



THE LOUISIANA FORESTRY ASSOCIATION

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July 10, 2009

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

Re: Alternative Fuel Mixture Tax Credit

Dear Senators Baucus and Grassley,

The forest products industry in Louisiana and across the country is in a deep financial crisis. In Louisiana, several mills have closed and the remaining ones are operating well below their capacity.

The Louisiana Forestry Association is extremely proud that the forest products industry is the leading producer and user of renewable biomass energy in the nation. We are very concerned that policymakers are considering early repeal of the alternative fuel mixture tax credit for black liquor, a byproduct of the paper-making process. Revoking the credit before it expires will put unplanned economic pressure on the 10 paper mills operating in Louisiana and the jobs that the industry supports. Paper mills had planned for the tax credit to last through the end of the year. Early termination as you are proposing will aggravate the financial condition of the companies and disrupt their plans for operations and capital improvements to remain competitive in the marketplace.

The economic downturn has caused a dramatic decline in demand for consumer goods, which in turn has caused an historic decline in demand for paper and packaging. The forest products industry has lost 10,000 jobs in Louisiana, 300,000 nationwide. When mills close, the renewable energy they produce is lost too.

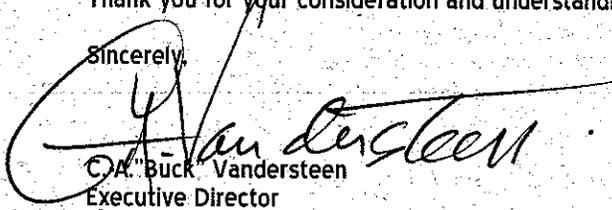
Black liquor is a renewable biomass fuel derived from sawdust, bark, and other parts of the tree. It is one of the renewable, carbon-neutral fuels used by pulp mills to produce electricity and heat, thus making it possible for facilities to generate approximately 66 percent of their energy needs onsite. Using black liquor for fuel displaces fossil fuel.

For years the forest products industry has produced "green" energy without any incentive. Congress created an alternative fuel mixture incentive to encourage and reward users of renewable energy. The industry has complied with all necessary regulations for eligibility of the incentive and is using it to create clean-burning, environmentally friendly renewable energy. It is unfair to penalize one industry for utilizing an incentive simply because it is a leader in the very activity the credit was designed to encourage.

The Louisiana Forestry Association urges you not to revoke this important tax credit before it expires. By maintaining black liquor's eligibility, you are supporting renewable energy production, the survival of the forest products industry and the jobs it supports.

Thank you for your consideration and understanding of this request.

Sincerely,


C.A. "Buck" Vandersteen
Executive Director

cc. Senator Mary Landrieu
Senator David Vitter

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