

Senate Finance Committee:

I am the Vice President of USW (united steel workers of America local 2688) employed by Catalyst paper Inc. Snowflake Az. Mill. It has been brought to our attention that our jobs are very clearly in danger because of legislation past several years prior. This legislation is the "Black Liquor Tax Credit" which leaves a loop hole in a 2005 highway bill (SAFETEA-LU) where paper companies can add Diesel fuel to the black liquor that they have been burning for ever and now they call it blending alternative fuels with fossil fuels. This blending and the burning of diesel fuel is for no other purpose than to collect the subsidies from the government, in other words the bill causes companies to burn unneeded fossil fuel (we don't have) just to collect tax dollars (that we don't have). Paper Companies have always burned black liquor prior to the tax credit and will continue to burn black liquor after the tax credit.

The Snowflake Mill has always been a front runner in working to do things that help our environment, examples 3000 plus acres of farm to use the effluent from our process, producing only 100% recycle products. The mill supported and now operates a Biomass boiler on the mill site.

It doesn't make much sense that there are subsidies for using more fossil fuels at a time when every thing we do is to reduce this, even if it was an oversight this practice could and should be stopped immediately. International Paper said recently that it received \$540 Million the first quarter and could receive a much \$1.2 Billion in tax benefits this year; both Domtar and Temple-Inland will receive \$300 - \$400 Million each. Other U.S. companies that may bring in more cash from the federal government than they do in revenue are Boise Inc, Northbrook, KapStone Paper & Packaging Corp., Smurfit-Stone Container Corp., and Verso.

We would appreciate your support in getting this matter stopped as soon as possible.

Thanks
Lynn Hancock