106 East College Ave., Suite 600
Tallahassee, Florida 32302
phone: (850) 224-1215

The Honorable Max Baucus
The Honorable Chuck Grassley
Committee on Finance
United State Senate
Washington, DC 20510

RE: Alternative Fuel Mixture Tax Credit

Dear Senator Baucus and Senator Grassley,

On behalf of the Florida Pulp and Paper Association I appreciate the opportunity to submit comments regarding the discussion draft on early termination of the Alternative Fuel Mixture Tax Credit for biomass produced from black liquor by paper mills.

The FPPAEA is a non-profit association of eight Forest Products companies in the business of producing pulp, paper, and solid wood products in the State of Florida. The FPPAEA companies own and operate manufacturing facilities in the State of Florida that will be affected by eligibility for the alternative fuel mixture tax credit.

The forest products industry in Florida opposes the early repeal of our industry's renewable energy from eligibility for the alternative fuel mixture tax credit. We are fully committed to increasing America's energy security and support rewarding the use of clean burning fuels as a national priority. Our industry should be treated equitably to other industries in pursuit of that goal.

The members of FPPAEA have been firmly committed to the use of alternative fuels for many years, and like in many other states, companies in Florida have made significant investments over decades in support of expanding our capabilities to use renewable energy as a core process in manufacturing our products. Our industry is the country's largest renewable energy generator and user. For example:

- Over eighty-five percent of our energy needs are generated from carbon-neutral renewable sources at our manufacturing sites.
- We produce more renewable energy than all of Florida's solar, wind and geothermal sources combined.

In Florida, the forest products industry employs over 41,000 people or approximately 6.5% of manufacturing workforce amounting to approximately 6.5% of Florida's payroll. Our industry has capital spending of approximately $225 million per year and an annual payroll of $1.2 billion. Florida's jobs and economy are at risk if Congress enacts early repeal of our eligibility for the alternative fuel mixture tax credit.

Nationwide, papermakers and wood products manufacturers employ approximately one million direct workers, an industry that is larger than automotive, plastics, or chemicals. However, due to the increasing pressures of the global marketplace, we have lost more than 300,000 workers—over one quarter of the industry's workforce- since 2006.

The FPPAEA members appreciate the Senate Finance Committee's interest in seeking public comment on how any changes to the alternative fuel mixture tax credit would impact our industry and the green jobs we provide. Revoking the forest products industry's eligibility for the alternative fuel mixture tax credit before it expires later this year would have serious consequences for Florida's companies and our 41,000 employees at a time of unprecedented economic challenges.

Likewise, the resulting loss to the forest products industry's renewable energy generation and use would be a blow to the nation's ongoing efforts to support and expand clean-burning, environmentally friendly energy production.

I respectfully urge you to support this necessary credit for our industry through the end of the year as the law was written.

Sincerely,

Mercer Fearington, Jr.
Director
Florida Pulp and Paper Association