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President Signs Energy Bill With Biodiesel Tax Incentive Extension

Numerous other pro-biodiesel measures also included

Albuquerque, N.M. – National Biodiesel Board (NBB) leaders today witnessed President George W. Bush signing the landmark Energy Bill that includes key provisions that NBB had sought to promote cleaner burning biodiesel. NBB had worked to secure Congressional approval of the Energy Bill on July 29 to further establish biodiesel as a vital component of the nation's energy supply. The bill passed with several provisions to promote biodiesel's growth, including the extension of a federal excise tax credit, the industry's number one priority.

NBB Chairman Darryl Brinkmann was present as the President signed the landmark Energy Bill. "The future has never been brighter for biodiesel," Brinkmann said. "Today is an important milestone for our industry, which worked hard to secure the approval of an Energy Bill with the biodiesel tax incentive and other biodiesel provisions. Congress and President Bush recognized that biodiesel is an important part of the solution for America to reduce its dependence on foreign oil, and at the same time, boost the economy and benefit the environment."

The tax incentive, established originally as part of the American JOBS Creation Act of 2004, would have expired in 2006. It will now be extended through 2008 thanks to Congressional champions such as Senator Chuck Grassley (R-IA) as well as Senators Blanche Lincoln (D-AR) and Jim Talent (R-MO), who were the chief sponsors of the extension. Congressmen Kenny Hulshof (R-MO) and Earl Pomeroy (D-N.D.) are to be thanked for originally introducing this provision in the House. The excise tax credit provides an incentive to fuel distributors to blend biodiesel into diesel fuel and to help reduce costs to consumers. The credit amounts to a dollar per gallon for "agri-biodiesel," such as that made from soybean oil, and 50 cents per gallon for biodiesel made from recycled cooking oil.

Senator Talent also helped create the small producer tax credit for agri-biodiesel, as well as helped secure the 7.5 billion gallon Renewable Fuels Standard in the Energy Bill that sets America on course for greater use of biodiesel and ethanol.

In addition, the Energy Bill creates a credit for alternative fuel refueling installations, including those that dispense B20. The Energy Bill also supports demonstration and testing projects that use biodiesel, including use of biodiesel in university stationary generators. It also encourages the Departments of the Interior, Commerce and Agriculture to use energy efficient vehicle technologies, including biodiesel. The Energy Bill states that biodiesel is eligible for the Clean Bus EPA program that the Environmental Protection Agency administers to assist school districts across the nation.

Biodiesel can be used in any diesel engine in pure form, or blended with petroleum diesel. It significantly reduces most regulated emissions and is nontoxic and biodegradable. Biodiesel has the highest energy balance of any transportation fuel. The U.S. Department of Energy (DOE) and the U.S. Department of Agriculture (USDA) in 1998 performed the prevailing life cycle study of the energy balance of biodiesel. It found that for every one unit of fossil energy used in the entire biodiesel production cycle, 3.2 units of energy are gained when the fuel is burned, or a positive energy balance of 320 percent.

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