



March 11, 2025

The Honorable Jason Smith
Chairman
U.S. Ways and Means Committee
1139 Longworth House Office Building
Washington D.C. 20515

The Honorable Richard Neal
Ranking Member
U.S. Ways and Means Committee
1139 Longworth House Office Building
Washington D.C. 20515

Chairman Smith and Ranking Member Neal:

As the representatives of America's retailers and consumers of fuels used to move our nation's freight, including the primary blenders of renewable fuels, our organizations¹ are increasingly concerned with the fuel market impacts resulting from the recent expiration of the bipartisan Section 40A Biodiesel Tax Credit for biodiesel and renewable diesel blending.²

The expiration of the Biodiesel Tax Credit has created substantial volatility in diesel markets and threatens to result in higher prices for the trucking, home heating, and rail industries, which rely on biodiesel and renewable diesel to keep prices low. Absent an extension of the longstanding Biodiesel Tax Credit, current biofuel tax policies – all of which were enacted as part of the Inflation Reduction Act – fail to provide the economic incentives to support the integration of advanced biofuels into the fuel supply. Further, because the Biodiesel Tax Credit is instrumental in reducing the costs of cleaner on-road diesel fuel, the expiration of the credit naturally leads to an upward pressure on price. Consumers should not have to incur unnecessary cost increases for everyday goods like food, medicine, and other essential commodities if stability is not restored to biofuel markets. Congress can best mitigate this outcome by extending the Biodiesel Tax Credit as soon as possible.

Our organizations have long supported tax policies that result in lower fuel prices for consumers. This objective is all the more important as inflationary threats persist throughout the economy, including potential tariffs. Renewable diesel and biodiesel provide fleets and drivers with an affordable, cleaner-burning fuel that reduces American dependence on foreign energy sources, stabilizes domestic diesel markets, and helps to lower prices at the pump. Over the last two decades,

¹ The American Trucking Associations (ATA) is the largest national trade association for the trucking industry. Through a federation of 50 affiliated state trucking associations and industry-related conferences and councils, ATA is the voice of the industry America depends on most to move our nation's freight. The Clean Freight Coalition is an alliance of truck transportation stakeholders committed to a clean energy future for America's trucking industry. The Energy Marketers of America (EMA) is a federation of 49 state and regional trade associations representing energy marketers throughout the United States. NACS is an international trade association representing the convenience store industry with more than 1,300 retail and 1,600 supplier companies as members, the majority of whom are based in the United States. NATSO currently represents approximately 5,000 travel plazas and truckstops nationwide, comprising both national chains and small, independent locations. The National Energy & Fuels Institute (NEFI) is a leading voice for wholesale and retail liquid heating fuel distributors that deliver warmth and comfort to millions of American homes. SIGMA represents a diverse membership of approximately 260 independent chain retailers and marketers of motor fuel. The Truckload Carriers Association (TCA) is the only trade association whose sole focus is the truckload segment of the motor carrier industry.

² See 26 U.S.C. § 40A (as amended), which recently expired on December 31, 2024, provided a refundable income tax credit for blending biodiesel or renewable diesel with conventional diesel fuel, at a rate of \$1.00 per gallon since 2008.

the bipartisan Biodiesel Tax Credit has allowed consumers to pay less at retail for fuels with more favorable emissions characteristics. The competitive, transparent, low-margin nature of the retail fuel market compels retailers to pass through cost savings (such as the Biodiesel Tax Credit) to consumers to maintain market share and profitability. Without the credit in place, trucking companies and other renewable fuel consumers, which until recently have been able to take advantage of lower-cost biofuel blends, are now compelled to spend more on fuel.

The expiration of the Biodiesel Tax Credit at the end of 2024 has also decimated biofuel supply chains. Many biofuel production facilities, particularly biodiesel plants, have scaled back or are shutting down entirely.³ The prevailing uncertainty in an industry that requires substantial capital investment is not only resulting in existing production disruptions, but it is also hampering new investment and reinvestment in existing biofuel facilities. Fuel retailers are unwilling to purchase biofuel gallons because the value of the incentive associated with those fuels is unknown. Many of these retailers are single-store operators that have invested millions in biodiesel blending infrastructure in response to congressional policy signals. The result is displacing renewable fuel gallons with more expensive fossil fuels.

Congress should extend the Section 40A Biodiesel Tax Credit to ensure that the current uncertainty inflicted upon the advanced biofuel industry does not result in higher fuel prices at the pump. Our organizations appreciate the Committee's focus on energy tax policies that keep fuel prices low for consumers. We look forward to our continued work with the Committee on this important issue.

Sincerely,

American Trucking Associations (ATA)
Clean Freight Coalition
Energy Marketers of America (EMA)
National Association of Convenience Stores (NACS)
National Energy & Fuels Institute (NEFI)
NATSO, Representing America's Travel Centers and Truckstops
SIGMA: America's Leading Fuel Marketers
Truckload Carriers Association (TCA)

Cc: Members of the House Ways and Means Committee

³ See Donnelle Eller, "Iowa Biodiesel Plants Idled..." The Des Moines Register (January 15, 2025), <https://www.desmoinesregister.com/story/money/agriculture/2025/01/15/iowa-biodiesel-plants-stop-production-after-not-getting-tax-guidance/77697908007/>; Noël Fletcher, "Iowa Shuttters Biodiesel Output on Federal Policy Uncertainty" Transport Topics, March 5, 2025, <https://www.ttnews.com/articles/iowa-shuttters-biodiesel>; FutureFuel Corp, "FutureFuel Announces Certain Matters with Respect to Its Biodiesel Production," (January 31, 2025), <https://www.globenewswire.com/news-release/2025/01/31/3019014/17942/en/FutureFuel-Announces-Certain-Matters-with-Respect-to-Its-Biodiesel-Production.html>; Iowa Biodiesel Board, "Iowa Biodiesel Producers Struggle amid Federal Policy and Market Challenges," Biodieselmagazine.com, 2025, <https://biodieselmagazine.com/articles/iowa-biodiesel-producers-struggle-amid-federal-policy-and-market-challenges>; Cami Koons, "Iowa Biofuel Producers 'Stuck in Neutral'..." The Des Moines Register (January 11, 2025), <https://www.desmoinesregister.com/story/money/agriculture/2025/01/11/iowa-biofuel-producers-stuck-in-neutral-without-tax-credit-guidance/77607726007/>; Todd Neeley, "Biodiesel Producers Expect Industry Shutdown without 45Z Guidance from Treasury," DTN (September 20, 2024), <https://www.dtnpf.com/agriculture/web/ag/blogs/ethanol-blog/blog-post/2024/09/20/biodiesel-producers-expect-industry>; "Frustrating to Watch: Biodiesel Industry Suffers due to Policy Uncertainties," RFD-TV, (March 5, 2025), <https://www.rfdtv.com/frustrating-to-watch-iowas-biodiesel-industry-suffers-due-to-policy-uncertainties>; Jared White, "Many Biodiesel Plants Have Paused Production - Brownfield Ag News," Brownfield Ag News, (January 23, 2025), <https://www.brownfieldagnews.com/news/many-biodiesel-plants-have-paused-production/>; Terra Konieczny, "Dubuque County Biodiesel Plant Says Production Paused amid Challenges," KWWL, March 10, 2025, https://www.kwwl.com/news/dubuque/dubuque-county-biodiesel-plant-says-production-paused-amid-challenges/article_6502.