

April 5, 2016

The Honorable Mitch McConnell
Senate Majority Leader
United States Senate
S-230 United States Capitol Building
Washington, DC 20510

The Honorable Harry Reid
Senate Minority Leader
United States Senate
S-221 United States Capitol Building
Washington, DC 20510

The Honorable Paul Ryan
Speaker of the House
United States House of Representatives
232 United States Capitol Building
Washington, DC 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
204 United States Capitol Building
Washington, DC 20515

The Honorable Orrin G. Hatch
Chairman
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Kevin Brady
Chairman
Committee on Ways and Means
1102 Longworth House Office Building
Washington D.C. 20515

The Honorable Sander Levin
Ranking Member
Committee on Ways and Means
1106 Longworth House Office Building
Washington, DC 20515

Dear Majority Leader McConnell, Minority Leader Reid, Speaker Ryan, Minority Leader Pelosi, Chairman Hatch, Ranking Member Wyden, Chairman Brady, Ranking Member Levin:

Thank you for your leadership in extending a suite of critical advanced biofuels tax incentives through the end of 2016 in the "Protecting Americans From Tax Hikes Act of 2015." These credits are needed to stimulate capital investment and growth of clean energy production and are vital to ongoing development of the advanced and cellulosic biofuels industry.

Unfortunately, these provisions are already set to expire at the end of 2016. This short-term expiration of tax incentives is jeopardizing the long-term investment necessary for advanced biofuels. This creates uncertainty for investors and industry about the availability of these credits in the future. As leaders in a critical innovation sector in the United States, we are well aware of the financial constraints facing this country. However, as Congress works on developing energy tax extenders legislation, we urge you to ensure that advanced biofuels are part of the package. Extending some 2016 expiring energy tax provisions and not others creates a piecemeal approach and investment uncertainty across the energy sector and distorts the playing field for biofuel producers.

Since 2009, the advanced biofuels industry has invested billions of dollars to build first-of-a-kind demonstration and commercial-scale biorefineries across the country. Despite the challenges associated with developing new technologies, as of 2015 there were five commercial scale cellulosic biorefineries with a combined capacity of more than 50 million gallons within the United States. There are now 36 biorefineries generating cellulosic biogas in this country, with a combined annual capacity of approximately 185 million gallons.

Additionally, there are more than 130 biorefineries producing nearly 1.5 billion gallons of biodiesel and renewable diesel across the country, with production in nearly every state in the country. These developments show that the industry is just beginning to take advantage of these tax incentives, which have helped move these projects to commercial production by attracting investment and reducing the cost of production. However, the continued growth of the advanced biofuels industry will require additional support. As a result, we encourage Congress to pass a multi-year extension of these provisions.

We would also request Congress reject the creation of a phase-out for these renewable energy incentives. The PTC and associated depreciation provisions have never been enacted for a sufficient length of time to allow investors to depend upon their existence once the facilities are eventually placed in service. Ending the tax credits on an arbitrary date in the near term will hamper the utilization of these incentives for an industry where financing and constructing new facilities takes on average five to six years.

In the interest of energy security, job creation, global competitiveness, and forward-looking policy, we urge you to include the advanced biofuel tax provisions – the Second Generation Biofuel Producer Tax Credit, the Special Depreciation Allowance for Second Generation Biofuel Plant Property, the Biodiesel and Renewable Diesel Fuels Credit, the Alternative Fuel and Alternative Fuel Mixture Excise Tax Credit, and the Alternative Fuel Vehicle Refueling Property – as a part of any energy tax package. We ask that you move quickly to extend these provisions ahead of the expiration date to avoid creating uncertainty for investors and companies trying to raise capital. We look forward to working with you on this important matter.

Sincerely,

