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July 10, 2009

Senator Max Baucus, Chairman
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Senator Chuck Grassley, Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, DC 20510-6200

Dear Chairman Baucus and Ranking Member Grassley:

I appreciate the opportunity to comment on the Senate Finance Committee staff's draft legislation that would alter the existing Alternative Fuels Mixture Credit. I oppose this proposal and urge you to allow the tax credit to continue until December 31, 2009.

As you know, the pulp and paper industry is significant to the economy of my state and the Alternative Fuels Mixture Credit has been essential. For example, in my district there is a pulp mill that provides well-paying jobs to more than 300 people. That mill, which is also the only customer of a sea port in my district, just restarted in late June after being idled in March. The mill's ability to take advantage of the alternative fuel mixture credit played a large part in management's decision to restart that facility.

The pulp and paper industry is a leader in renewable energy generation and consumption. Many companies, including the one in my district, fulfill over 70 percent of their power needs from burning carbon-neutral wood pulping residuals and other forms of biomass, all while producing forest products we use each day. This is power that would otherwise have to be sourced from the electrical grid. Restrictions in current federal law limit the pulp and paper industry's ability to take advantage of other tax credits aimed at promoting renewable electricity generation.

I respectfully urge the Committee to maintain the Alternative Fuels Mixture Credit in its current form for the remainder of 2009 as provided under current law. As our nation weathers what all would agree are extraordinary economic conditions, this credit continues to be a lifeline to the pulp and paper industry and the good paying jobs these mills support.

With warmest regards,

Mike

Michael H. Michaud
Member of Congress

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