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### **Ground-Breaking Biodiesel Tax Incentive Passes**

*ASA and NBB Celebrate Landmark Legislation; Demand for Biodiesel Expected to Soar*

SAINT LOUIS, Mo. – The American Soybean Association (ASA), the National Biodiesel Board (NBB), soybean farmers and thousands of other biodiesel enthusiasts are celebrating today following the U.S. Senate’s approval of the first biodiesel tax incentive. Congress passed the incentive as part of H.R. 4520, legislation concerning the Foreign Sales Corporation/Extraterritorial Income Tax (FSC/ETI), also known as the American JOBS Creation Act of 2004. The Senate passed the bill by a vote of 69 – 17.

“This is a defining moment for the future growth of biodiesel in the United States, and passage of the biodiesel tax incentive would not have happened without the steadfast commitment of Senator Chuck Grassley (R-IA), Senator Blanche Lincoln (D-AR), Congressman Kenny Hulshof (R-MO) and others,” said ASA president Neal Bredehoeft, a soybean farmer from Alma, Mo. “We also must acknowledge and thank the thousands of ASA members and industry representatives who have worked hard the past couple of years to advance Congressional support for biodiesel and expand the market for renewable fuels.”

The biodiesel tax incentive, which is structured as a federal excise tax credit, amounts to a penny per percentage point of biodiesel blended with petroleum diesel. It will lower the cost of biodiesel to consumers in taxable and tax exempt markets. Based on the USDA baseline estimates for future soybean production, over a five year time period the biodiesel tax provisions could add almost \$1 billion directly to the bottom line of US farm income. In addition, the provisions will significantly benefit the US economy and could increase US gross output by almost \$7 billion.

“This is a new era for biodiesel,” said NBB chairman and ASA first vice president Bob Metz of South Dakota. “This tax incentive is going to benefit all Americans. Biodiesel demand is going to soar, and with that will come cleaner air, decreased reliance on foreign oil, and economic development. This is a great day for biodiesel.”

“Biodiesel holds great promise for helping reduce our dangerous dependence on foreign sources of oil,” Grassley said. “I’m glad that Congress has finally acted to promote this clean-burning renewable fuel. It’s a no-brainer to look to the Midwest rather than the Middle East to meet our energy needs.”

Senator Lincoln is an ardent biodiesel supporter and has repeatedly gone on record to say she champions biodiesel because it benefits agricultural producers in Arkansas and other rural states, and it’s a great step toward making this clean-burning fuel an integral part of our nation’s energy portfolio.

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At the insistence of biodiesel champions like Senators Grassley and Lincoln, the biodiesel tax incentive was included in the FSC/ETI legislation. It is part of the Volumetric Ethanol Excise Tax Credit (VEETC) originally introduced as S. 1548, sponsored by Senators Grassley and Lincoln, and H.R. 3119 sponsored by Representative Hulshof.

“This is a tremendous victory for soybean growers and those who recognize the benefit of renewable fuels like biodiesel,” Hulshof said. “Farmers will benefit from having value added to their crops, and we will all benefit from producing a cleaner burning fuel that lessens our dependence on foreign sources of energy. I’m proud that my colleagues have recognized the advantages of this important technology.”

Biodiesel is a cleaner burning alternative to petroleum-based diesel, and it is made from renewable resources like soybeans, grown here in the United States. It works in any diesel engine with few or no modifications. It can be used in its pure form (B100), or blended with petroleum diesel at any level—most commonly 20 percent (B20). Soybean farmers have invested millions of dollars through the soybean checkoff to build the biodiesel industry in the United States.

More than 400 major fleets use biodiesel commercially nationwide. About 300 retail filling stations make biodiesel available to the public, and more than 1000 petroleum distributors carry it nationwide. Biodiesel is nontoxic, biodegradable and essentially free of sulfur and aromatics. Biodiesel offers similar fuel economy, horsepower and torque to petroleum diesel while providing superior lubricity. It significantly reduces emissions of carbon monoxide, particulate matter, unburned hydrocarbons and sulfates. On a lifecycle basis, biodiesel reduces carbon dioxide by 78 percent compared to petroleum diesel.

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Readers can learn more about biodiesel by visiting [www.biodiesel.org](http://www.biodiesel.org).