

# SABR Coalition Welcomes Biodiesel Provisions in Senate Tax Bill

*Sustainable Advanced Biofuel Refiners successful in getting short-term transitional relief for biodiesel producers in Senate budget-reconciliation bill.*

JEFFERSON CITY, MO, UNITED STATES, July 1, 2025 /EINPresswire.com/ -- The [Sustainable Advanced Biofuel Refiners \(SABR\) Coalition](#), a national biodiesel trade association made up of over 70 organizational members throughout the biodiesel value chain, applauds the biofuel provisions added to the Senate budget-reconciliation legislation known as the "big, beautiful bill." Introduced on June 28, the Senate version of the tax bill includes provisions for an immediate extension of the Section 40A Small Agri-Biodiesel Producer Tax Credit. The value of the credit increases

from 10 cents to 20 cents per gallon on the first 15 million gallons. It also makes the credit transferable so that pass-through entities such as limited liability companies (LLCs) and S corporations can access the credit and monetize it. This is important transitional relief to biodiesel producers, many of which have shut down this year since the biodiesel blenders tax credit (BTC) expired on Dec. 31, 2024, while the industry awaits implementing regulations for its replacement, the Clean Fuel Production Credit (Section 45Z).

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

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The Senate bill also introduces several key improvements to Section 45Z, which will take effect in 2026. Some

changes mirror those passed by the House of Representatives on May 22 while others differ



significantly. The differences must be reconciled before the legislation can be sent to President Donald Trump for signing into law by the July 4 target date.

Like the House revisions, these improvements by the Senate include elimination of the failed theory of indirect land-use change (ILUC) that penalizes domestic agricultural feedstocks in modeling greenhouse gas (GHG) calculations.

A critical difference between the Senate's modifications to 45Z and both existing law and changes passed by the House is that the Senate version seeks to put sustainable aviation fuel (SAF) and on-road biofuels such as biodiesel and renewable diesel on equal footing. Currently, SAF producers are eligible for up to \$1.75 per gallon under Section 45Z, provided certain criteria are met, but biodiesel manufacturers can only receive up to a maximum of \$1 per gallon.

While the House bill extends Section 45Z from its current sunset date of Dec. 31, 2027, to Dec. 31, 2031, the Senate version shortens this extension by two years and allows transferability of the credit through 2029.

Earlier modifications to Section 45Z from the Senate Finance Committee allowed feedstocks from outside the U.S. to claim the credit at a 20 percent discount to domestic inputs. Updated language in the full Senate bill, however, matches the House version and only allows feedstocks from North America to qualify for the incentive.

SABR reiterates that, because these changes do not take effect until 2026, it is important that Congress provides transitional relief now as a policy bridge to 2026.

"The amendments to the Section 45Z Clean Fuel Production Credit will make for dramatically better energy, agriculture and clean transportation policy," Jobe said. "But those amendments take effect in 2026, and SABR has been educating members of Congress about the severe immediate harm to the biodiesel industry caused by the lack of policy clarity. SABR has been urging immediate extension of the Section 40A Small Agri-Biodiesel Producer Tax Credit and applauds its inclusion. While most biofuel advocates have been focused solely on 'fixing' 45Z beginning next year in the reconciliation bill, a top priority for SABR has been getting transitional relief for biodiesel producers this year. We thank Sen. Chuck Grassley and Finance Chair Mike Crapo for their work on this measure."

#### About the SABR Coalition

Sustainable Advanced Biofuel Refiners (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 (GHG) emissions from medium- and heavy-duty vehicles, providing numerous economic, environmental and energy security benefits. It is produced from renewable resources such as soybean oil, used cooking oil and animal fats. SABR includes stakeholders from every link in the value chain from feedstock growers 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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