These biofuel tax credits are essential to promoting innovation in rural communities, providing greater long-term energy security, and allowing biofuel producers and farmers to play a role in global decarbonization efforts.

**IMPACTS AND NEXT STEPS**

<table>
<thead>
<tr>
<th>Section 45Z</th>
<th>Section 45Q</th>
<th>Section 40B</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>IMPACTS AND NEXT STEPS</strong></td>
<td><strong>IMPACTS AND NEXT STEPS</strong></td>
<td><strong>IMPACTS AND NEXT STEPS</strong></td>
</tr>
<tr>
<td><strong>PRO-BIOFUELS</strong></td>
<td><strong>TAX INCENTIVES</strong></td>
<td><strong>PRO-BIOFUELS</strong></td>
</tr>
<tr>
<td>clean fuel production (CFPC) tax credit (Section 13704)</td>
<td>carbon capture tax credit (Section 13104)</td>
<td>sustainable aviation fuel (SAF) tax credit (Section 13203)</td>
</tr>
</tbody>
</table>

Section 45Z, also known as the Clean Fuel Production Credit (CFPC), provides a tax credit for fuels relative to how low their carbon intensity (CI) score is against a baseline level, defined as 50 CI (kg CO$_2$e/mmbtu) in statute, under the Argonne Greenhouse gases, Regulated Emissions, and Energy use in Transportation (GREET) model (for non-aviation fuel). The value of this credit is $0.02 cents per gallon for each CI point under 50. Entities can qualify for fuel produced and sold between 2025 and 2027.

Section 45Q provides a tax credit on a per-ton basis for CO$_2$ that is sequestered or utilized. Congress extended the 45Q credit for carbon sequestration and utilization through 2032, raised the rates to $85/ton for sequestration and $60/ton for utilization, provided recipients satisfy the prevailing wage and apprenticeship requirements, and allows for direct pay of the incentive.

Section 40B, is a sustainable aviation fuel (SAF) tax credit. Congress provides five years of SAF tax incentives. In 2023 and 2024 SAF will qualify for a standalone blenders credit (40B) if the fuel reduces lifecycle greenhouse gas emissions by at least 50 percent. The value of this credit is determined on a sliding scale, equal to $1.25 plus an additional $0.01 for each percentage point by which the lifecycle emissions reduction of such fuel exceeds 50 percent. Then, SAF incentives will become part of 45Z from 2025 to 2027.

**GROWTH PRIORITIES:**

- Ensuring the Treasury Department accounts for all technologies when determining the CI tables for ethanol as required by law.
  - This includes things such as carbon sequestration, sustainable farming, and renewable electricity, among others.
- Clarifying that a decision on utilizing 45Z and 45Q will be a yearly election.

- Ensuring a wide range of commercial applications are eligible for the utilization component of the credit.

- Clarifying that the GREET model can be used to determine lifecycle emissions for SAF.
  - GREET is only specified for “non-aviation fuel” but meets the criteria for SAF modeling contained in the IRA.