

Editorial

Grassley prediction was on target

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Thanks to inaction last year by the Democrats who control the legislative agenda in Congress, unemployment numbers in the biodiesel industry are getting worse. Biodiesel Energy Group recently idled its facilities in Newton and Ralston, laying off 22 employees. This appears to be a direct result of the failure of Congress to renew the biodiesel tax credit prior to its expiration at the end of 2009.

In mid-December, Sen. Charles Grassley took to the floor of the U.S. Senate to warn that precisely what is now transpiring would occur if Democratic leaders in Congress failed to give renewal of the tax credit a high priority. He strongly urged action before the end of 2009, but was ignored. He has advocated aggressively for action in the months that have followed - to no avail.

The tax credit offsets the higher cost of producing biodiesel fuel compared to petroleum diesel. The \$1 per gallon credit for biodiesel made from soybean oil or yellow grease and animal fats is vital to the evolution of this infant industry. The economic downturn has caused the growth of what may one day be a major energy source to stall.

"Without the tax credit, petroleum marketers will be unwilling to purchase the more expensive biodiesel, and demand will vanish," Grassley told his Senate colleagues in December. "In 2008, the biodiesel industry supported more than 51,000 green jobs. Because of the downturn in the economy and the credit crisis, the biodiesel industry has already shed 29,000 green jobs."

According to the Iowa Republican, the biodiesel industry is now operating at about 15 percent of capacity. Grassley is correct in asserting that the biodiesel tax credit is essential to the well-being of a key renewable fuels industry. Without it, U.S. biodiesel production may grind to a halt.

Grassley reacted strongly to the layoffs, making it clear that they might have been avoided if Congress had been less dilatory.

"Pelosi and Reid were playing with fire when they played politics with the biodiesel tax credit," Grassley said in a statement released early this month. "They knew 17 months ago that this tax credit needed to be extended. Instead they made it a part of the political mix for the last year by only including it with controversial provisions. In February, Senator (Max) Baucus and I had a bipartisan solution that would have given biodiesel producers a chance to make it through the political storm. Unfortunately, the Democrat leadership reneged on our effort and biodiesel workers are now getting Pelosi's pink slips."

Grassley's reaction is precisely on target.

Iowa voters should remember this lack of concern about one of this state's emerging industries when Democrats ask for their votes this November.