



## **BIODIESEL BLENDER'S TAX CREDIT**

The Petroleum Marketers Association of America's (PMAA) member companies blend biodiesel into on-road diesel and home heating oil to help facilitate the renewable fuel blending requirements established under the Renewable Fuel Standard (RFS). Since 2005, there has been a biodiesel and renewable diesel blenders' tax credit of \$1.00 for each gallon of biodiesel used in a qualified mixture. The credit was created to stimulate production and, ultimately, consumption of biodiesel and renewable diesel, an agricultural alternative to fossil fuels. The biodiesel blenders' tax credit has worked: It creates a strong incentive for downstream fuel marketers to blend renewable fuel into the fuel supply all while lowering prices at the pump and heating fuels for consumers.

This tax credit, which expired on December 31, 2016 was reinstated by Congress retroactively for calendar year 2017 under the Bipartisan Budget Act of 2018. PMAA worked closely with Congress to ensure that the biodiesel blender credit was reauthorized and not changed to a producer credit. While the biodiesel blender credit was not reauthorized for 2018, PMAA continues to push for reauthorization for calendar year 2018 and beyond.

### **BIODIESEL TAX CREDIT LEGISLATION**

Last year, bills were introduced (S. 944; H.R. 2383) by a group of lawmakers representing states where biodiesel is produced, to convert the \$1-per-gallon biodiesel blender's tax credit to a new biodiesel production tax credit. PMAA opposes moving the blender's credit to the production level because it would effectively kill any below the rack biodiesel blending and subsequent savings to consumers. PMAA member companies have made significant investments to blend biodiesel which has produced growth for biodiesel production and denying the credit to blenders cannot be justified.

The policy of limiting the credit to producers is contrary to the original intent of offering a biodiesel tax credit to make the fuel competitive with conventional diesel, and thus, encourage domestic consumption of biodiesel by U.S. consumers. Blenders and marketers have legitimate concerns that much of the tax credit will be pocketed by producers and not passed on to marketers and consumers. In the current environment where biodiesel is not competitive with conventional diesel without the tax credit, it is essential that the \$1-per-gallon tax credit be passed on to the consumer.

**"THE ASK"** *Committees: House Ways and Means; Senate Finance Committee*

Urge Congress to pass a multiyear extension of the biodiesel blender's tax credit and phase the credit out over the next five years.

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