



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Grassley Introduces Bill to Expand Clean Energy Source

WASHINGTON -- Sen. Chuck Grassley, chairman of the tax policy-setting Committee on Finance, has introduced legislation to encourage an alternative energy source by extending and expanding the tax credit for electricity derived from homegrown, clean-burning, renewable biomass.

"Farmers don't waste anything. They extract value from every resource," Grassley said. "Turning tree trimmings and native grasses into energy is one of many ways farmers can use their land for the public good. This is something the tax code should continue to encourage."

Grassley introduced the *Growing Renewable Energy for Emerging Needs (GREEN) Act* last Friday, right before the start of a congressional recess. Today, Grassley is scheduled to tour a biomass facility in Ottumwa, Iowa.

The Grassley measure would extend the tax credit for the production of energy from biomass, which Grassley authored and which became law in 1992. The tax credit is set to expire on Jan. 1, 2002. The measure also expands the tax credit to include additional technologies for extracting energy from biomass.

The bill defines biomass as including saw dust, tree trimmings, agricultural byproducts and untreated construction debris. He said he ensured that the definition of qualifying biomass materials is limited to organic, non-hazardous materials that are clearly proven to burn cleanly without any pollution risk. Also, to allay any concern that biomass plants might burn paper and thus possibly jeopardize the amount of paper available for recycling, he excluded paper that is commonly recycled from the list of materials that would qualify for the credit.

Grassley said energy production from biomass is a proven, effective technology that generates numerous pollution avoidance and waste management public benefits across the nation.

In addition, biomass energy displaces more polluting forms of energy generation while decreasing U.S. dependence on foreign oil, Grassley said.

Biomass can also produce enormous economic benefits for rural America, Grassley said. Rural economies will grow because of the development of a local industry to convert biomass to electricity. Studies show that biomass crops could produce between \$2 billion to \$5 billion in additional farm income.

Iowa farmers have shown tremendous initiative in embracing biomass energy production and other forms of alternative energy, Grassley said. Ever since the fall-out from the 1980s farm crisis,

the public and private sectors in Iowa have launched efforts to diversify the state's economy and find creative ways to extract a greater return on Iowa's abundant natural resources and raw commodities.

State farmers have thousands of acres of marginal farmland that simply couldn't sustain corn and soybean production year after year, but generate native grasses and other organic materials that are ideal for biomass energy production, Grassley said.

Last month, Grassley introduced the *Bipartisan Renewable, Efficient Energy with Zero Effluent (BREEZE) Act*, which extends the production tax credit for energy generated by wind for five years. The current tax credit is set to expire on Jan. 1, 2002. Wind energy is another environmentally friendly form of alternative energy that is catching on in Iowa and other parts of the nation, Grassley said.

"The saying is, money doesn't grow on trees," Grassley said. "In a way, it does if our society can obtain an economic benefit from using tree trimmings and other natural materials to produce energy. I look forward to working toward the success of my legislation this year."