

## **ALTERNATIVE FUEL INCENTIVE** ***TALKING POINTS***

Because increasing our energy security and our use of clean burning fuels is a national priority, Congress has created incentives to encourage the use of alternative and renewable fuels.

- In 2007, Congress passed legislation allowing alternative liquid fuels derived from biomass to receive the same incentives that it gave in 2005 to alternative liquid fuels derived from hydrocarbons.
- As a result of the provision's expansion, industries with existing alternative fuel generation in addition to forest products—such as fish processing—became eligible for the incentive.

The forest products industry exemplifies the renewable energy generation and use that Congress and President Obama are seeking to foster nationwide.

- Papermakers and lumber producers are the country's largest renewable biomass energy generators, and produce more renewable biomass energy than all the wind, solar, and geothermal energy combined.
- The forest products industry's facilities meet, on average, 66 percent of their energy needs from renewable biomass energy that they produce on site.
- The forest products industry generates 28.5 million megawatts of electricity annually from renewable biomass—enough to power 2.7 million homes.

Like other alternative fuel users, forest products companies have utilized the alternative fuel incentive. The incentive rewards users of renewable energy.

- Congress created two alternative fuel incentives: one for specific transportation fuels and one for fuel mixtures not limited to transportation.
- Some forest products companies have utilized the incentive for alternative fuel mixtures that was not limited to transportation.
- To utilize the incentive, companies must register with the IRS as an alternative fuel producer. Individual incentive payments must be approved by the IRS as well.

At a time when Congress and the President are seeking to preserve and create green jobs and increase renewable energy production, the alternative fuel mixture incentive helps achieve both of these important objectives. Revoking the forest products industry's eligibility for the alternative fuel incentive, despite the industry's careful efforts to comply with its regulations and to use it as intended, could eliminate a renewable energy generator.

- The economic downturn has caused a dramatic decline in demand for consumer goods, which in turn, has caused an historic plunge in demand for paper and packaging. The forest products industry has lost 250,000 workers since early 2006—19 percent of its workforce.
- If Congress were to suddenly compound the revenue losses caused by this decline in product demand by revoking the alternative fuel incentive, it could lead to sudden plant closures, job losses, and economic disruption that would have not otherwise occurred.
- The resulting loss of the forest product industry's renewable energy generation and use would be a blow to the nation's ongoing efforts to support and expand this type of clean-burning, environmentally friendly energy production.

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