

Daily Times Herald

Grassley still swinging for biodiesel credits

By **BUTCH HEMAN**
Staff Writer

Tuesday, July 20, 2010

U.S. Sen. Chuck Grassley, R-Iowa, continues his efforts to pass an extension of the biodiesel tax credit.

Credits were imposed years ago to help biodiesel — which is mostly made from soybean oil — compete with petroleum diesel fuel.

The national economic downturn and uncertainty over the credits' renewal sent biodiesel sales into a tailspin. Sales have nearly stopped since the credits expired on Jan. 1.

Daniel Oh, president of Renewable Energy Group, which owns and manages nine biodiesel plants and is the No. 1 producer and seller of biodiesel in the U.S., said the market plunged because customers no longer knew if they'd get reimbursed the \$1-per-gallon biodiesel blenders credit after making purchases.

"They said they couldn't take the risk anymore," he said.

The drop in sales forced REG to lay off nearly half its production staff, including shutting down biodiesel plants at Ralston and Newton.

Roughly half the 50,000 U.S. jobs directly associated in biodiesel production have been lost the past two years. An estimated 2,000 Iowans have been laid off due to the expiration of the biodiesel credits.

Business lost while the credits have been expired is gone forever, because the credits kick in when biodiesel is blended for various uses, not when a plant makes a biodiesel sale.

Grassley, the only practicing farmer on the Senate agriculture committee, first sought to extend the credits in August 2009, when he and Sen. Maria Cantwell, D-Wash., introduced legislation to simplify and extend them for five years.

Subsequently, Grassley twice introduced legislation to extend the biodiesel credits through Dec. 31 and make them retroactive to the Jan. 1 expiration date. But his request was rebuffed by Democratic leaders both times.

Now Grassley has offered an amendment to a small-business bill being debated in the



U.S. Sen. Chuck Grassley

Senate. Grassley's measure would reinstate the biodiesel credits for all of calendar year 2010.

"The Democratic leadership has essentially put the biodiesel industry out of business with the tactics they are using in the Congress," Grassley remarked. "This non-controversial, non-partisan provision for clean, green energy is being held hostage. I'm trying, once again, to put Americans back to work in this clean, renewable fuel industry."