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ASA Leaders Witness Signing of Historic Energy Legislation

August 8, 2005... Saint Louis, Missouri... Representing the 25,000 growers-members of the American Soybean Association (ASA), two of ASA's top farmers were among the invited guests that witnessed today's momentous signing of the omnibus Energy Policy Act of 2005 by President George W. Bush at a ceremony held at the U.S. Department of Energy's Sandia National Laboratories in Albuquerque, N. Mex. The legislation contains major ASA-supported provisions including an extension of a federal excise tax credit through December 31, 2008, creation of a new small agri-biodiesel producer credit, provisions for alternate fuel infrastructure and establishment of a 7.5 billion gallon renewable fuels standard.

"Today's signing of the Energy Bill represents a crowning achievement for the American Soybean Association and its 25 state affiliates," said ASA President Bob Metz, a soybean producer from West Browns Valley, S.D. "As I watched President Bush sign the bill, I was keenly aware that today is the culmination of more than a decade of farmer-directed, grassroots policy work that will increase demand for homegrown renewal energy sources like soybeans."

The excise tax credit, which provides \$1.00 per gallon for agri-biodiesel made from farm products like soybeans, and \$0.50 per gallon for biodiesel made from other inputs such as recycled cooking oil, will effectively lower the cost of biodiesel fuels sold to consumers in taxable and tax exempt markets. The Energy Bill also allows taxpayers to claim a 30 percent credit for the cost of installing refueling infrastructure for clean-fuel vehicles used in the taxpayer's trade or business, or installed at the taxpayer's principal residence.

The Energy Bill also creates a new credit of 10-cents-per-gallon on the first 15 million gallons of agri-biodiesel produced by small agri-biodiesel producers with an annual capacity of 60 million gallons or less. Historically, small ethanol producers were allowed a 10-cents per gallon production income tax credit on the first 15 million gallons of production annually, and the new Energy Bill extends the incentive to small agri-biodiesel producers as well. The tax credit is capped at \$1.5 million per year per producer and, like the small ethanol producer credit, can be passed through to the farmer owners of a cooperative. The credit is allowed to be offset against the alternative minimum tax (AMT), and is effective for taxable years after the date of enactment through December 31, 2008.

"President Bush has been particularly vocal in his endorsement of biodiesel, calling it one of our nation's most promising alternative fuel sources that will help lessen America's dependence on foreign oil," Metz said. "Today, U.S. soybean producers thank President Bush for his support of renewable fuels made from our farm products."

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The last time the United States enacted a comprehensive Energy Policy Act was 13 years ago in 1992. As the benefits of biodiesel fuel became more apparent, ASA began urging the U.S. Department of Energy to amend the regulations for alternative fuels and alternative fueled vehicles to include B-20, a blend of 20 percent biodiesel and 80 percent petroleum diesel, as an approved alternative fuel. On October 15, 1998, due in large part to ASA's successful efforts to garner bipartisan support, the U.S. Congress approved legislation that allowed federal, state and other public vehicle fleet managers using B-20 or higher blends to earn one credit for each 450 gallons of biodiesel used by medium and heavy-duty trucks and buses.

Last year, following several years of additional policy work by ASA and a coalition of biodiesel stakeholders, Congress approved, and President Bush subsequently signed into law on October 22, 2004, the first federal excise tax credit for biodiesel fuel as part of H.R. 4520, also known as the American JOBS Creation Act of 2004. This original excise tax credit for biodiesel, which took effect on January 1, 2005, was scheduled to expire on December 31, 2006.

"Biodiesel is an essential component of a comprehensive national energy policy that will help the United States reduce its dependence on imported oil," said ASA Chairman Neal Bredehoeft, a soybean producer from Alma, Mo. "Every gallon of biodiesel processed from domestically grown soybeans also helps thousands of farmers and their families and the rural communities in which they live."

Biodiesel is a cleaner burning alternative fuel that can be used in any diesel engine in pure form or blended with petroleum diesel. Biodiesel significantly reduces emissions such as carbon monoxide, unburned hydrocarbons and particulate matter. It is nontoxic, biodegradable and essentially free of sulfur and aromatics.

Biodiesel reduces emissions that are harmful to human health and the environment, and its increased production will increase farm revenue and create more jobs for American workers. Biodiesel offers similar fuel economy, horsepower and torque to petroleum diesel while providing superior lubricity. Today, it is the fastest growing alternative fuel in America, and about 500 major fleets use biodiesel nationwide. More than 450 retail filling stations make various biodiesel blends available to the public, and more than 1,400 petroleum distributors carry it nationwide.

"With the extension of the biodiesel tax incentive, demand for biodiesel will increase dramatically," Bredehoeft said. "For every 100 million gallons of soy-based biodiesel demand, the price of a bushel of soybeans is expected to increase by 10 cents. That could add an average of another \$2,000 to the bottom line of farmers growing 500 acres of soybeans."

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