



# NEWS

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**CONTACT:**

Neil Caskey, ASA /800-688-7692  
Jenna Higgins, NBB/800-841-5849

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## **Biodiesel Tax Incentive Extended to 2008**

*Passage of Energy Bill Will Lead to Greater Use of Cleaner Burning, Domestic Fuel*

**ST. LOUIS, Mo.** – The National Biodiesel Board (NBB) and American Soybean Association hailed Congress’s passage of the Energy Bill as a crucial step forward in establishing biodiesel as a long-term component of the nation’s energy supply. The bill passed with several provisions to promote biodiesel’s growth, including the extension of a federal excise tax credit, the industry’s number one priority.

“The U.S. has not had a comprehensive energy strategy in decades and this bill finally changes that,” said longtime biodiesel champion Senator Chuck Grassley (R-IA), who serves as Senate Finance Committee Chairman and was a member of the Energy Bill Conference Committee. “Its passage will help ensure the continued expansion of biodiesel and other renewable fuels that help strengthen national security by reducing our dependence on the Middle East for oil and expand markets for agricultural products.”

The tax incentive, established originally as part of the American JOBS Creation Act of 2004, would have expired in 2006. It will now be extended through 2008. Senators Blanche Lincoln (D-AR) and Jim Talent (R-MO) were the chief sponsors of the extension.

“This bill brings us one step closer to a national energy policy that encourages the production and use of cleaner, renewable energy like biodiesel,” Lincoln said. “Farmers in Arkansas and other rural states have already begun to turn to biodiesel, and I’m proud to have helped this promising biofuel gain a place at the table so it can be more cost-competitive with petroleum diesel. As I’ve said all along, in order to create favorable market conditions for biodiesel, we must have adequate support and tax incentives to foster these conditions. This bill is a tremendous step forward for biodiesel because it helps us in our goal towards energy independence.”

“Passage of the Energy bill is a real victory for renewable fuels and for family farmers throughout the Midwest and the United States,” said Senator Jim Talent, who also helped negotiate the 7.5 billion gallon Renewable Fuels Standard, and created the small producer tax credit for biodiesel, both of which were included in the Energy Bill. “Renewable Fuels are at the heart of economic growth and jobs for the future; at the heart of energy independence from foreign energy producers; at the heart of environmental quality; and at the heart of value-added agriculture for our family farmers and producers. I congratulate the National Biodiesel Board, producer groups and everyone who worked so hard for this day.”

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The excise tax credit amounts to a penny per percentage point of biodiesel blended with petroleum diesel for “agri-biodiesel,” such as that made from soybean oil, and a half-penny per percentage for biodiesel made from other sources. It is taken at the blender lever with the intended effect of lowering the cost of biodiesel to consumers in taxable and tax exempt markets.

Rep. Kenny Hulshof (R-MO) led the charge for the extension on the House side. “We need to focus on domestic, renewable sources of energy to supply our increasing demand and this bill goes a long way in accomplishing that goal,” Hulshof said. “This agreement signals the culmination of months of tireless negotiations, but the final product is a good one for farmers, consumers and the environment. This truly is a monumental step for renewable fuels.”

“We have actively sought an Energy Bill for more than four years, and its passage represents a huge victory for soybean farmers,” said ASA President Bob Metz from his farm in South Dakota. “The extension of the biodiesel tax incentive and other provisions position the biodiesel industry for explosive growth, and our growers stand ready to supply the soybean oil necessary to ensure it does! We sincerely appreciate the efforts of our congressional champions and ASA members who deserve all the credit for making this happen.”

Darryl Brinkmann, chairman of NBB and a soybean producer from Carlyle, Ill., echoed that more biodiesel usage is good for America. “The biodiesel industry has already begun to see the results of the tax incentive stimulating demand, but without the passage of this extension, people would have been reluctant to invest in biodiesel as part of a long-term solution to our energy security,” Brinkmann said. “We are thankful to Senator Grassley and all our champions in the Senate and House who recognized how important it is to America to encourage use of renewable fuels. This is a good day for biodiesel.”

Biodiesel can be used in any diesel engine in pure form, or blended with petroleum diesel. It significantly reduces most regulated emissions and is nontoxic and biodegradable. Biodiesel has the highest energy balance of any transportation fuel. The U.S. Department of Energy (DOE) and the U.S. Department of Agriculture (USDA) in 1998 performed the prevailing life cycle study of the energy balance of biodiesel. It found that for every one unit of fossil energy used in the entire biodiesel production cycle, 3.2 unit of energy are gained when the fuel is burned, or a positive energy balance of 320 percent.

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