Honorable Senators Max Baucus and Charles Grassley
Submitted by email to: altfuelscredit@finance-dem.senate.gov

July 8, 2009

Dear Senators Baucus and Grassley:

I am the Director of Environment for Boise Inc. (Boise), an integrated pulp and paper manufacturing company headquartered in Boise, Idaho. I am writing to you regarding your June 11 draft that proposes to prohibit the Alternative Fuel Credit and Alternative Fuel Mixture Credit for Black Liquor.

Boise and the United States pulp and paper industry operate in a global, intensely competitive commodity business which has experienced significant mill closures and job losses over the past two decades. Adverse business conditions have been further exacerbated by the current economic downturn resulting in a significant decline in demand for paper products. In the last year, economic conditions have forced Boise to shutdown a pulp mill and two paper machines and indefinitely idle a third paper machine. This has resulted in the loss of over 400 jobs, more than 9% of the company's workforce. These shutdowns have an especially significant impact on the small communities in which they are located due to their limited economic base.

Boise and the United States pulp and paper industry have long been leaders in the use of renewable energy. About two-thirds of our energy is obtained from carbon-neutral wood biomass which comes from sustainably managed forests. Use of renewable biomass energy greatly reduces our greenhouse gas emissions which are believed to be contributing to climate change.

Continuation of the alternative fuel mixture credit for black liquor is essential for at least two important reasons:

- Equity: Your June 11, 2009 press release characterized the black liquor alternative fuel tax credit as a "bailout" of the paper industry. Please consider an alternate view. Renewable fuel and electricity mandates and incentives are increasing the demand for wood, the principal raw material in papermaking. Further increases in demand for wood as a renewable energy source are predicted for the future. Entrepreneurs newly entering the renewable energy business can take advantage of numerous State and Federal tax incentives. Utilities developing renewable energy also have access to such incentives and additionally can readily pass their increased cost on to consumers. Consequently, these entities have an inherent advantage compared to the paper industry in competing for the available wood resource. As a matter of equity, incentives should be available not only to those entities just beginning a desired behavior (producing renewable energy) but also to those who have long practiced it. To do otherwise creates an unlevel playing field and unfairly creates winners and losers. Further, the Canadian government has recently established a black liquor incentive for its pulp and paper industry. To prematurely end the alternative tax credit for black liquor will put the U. S. pulp and paper industry at a competitive disadvantage.

- Jobs Preservation: Continuation of the alternative fuel mixture credit for black liquor will help prevent further job losses in the paper industry which has been disproportionately impacted by the economic downturn.

In order to preserve jobs and maintain an equitable business environment, I urge you to allow black liquor to continue to be eligible for the alternative fuels credit at least through the end of 2009. Thank you for your consideration of these comments.

Sincerely,

James C. Jackson

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