

'Biodiesel Tax Credit Legislation

New bill proposes long-term support for industry by offering a biodiesel tax credit

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Congress sent a positive message to the biodiesel industry when Representatives Earl Pomeroy (D-ND) and Kenny Hulshof (R-MO) introduced legislation that would make the federal excise tax credit for biodiesel permanent. It also makes permanent a small agri-biodiesel producer credit. If adopted, the move would likely lead to dramatic and sustained growth of biodiesel use.

For more on the benefits of biodiesel and how to go about growing your own fuel, read "Farm Fuel: Biodiesel Basics," an article from the November/December 2006 issue of Hobby Farms.

The National Biodiesel Board (NBB) applauded the legislators for introducing the Renewable Fuels and Energy Independence Promotion Act. Currently set to expire in 2008, the current tax credit took effect in 2005. The NBB said introducing this legislation is a positive message to policymakers, the biodiesel industry and to all Americans that biodiesel has an important role to play in U.S. energy policy. The bill is in the first stage of the legislative process, having been referred to the House Ways and Means Committee for consideration.

Pomeroy says his main reason for making the renewable fuel tax credits a top priority is because of their importance to North Dakota's economy. He explains, "North Dakota has seen first-hand the positive impact these tax credits can have in growing the ethanol and biodiesel industries."

"We must take bold, aggressive steps" says Hulshof. "History has shown us that the tax incentive works and a long-term commitment to federal policy that supports renewable fuels will help provide stability, promote growth and lessen our dependence on foreign oil."

In 2006, 88 plants were producing an estimated 200 to 250 million gallons of biodiesel in the United States; triple last year's production of 75 million gallons.