactment of the biodiesel tax incentive has displaced an equivalent amount of petroleum diesel fuel with a clean-burning, efficient fuel that meets a commercial fuel specification and is widely accepted in the marketplace. Biodiesel reduces greenhouse gas emissions by as much as 86 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.

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Retroactive extension of the biodiesel tax incentive will allow the U.S. to recognize the significant economic, energy security and environmental benefits associated with domestic biodiesel production. Accordingly, the NBB appreciates your willingness to extend the biodiesel tax incentive in H.R. 4213, *the American Jobs and Closing Tax Loopholes Act of 2010*. The U.S. biodiesel industry looks forward to working with you in the future to provide needed certainty and 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