

**Audubon \* Center for Biological Diversity \* Clean Air Task Force  
Friends of the Earth \* Natural Resources Defense Council \* Sierra Club  
The Wilderness Society**

December 10, 2009

Senator Max Baucus  
Chair, Senate Finance Committee  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Baucus,

We urge you not to extend the Biodiesel Tax Credits by more than one year in order to align the reauthorization with the Volumetric Ethanol Excise Tax Credit (VEETC). Current biofuels tax policy rewards specific categories of fuels, irrespective of the fuels' benefits to the environment and the economy. We must take a comprehensive approach to biofuels subsidies by judging each type of biofuel on its merit and reward them based on performance.

The biodiesel tax credits are up for reauthorization at the end of this year. As currently written, the law grants a blanket credit of \$1.00 to each gallon of biodiesel blended into diesel fuel. The VEETC, which is up for reauthorization next year, authorizes a \$0.45 credit for each gallon of ethanol blended into gasoline. In other words, all biodiesel is subsidized by more than double the subsidy that conventional ethanol receives. However, some biodiesel may not be achieving the greater benefits that justify greater subsidization.

Not all biofuels are created equal. While some biofuels have the potential to have a positive impact on the environment and economy, the vast majority of biofuels, particularly farm-grown biofuels, create great harm. Rising global temperatures and rising costs of food are examples of what unchecked support for biofuels can cause. Depending on the crop and processing used to create each type of biofuel, a wide range of impacts or benefits can result. The best conventional ethanol may be a better deal than the worst biodiesel, in terms of economic and environmental benefits.

When considering reauthorizing the biodiesel tax credit, we urge you to extend it for no more than one year to align it with the VEETC. This way we can appraise the utility of these biofuel tax credits in light of performance rather than biofuel type.

Best regards,

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**CC: Senate Finance Committee**