

**Congress of the United States**  
**House of Representatives**  
**Washington, DC 20515**  
June 7, 2019

The Honorable Nancy Pelosi  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Kevin McCarthy  
Republican Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

The Honorable Richard Neal  
Chairman  
Committee on Ways and Means  
1102 Longworth House Office Building  
Washington, DC 20515

The Honorable Kevin Brady  
Ranking Member  
Committee on Ways and Means  
1139 Longworth House Office Building  
Washington, DC 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Neal, and Ranking Member Brady:

We write to express our support for an immediate extension of the biodiesel tax incentive for 2018 and 2019. As you know, this incentive was retroactively extended for only 2017 in the last Congress, and the economic uncertainty caused by the expired incentive has continued to plague the biodiesel sector for more than the last fifteen months.

By nearly every measure, the story of American biodiesel has been one of success. Biodiesel and renewable diesel represent a sustainable and alternative fuel source that reduces greenhouse gas emissions and supports thousands of green jobs across the country. For these reasons, the tax incentive has a long history of bipartisan support.

Increasing the use of biodiesel and renewable diesel has an important impact on both environmental and public health. Studies of life-cycle greenhouse gas (GHG) emissions have consistently shown that these fuels lower the GHG emissions by over 50%<sup>1</sup> when compared to petroleum diesel. Additionally, biodiesel burns cleaner meaning it reduces levels of smog because of fewer emissions of particulate matter and other harmful pollutants. In fact, biodiesel is labeled a Clean Air Choice® by the American Lung Association because its use can reduce overall health costs by lowering the risk of asthma and other respiratory diseases<sup>2</sup>, which disproportionately affect communities of color.

Biodiesel's use as an alternative fuel is utilized from coast to coast. Throughout the Northeast, biodiesel is supplanting petroleum as a heating fuel. Many homes are now using up to 20 percent

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<sup>1</sup> See, <https://www.epa.gov/sites/production/files/2016-07/documents/select-ghg-results-table-v1.pdf>

<sup>2</sup> See, <https://www.ilsoyadvisor.com/press-releases/b20-biodiesel-use-translates-12m-health-cost-savings>

biodiesel-blends in their home heating oil. These blends are reducing harmful emissions and enhancing the energy security of the region. In California, biodiesel has become a crucial component used to meet the state's Low Carbon Fuel Standard, which is improving air quality and reducing the carbon intensity of the state's fuel supply.

The production of biodiesel and renewable diesel is also a significant economic driver, especially among rural communities. For farmers, biodiesel offers greater markets, which support commodity prices and increase farm income. Moreover, a recent economic impact study<sup>3</sup> found that the biodiesel sector is responsible for more than 60,000 jobs and, in 2017, paid \$3.8 billion in workers' wages and benefits. The sector also generates more than \$21 billion in domestic spending—money that would have otherwise been spent on fossil fuels.

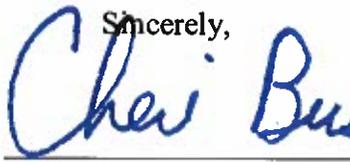
Despite its recent growth, the biodiesel sector is still very much a nascent part of the broader biofuels industry and thus is vulnerable to changes in public policies and market conditions. Along with fifteen months of uncertainty surrounding tax incentives, the sector has also been significantly impacted by the Environmental Protection Agency's (EPA) radical increase in small refinery exemptions (SREs) under the Renewable Fuel Standard (RFS). SREs, granted by EPA, exempt oil refineries from blending renewable fuels as required under the RFS. SREs, over the last three years, have resulted in 'demand destruction' for biodiesel and renewable diesel totaling \$7.7 billion<sup>4</sup>. This policy of granting unprecedented amounts of SREs has only further undermined the biodiesel and renewable diesel sectors.

Failure to extend incentives for biodiesel and renewable diesel jeopardizes environmental and public health benefits, as well as the future of the industry. Therefore, we urge you to ensure the vitality of the biodiesel sector by immediately extending this tax incentive for 2018 and 2019, and we look forward to working with you on this pressing matter.

Sincerely,



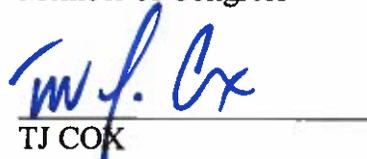
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Member of Congress



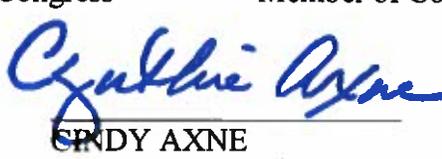
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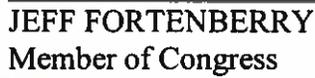
<sup>3</sup> See, <https://www.fticonsulting.com/insights/reports/biodiesel-industry-impacts-economy-environment-energy-security>

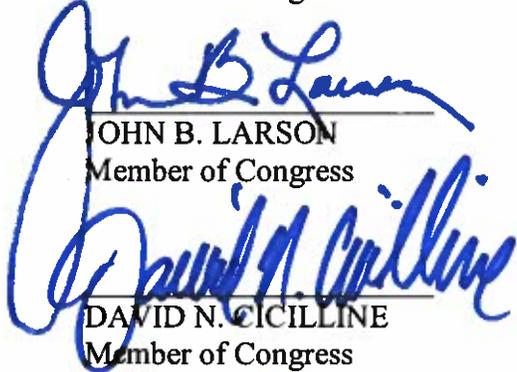
<sup>4</sup> See, <https://farmdocdaily.illinois.edu/2019/03/small-refinery-exemptions-and-biomass-based-diesel-demand-destruction.html>

  
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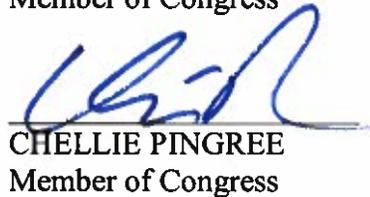
  
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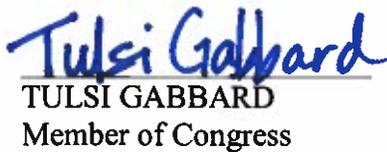
  
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