

November 15, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Ron Wyden
Ranking Member
Committee on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Dear Chairman Hatch and Ranking Member Wyden,

The National Association of Convenience Stores (NACS) writes today to urge you to retain the biodiesel tax credit as a blenders' credit and phase it out responsibly.¹ A short extension coupled with a responsible phase out will give businesses the time and certainty needed to plan accordingly. Additionally, as you consider tax reform, **NACS further urges you to oppose changing the biodiesel tax credit from a blenders' credit to a producers' credit. The damage that would be inflicted upon the retail fuels industry by restructuring the credit as a producers' credit would be sufficiently severe to make no credit a preferable option.**

For just over a decade, the biodiesel blenders' credit provided a \$1.00 per gallon tax credit to blenders of biofuel for the purpose of incentivizing the use of biofuel in the nation's fuel supply. The credit also served to ensure the U.S.'s energy security and independence, help to improve emissions characteristics of fuel, and lower prices at the pump for American consumers. The credit expired in 2016, leaving blenders and retailers without certainty as they attempt to make business decisions.

In order to provide businesses with much-needed certainty, NACS urges the Committee to extend the blenders' credit and responsibly phase it out to ensure that businesses can properly plan ahead as the credit winds down. The Biodiesel, Renewable Diesel, and Alternative Fuels Extension Act (H.R. 3264) – legislation introduced by Representatives Diane Black (R-TN) and Ron Kind (D-WI) – would do exactly that: it would phase down the credit over five years, similar to the phase out schedules used by other renewable energy credits. We urge the Committee to consider using this approach in any final tax reform package.

As the Committee considers the treatment of this vital credit, however, NACS also calls upon members to resist efforts to change the blenders' credit to a producers' credit. Such a move

¹ NACS is an international trade association representing the convenience store industry with more than 2,200 retail and 1,600 supplier companies as members, the majority of whom are based in the United States.

would place a de facto tax of \$1.00 per gallon on imported biodiesel, reducing blenders' access to affordable biofuel. A producers' credit would also incentivize exportation of domestically-produced product, which would reduce blenders' access to reasonably-priced biofuel.

The retail fuels market is one of the most competitive markets in the world, so any price increases upstream are passed straight through to consumers. As such, shifting to a producers' credit would ultimately raise prices for American consumers.

In order to protect Americans at the pump and maintain competition in the fuels market, NACS asks the Committee to: retain the biodiesel tax credit as a blenders' credit, support an extension and responsible phase out of the credit, and oppose efforts to restructure the credit as a producers' credit.

Respectfully,



Paige Anderson
Director, Government Relations

cc: Members of the Committee