

# SABR Coalition Submits Comments to House Committee on Section 45Z

*The Sustainable Advanced Biofuel Refiners Coalition offered federal lawmakers numerous ways to improve the Clean Fuel Production Tax Credit.*

JEFFERSON CITY, MO, UNITED STATES, December 18, 2024 /

EINPresswire.com/ -- The Sustainable Advanced Biofuel Refiners Coalition submitted comments Dec. 13 to the U.S. House Committee on Ways and Means in response to a request for information (RFI) from Republican committee members about approaches to fixing the Clean Fuel Production Tax Credit (Section 45Z). The new incentive was passed in the Inflation Reduction Act of 2022. The U.S. Department of the Treasury and the Internal Revenue Service have yet to provide any meaningful guidance on the new tax credit, which goes into effect Jan. 1, 2025.



In light of the fact that the IRS has not issued guidance on this new and flawed credit, SABR urged the committee to extend the \$1 per gallon biodiesel blenders tax credit (40A) promptly.

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*Joe Jobe, CEO, Sustainable Advanced Biofuel Refiners (SABR) Coalition*

This is absolutely critical in order to provide the necessary time for Congress to make improvements to 45Z and for the IRS to issue implementation guidance. The blenders credit is set to expire Dec. 31, 2024. Guidance on 45Z is likely to be even further delayed if the incoming administration puts a review hold on all regulatory actions of the previous administration as is common when the White House changes parties.

SABR told the committee that the current structure of 45Z will effectively provide preferences for

questionably sourced imported feedstock, primarily from Asia, over domestic agricultural feedstock grown here by American farmers. SABR believes that the credit should preference domestic feedstock, as this would better direct U.S. taxpayer investments to the benefit of the U.S. economy. This would be similar to domestic procurement preferences for other tax credits.

SABR noted, however, that there should be a distinction between Canadian feedstock railed into the U.S. versus feedstock that comes from overseas. Canadian feedstock is regulated and highly traceable and should not be excluded from the program. There are several precedents for this.

SABR also shared with the committee that indirect land-use change (ILUC) should be excluded from use in federal tax policy. "ILUC is a failed theory that uses highly flawed assumptions," said SABR CEO Joe Jobe. "This highly uncertain estimate of global land use is unmeasurable, unverifiable and unobservable. It is an academic exercise that failed to materialize."

Based on an Amicus brief filed as a part of SABR's Petition before the U.S. Court of Appeals, eight of the nation's most preeminent [lifecycle scientists concur](#) that the failed ILUC theory is riddled with flawed assumptions.

SABR pointed out that in the early 2000s there was much academic discussion about Peak Oil—a modeled prediction of the time when global oil production would begin a precipitous decline, leading to economic decline. The theory of Peak Oil did not take into account the fracking revolution enabled by technology advances in hydraulic fracturing and horizontal drilling. These advances were made possible by direct research investment by the federal government to develop the technologies, and major subsidies to support them in the 2005 Energy Policy Act.

Because of this oversight, nobody is talking about Peak Oil anymore unless it is in the context of famous failed academic theories. ILUC theory should join that list. Like Peak Oil, ILUC theory contained a major oversight: the revolution of technology advances in modern precision agricultural equipment, farming practices, and plant science research over the past 20 years that has resulted in massive yield improvements with less energy inputs on less land every year—not more.

Observable and measurable indirect land-use change did occur, but not because of biofuels. Due to the fracking revolution and the significant incentives that supported it, fracking wells that were not there 15 years ago now dot the landscape and can be seen from most commercial airline flights. Yet biofuels are still assumed to create ILUC and the baseline petroleum that it is compared to is assumed to not have any indirect effects, when the opposite is true.

California and three other states have adopted low carbon fuel standards (LCFS). These states now make up over half of the nation's biomass-based diesel market and soon it will be two-thirds. Those LCFS programs assign ILUC penalties as well as multiple additional layers of disincentives to crop-based feedstocks. When a gallon of soy biomass-based diesel is assigned a

land use-change penalty at the federal level and then again at the state level, it effectively doubles the ILUC penalty on the same gallon, as if the gallon were burned twice and the land converted twice when, in reality, there is no compelling evidence that land was converted at all due to that gallon of biofuel.

If the federal government is compelled to use carbon intensity as a metric to determine tax credit eligibility, then Congress and tax writers should consider using a direct land-use change (DLUC) mechanism since DLUC is observable and measurable. DLUC would allow for continued safeguards to protect against deforestation, while also ensuring that domestic agricultural feedstocks are not penalized for land conversions outside of the U.S. Reliance on DLUC for biofuel markets would also help align the biofuels export value chain with the whole soybean and soybean meal export value chain, which currently relies on DLUC when estimating environmental impact against competitors in the global marketplace.

SABR's complete comments to the House ways and means committee's RFI may be [accessed here](#).

#### About the SABR Coalition

SABR is a coalition of stakeholders that have invested in building out America's first advanced biofuel—biodiesel. Biodiesel is the most cost-effective means to reduce greenhouse gas emissions from medium- and heavy-duty vehicles, providing numerous economic, environmental, performance and energy security benefits.

SABR represents every link in the biodiesel value chain from soybean farmers and processors to biodiesel producers, distributors, retailers and consumers, as well as infrastructure, product and service providers. For more information, please visit [www.sabrcoalition.org](http://www.sabrcoalition.org).

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