# PRO-BIOFUELS TAX INCENTIVES

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

### SECTION 45Z
clean fuel production (CFPC) tax credit
(Section 13704)

**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 $CO_2e$/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.

According to a study from ABF Economics and Growth Energy, if implemented properly, the 45Z credit would:

- Add $21.2B to the U.S. economy
- Support 192,000 new jobs
- Generate $13.4B in household income
- Provide farmers with a 10% premium price on low carbon corn used at an ethanol plant.

#### 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.

### SECTION 45Q
carbon capture tax credit
(Section 13104)

**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.

#### GROWTH PRIORITIES:

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

### SECTION 40B
sustainable aviation fuel (SAF) tax credit
(Section 13203)

**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:

- 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.