

To whom this may concern:

I am writing in regard to the Black Liquor Tax Credit currently being debated in the United States Senate Committee on Finance. The key to this debate is whether paper mills should remain eligible for the tax credit or have their eligibility revoked on October 1, 2009, as recommended in the Obama Administration's 2010 budget proposal. The decision on this issue is literally one of life or death for the Catalyst paper mill in Snowflake, Arizona and for recycling centers that supply the Snowflake mill with paper. The tax credit applies to only a fraction of the paper and pulp producers in the United States, and places recycled materials mills, like Catalyst, at an enormous competitive disadvantage. Should the Black Liquor Tax Credit continue, the Catalyst Snowflake Mill would be forced to cease operations.

I work at Sedona Recycles, Arizona's only nonprofit material recovery facility. Sedona Recycles has provided free 24/7 recycling to the approximately 65,000 residents of Sedona and the Verde Valley since 1989. Since the construction of our facility, our paper has been sold exclusively to the Catalyst paper mill in Snowflake, supporting Arizona commerce and reducing the costs and environmental impact of shipping. The Black Liquor Tax Credit does not only affect those employed by the Snowflake mill, it also affects the numerous suppliers of paper to the mill. If the Snowflake mill were to shut down, Sedona Recycles would lose its only regional paper mill and would see a dramatic reduction in income due to increased freight costs for shipping paper. Since the collapse of the global recycling market in October 2008, Sedona Recycles has been struggling to survive. We are just now getting back on our feet, and could not survive another massive blow like the loss of the Snowflake mill.

It is important to note that the kraft pulp mills currently benefiting from the Black Liquor Tax Credit will continue using black liquor in their pulp production just as they were before they began receiving the enormous subsidy in 2008. Termination of the subsidy will do no more than end the practice of adding diesel fuel to the black liquor in order to receive the subsidy.

The alternative fuels tax credit included in SAFETEA-LU is scheduled to expire at the end of 2009. However, as part of its fiscal year 2010 budget proposal, the Obama Administration rewrote the alternative fuels provision to exclude the paper industry. If approved by Congress the subsidy would be eliminated on October 1, 2009. We urge you to pass legislation that will put a stop to the Black Liquor Tax Credit as soon as possible. Unless this loophole is closed, the United States government will continue to be liable for billions of dollars in credits for black liquor production. Recycled mills, like Catalyst's Snowflake mill, and their suppliers could be forced to cease operations and subsequent jobs will be lost in communities already suffering from the economic recession.

Thank you for considering this request. Thousands of Arizona residents are anxiously awaiting Congress' decision.

Sincerely,  
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Sedona Recycles, Inc.



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