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Sen. Charles Grassley

Chuck Grassley’s effort to extend the biodiesel tax credit.

Sen. Chuck Grassley, R-Iowa, is still pushing for legislation to extend the biodiesel tax credit, which expired Dec. 31, 2009. **(NEWS)**

This legislation is being put forth as an attempt to put Iowans back to work. If reinstated, the biodiesel tax credit could put 2,000 Iowans back to work, as well as 20,000 people across the country, according to a Sept. 16, 2010, press release. **(SCOPE)**

The biodiesel tax credit provides a $1.00 per gallon credit for biodiesel and exists to offset the higher cost of producing biodiesel compared to petroleum diesel, according to a Dec. 17, 2009, floor statement prepared by Sen. Grassley. The Grassley Biodiesel Amendment to the Baucus Substitute on H.R.5297 that would extend the biodiesel tax credit was rejected by the U.S. Senate by a 41-58 margin, according to the National Biodiesel Board. **(CONTEXT)**

“This Congress jammed through a stimulus that spent $800 billion to keep the unemployment rate below 8 percent. Yet, we can’t find the time to pass a simple tax extension that will likely reinstate 20,000 jobs overnight?” Grassley said in a May 4, 2010, press release. Because of the economic downturn, an industry that once supported more than 51,000 jobs has now lost 29,000 jobs, according to a Dec. 17, 2009, floor statement prepared by Sen. Grassley. **(IMPACT)**

The failure to extend the biodiesel tax credit has ground the industry to a halt, according to a floor statement made by Grassley on Sept.16, 2010. Because biodiesel is now more expensive than gasoline, gas stations don’t buy it. Therefore, biodiesel production has stopped, resulting in layoffs. **(EDGE)**

“The Democratic leadership has essentially put the biodiesel industry out of business with the tactics they are using in the Congress. This non-controversial, non-partisan provision for clean, green energy is being held hostage,” Grassley said. “I’m trying, once again, to put Americans back to work in this clean, renewable fuel energy.”

The National Biodiesel Board defines biodiesel as “a clean burning alternative fuel, produced from domestic, renewable resources.” Biodiesel contains no petroleum, is biodegradable, and is free of sulfur and aromatics. It can be blended with petroleum diesel and can be used in compression-ignition engines with little or no modifications.

Iowa alone has 15 biodiesel plants that have the capacity to produce about 325 million gallons per year, according the Iowa Biodiesel Board. The Board also reports that in 2009, biodiesel production increased economic activity by creating more than 2,900 permanent jobs and by adding more than $470 million to Iowa’s GDP.

The production of biodiesel also stimulates farm economy, according to the Iowa Biodiesel Board. Because biodiesel is often made from soybean oil, the price of soybeans increases. In 2008, a soybean farmer in Iowa with 700 acres of soybeans earned an additional $8,000 in net profit, the board reports.

“It’s too bad,” says Grassley, “that among all the talk of ‘green jobs’ and a clean energy economy that Congress is unable to pass a simple extension of an existing tax credit.”

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