

Pro Biofuels Tax Incentives

These biofuel tax credits are essential to promoting innovation in rural communities, providing greater long-term energy security, and allowing biofuel producers and farmers to play a role in global decarbonization efforts.

SECTION 45Z Clean Fuel Production (CFPC) Tax Credit (Section 13704)

Section 45Z, also known as the Clean Fuel Production Credit (CFPC), provides a tax credit for fuels relative to how low their carbon intensity (CI) score is against a baseline level, defined as 50 CI (kg CO₂e/mmbtu) in statute, under the Argonne Greenhouse gases, Regulated Emissions, and Energy use in Transportation (GREET) model (for non-aviation fuel). The value of this credit is \$0.02 cents per gallon for each CI point under 50. Entities can qualify for fuel produced and sold between 2025 and 2027.

According to a study from ABF Economics and Growth Energy, if implemented properly, the 45Z credit would:

- Add \$21.2B to the U.S. economy
- Support 192,000 new jobs
- Generate \$13.4B in household income
- Provide farmers with a 10% premium price on low carbon corn used at an ethanol plant.

ASK As clearly required by the law, ensure the Treasury Department accounts for all carbon-reducing technologies — both on-the-farm and at-the-plant — utilizing the Argonne GREET model (and not a new bespoke 45Z GREET) when determining the CI tables for ethanol used in non-aviation fuel.

ASK Following the law, confirm the Treasury Department uses the Argonne GREET values for land use.

ASK For SAF produced under 45Z, utilize the Argonne GREET model for determining the CI values, including the land use values and the broad swath of commercially available on-farm and at-the-plant technologies and practices identified under GREET to maximize the true carbon reduction potential of alcohol to jet (ATJ) SAF.

SECTION 40B Sustainable Aviation Fuel (SAF) Tax Credit (Section 13203)

Section 40B, is a sustainable aviation fuel (SAF) tax credit. Congress provides five years of SAF tax incentives. In 2023 and 2024 SAF will qualify for a standalone blenders credit (40B) if the fuel reduces lifecycle greenhouse gas emissions by at least 50 percent. The value of this credit is determined on a sliding scale, equal to \$1.25 plus an additional \$0.01 for each percentage point by which the lifecycle emissions reduction of such fuel exceeds 50 percent. Then, SAF incentives will become part of 45Z from 2025 to 2027.

ASK Clarifying that the GREET model can be used to determine lifecycle emissions for SAF. GREET is only specified for “non-aviation fuel” but meets the criteria for SAF modeling contained in the IRA.

ASK Ensure that the new 40B GREET model being prepared by the Biden Administration follows the latest available science on land use, which clearly show a limited impact on land use from the production of biofuels.

ASK Include a broad swath of commercially available on-farm and at-the-plant technologies and practices to maximize the true carbon reduction potential of ATJ SAF.

SECTION 45Q Carbon Capture Tax Credit (Section 13104)

Section 45Q provides a tax credit on a per-ton basis for CO₂ that is sequestered or utilized. Congress extended the 45Q credit for carbon sequestration and utilization through 2032, raised the rates to \$85/ton for sequestration and \$60/ton for utilization, provided recipients satisfy the prevailing wage and apprenticeship requirements, and allows for direct pay of the incentive.

ASK Ensuring a wide range of commercial applications are eligible for the utilization component of the credit.

