

Stakeholder Comments on Energy Credits & Incentives

1. The goal of this form is for Ways and Means Republicans to better understand stakeholder's wants and needs when it comes to various energy and manufacturing credits as we prepare to debate expiring tax provisions in 2025.

Please send additional files, evidence, and information to SupplyChainsTaxTeam@mail.house.gov.

All submissions will be kept private, but shared internally with Republican Members, Personal Office Staff, and Committee Staff of the Ways and Means Committee. There is no plan to turn these submissions into a public report. We are also not looking to be the ones making recommendations on what should be done with individual credits/incentives. This is purely an educational and information gathering exercise. The more specific information you can provide, the more helpful it will be to the Supply Chains Tax Team.

Do you acknowledge?

Yes

2. Stakeholder Name

The SAF Coalition

3. Section of Code (for example: 45V - Hydrogen Production Credit, 30D - Clean Vehicle Credits, IRA Credits generally, Intangible Drilling Costs, etc)

The Sustainable Aviation Fuel Tax Credit - 40B and the Clean Fuel Production Tax Credit - 45Z

4. Geographic Beneficiary (state, region, etc.)

The SAF Coalition has over 50 members representing a range of stakeholders and the full complement of the supply chain including feedstock growers, aviation fuel producers and fuel refiners, airlines, aircraft manufacturers, aviation workers, business travelers, and more. The geographic breadth of the coalition is vast.

A full list of our members is below—

- Advanced Biofuels Canada
- ALPA
- Airlines for America
- Alaska Airlines
- Amazon
- American Airlines

- American Carbon Alliance
- American Express Global Business Travel
- Atlas Air
- BIO
- Boeing
- Bracewell
- Cincinnati/Northern Kentucky International Airport (CVG)
- Darling Ingredients
- Earth Optics
- Enviva
- Fulcrum Bioenergy
- GE Aerospace
- Gevo
- Global Business Travel Association
- Green Plains
- Growth Energy
- Hawaiian Airlines
- Honeywell
- International Airlines Group (IAG)
- Infinium
- JetBlue
- LanzaJet
- LanzaTech
- Marquis Energy LLC
- National Air Carriers Association (NACA)
- NetJets
- POET
- Port of Portland
- Port of Seattle
- Renewable Fuels Association
- RSM
- San Francisco International Airport (SFO)
- Shell
- SkyNRG
- Southwest
- Spokane International Airport
- Sumitomo Corporation of Americas
- Summit Agricultural Group
- Syzygy Plasmonics
- Topsoe
- Twelve
- United

- Velocys
- VeriJet
- World Energy
- XCF Global Capital, Inc.

5. Economic Benefits (dollar amounts, jobs, investments, or more general information and evidence)

The economic benefits associated with SAF investment are well-documented and significant. A January 2024 economic impact study¹ commissioned by the Iowa Renewable Fuels Association found that meeting the goal of the SAF Grand Challenge, which calls for the production of 35 billion gallons of SAF by 2050, would achieve the following:

- Boost employment by 224,440 jobs
- Increase labor income by \$9.3 billion
- Add \$427 million to farm revenues in ethanol plant basis premiums alone
- Raise farm income by \$11,670 for a typical 1000-acre farm split 50/50 between corn and soybeans.

Similarly, another study by a Washington think tank² estimates that replacing conventional jet fuel with SAF by 2050 could result in:

- Nearly \$800 billion in capital expenditures to construct SAF production facilities and upstream infrastructure and over \$650 billion in ongoing operations and maintenance expenditures to sustain these facilities. This includes investments in supporting sectors such as wind, solar, hydrogen, and agriculture.
- Significant economic opportunities in the Midwestern and Great Plains regions of the US, with several states such as Texas, Oklahoma, and Nebraska having the potential to see over \$100 billion in investments related to SAF production over the next 25 years.
- Up to 153,000 US jobs in the SAF industry at its peak, supporting nearly 250,000 additional jobs in the broader economy and eclipsing any consequential job losses in the fossil fuel industry nationally.
- High-quality employment opportunities for workers in SAF production and related sectors with annual incomes typically exceeding the national average.

While estimating future impacts of tax incentives is uncertain, we can also look to historical precedents to gauge the efficacy of tax policy. Today, the US biofuels industry leads the world in both innovation and output, reduces smog and greenhouse gases, and supports rural economies with thousands of jobs. This would not have been possible in the absence of robust, long-term incentives for biofuels. Comparable support for the SAF industry is necessary to ensure our competitive edge as this key market develops.

¹ *Sustainable Aviation Fuel for the Future: What does Iowa Have to Gain*. Prepared by Decision Innovation Solutions for the Iowa Renewable Fuels Association, January 2024. Accessed here: [240112-Iowa-Sustainable-Aviation-Fuel-for-the-Future.pdf \(iowarfa.org\)](#)

² *Soaring to New Heights: The Economic Impacts of Building an American SAF Industry*. By Third Way, April 2024. Accessed here: <https://thirdway.imgix.net/pdfs/override/Soaring-to-New-Heights.pdf>

6. Are you looking for a REGULATORY or LEGISLATIVE change/fix?

Both

7. If Regulatory, is the Congressional Intent of this policy being followed by the Biden Administration? What could be improved? If Legislative, what change needs to be made to the code?

Legislative

Provide a longer duration for the SAF tax incentives to support SAF marketplace and agricultural sector. Given the lengthy time required to finance, design, permit, and build a new fuel production facility, the short duration of the existing incentives (2 years of Section 40B +3 years of Section 45Z) does not provide sufficient certainty to attract and sustain the private sector investments needed for robust SAF development and deployment. Like under the 45V credit for clean hydrogen We recommend that the 45Z tax credit be extended for at least 10 years from the date the SAF facility is placed in service to provide needed policy certainty in order to reduce risk and unlock the level of investment at all points of the SAF supply chain, including for deployment of innovative new production technologies.

- *Enhance the value of SAF tax incentives.* Congress enacted two distinct, but complementary tax policies designed to incentivize SAF. The Section 40B SAF Blenders Tax Credit provides a tax credit of up to \$1.75 cents per gallon for the sale or use of sustainable aviation fuel (SAF) that achieves a lifecycle greenhouse gas emissions reduction of at least 50% as compared with petroleum-based jet fuel. This blender's tax credit will expire on Dec. 31, 2024. After the expiration of the 40B credit, the Section 45Z Clean Fuels Production Credit will provide a tax credit for domestic production of clean transportation fuels, including sustainable aviation fuels, for fuel produced beginning in 2025 through 2027. The value of this new tax credit for fuels is based on their carbon intensity (CI) score against a baseline level of 50kg CO₂e/mmbtu. In addition to the need for a longer duration in order to create an effective incentive for the marketplace, there is a need to ensure that the value of the Clean Fuels Production Tax Credit applicable to SAF is not inferior to the value that is provided by the SAF Blenders Tax Credit. However, because of the way the 45Z credit is calculated, the value of the Clean Fuels Production Credit lacks the higher base payment level of the SAF Blenders Tax Credit, resulting in significantly lower incentive values for the same amount of carbon reduction in nearly all cases. Although SAF with a 100% lifecycle GHG reduction will receive \$1.75 under both credits, the 45Z credit provides much less value for fuels achieving a 50-100% reduction than the SAF Blender's Tax Credit. For example, while a SAF that achieves a 50% reduction will receive the \$1.25 base credit under the SAF BTC, the same fuel will receive roughly \$0.10 under the 45Z Clean Fuel Production Credit. In order to ensure a level playing field for SAF vis-à-vis other clean fuels when considering the totality of the policy environment, including disincentives for SAF under the EPA Renewable Fuel Standard, a higher tax incentive value for SAF would send a stronger signal to support sustained investment in producing these new fuels. For example, SAF tax credits with bonus values for SAF

help bridge the gap with other biofuels and encourage a positive investment signal. Along with extension of the 45Z credit, enhancing the value of the credit will further support the long-term investment needed to bolster U.S. SAF leadership.

Regulatory

- *Ensure tech neutrality of SAF tax incentives.* The Executive Branch should ensure tech neutrality of SAF tax incentives, regardless of the particular tax credit (e.g., 40B, 45Z). It is critical that decarbonization practices for fuel production and feedstock generation be allowable under, and incentivized by, the 45Z or any other tax credit, to ensure that the lifecycle emissions of fuel and SAF manufacturing would have a path to full credit for mitigation. To this end, fuel producers should be allowed to select from any practice or technology recognized and evaluated by the ANL GREET as well as encourage a process for provisional data submittal for first-of-its-kind technology deployments. Feedstock producers should likewise be allowed to implement any practice or technology that will mitigate carbon emissions and is recognized by ANL-GREET from the growing or production of agriculturally derived feedstocks.
- *Ensure Complimentary Actions at EPA Consistent with the Goals of the SAF Tax Incentives.* While Treasury action on lifecycle GHG modeling and use of the GREET model is critical to operationalizing the SAF tax credits and recognizing all reductions, a whole of government approach will be necessary to commercialize certain pathways. Despite a clear intent from Treasury and DOE to provide a path forward for corn ethanol to jet technologies to participate in the SAF tax credits via adoption of the 40B GREET model, corn ethanol to SAF needs parallel action under the EPA Renewable Fuel Standard to similarly recognize updated science and low carbon practices, including carbon capture and sequestration and climate smart agriculture. In a similar vein, power-to-liquid SAF produced from captured biogenic carbon dioxide, water, and renewable electricity needs parallel action under the EPA RFS too so that RIN generation for such fuel is possible.

8. Was this issue created by the Inflation Reduction Act being signed into law? (For example: "Tech-neutral" credits, etc)

If Yes, please explain. Yes, explanation is provided under Question 9 below.

No

9. Explanation

Yes. The Inflation Reduction Act (IRA) established the tax credit for SAF through 40B and 45Z but put them in place for too short a time. This leads to unpredictability in the market, rewards only already established producers rather than new innovators, and stifles the market signal aimed at the long-term investments that



are needed to benefit all U.S. stakeholders in the SAF supply chain, thus enhancing the competitiveness of U.S. SAF production and enabling it to lead in the global marketplace.

10. Anything else?

11. Name

Alison Graab

12 .Email

agraab@alpinegroup.com

13. Phone

404-219-5560

14. Organization

The SAF Coalition

15. Title

Executive Director, The SAF Coalition
Senior Vice President, Alpine Group