

*Chuck Grassley Max Baucus*

CANTWELL/GRASSLEY/BAUCUS COLLOQUY ON BIODIESEL

MS. CANTWELL: Mr. Chairman, I had intended to offer an amendment to extend the biodiesel and renewable diesel tax credits for one additional year, through 2010.

We all saw the devastating effects that \$140 per barrel oil had on our economy and our constituents.

We can not allow ourselves to remain dependent on foreign oil.

We have to redouble our efforts to deploy alternative fuels that can be produced in the United States and that can also help us address the growing crisis of climate change.

Limited access to capital; uncertainty surrounding the federal commitment to biodiesel; and the current state of the economy threaten to undermine the progress the U.S. biodiesel industry has made to build the production capacity and infrastructure needed to displace petroleum diesel fuel with renewable, low-carbon biodiesel.

The 51,893 jobs that are currently supported by the U.S. biodiesel industry show there is real job growth potential in this industry.

There currently are 176 plants in operation with the capacity to produce more than 2.61 billion gallons of biodiesel and 39 new plants under construction or expansion, which would add nearly 849.9 million gallons of production capacity.

Due to current market conditions, however, less than one-third of the industry's facilities are currently producing fuel.

Just this past December, Spokane County Biodiesel, a 1 million gallon per year plant under construction in Spokane Valley, Wash. temporarily suspended construction in late December due to limited funding.

The National Biodiesel Board estimates that if Congress does not provide some predictability to the industry, U.S. biodiesel production will likely fall to from 691 million gallons in 2008 to 300 million gallons in 2009.

This would cost the U.S. economy more than 29,000 jobs. These are not jobs we can afford to lose.

I will not offer the biodiesel amendment here because I know many of my colleagues also have an interest in promoting the production of other renewable and alternative fuels.

I believe we should take a more comprehensive look at how the tax code can best support the deployment of all technologies that can displace our need for oil.

*Max Baucus*

Mr. Chairman, I would like a commitment that we will act early this year to provide some predictability in the tax code for biofuels so that these industries will grow and develop in the United States and will create needed jobs here.

CHAIRMAN BAUCUS: The Senator is correct. I expect that this Committee will be busy on a number of energy items this year beyond the pending economic recovery legislation. These items are likely to include an energy-tax bill and transportation legislation, both in the areas of surface transportation and aviation. In any case, a number of important energy items – including incentives for biofuels and alternative fuels – will need to be addressed.

RANKING MEMBER GRASSLEY: I appreciate Senator Cantwell's efforts to get the biodiesel and renewable diesel tax credits extended for one additional year, through 2010. As the original author of the biodiesel and renewable diesel tax credits, I support Senator Cantwell's efforts to extend these tax credits for one additional year. I have an amendment to extend the credit for three additional years, through the end of 2012. I will rely on the Chairman's commitment to address biofuels and alternative fuels in the energy tax bill that is expected later this year in withdrawing my amendment to extend these tax credits for three years.