

HERSETH SANDLIN BILL PROMOTES USE OF RENEWABLE BIOMASS FROM BLACK HILLS NATIONAL FOREST

Legislation Supports Job Creation; Encourages Renewable Electricity and Cellulosic Biofuels

Washington, DC- Rep. Herseth Sandlin joined with Rep. Wally Herger (R-CA) to introduce the bipartisan Renewable Biomass Fairness Act. By providing energy produced from renewable biomass an equal tax incentive as for wind and solar, this legislation would promote use of renewable biomass, foster job growth in the Black Hills, and help move the nation toward energy independence.

The legislation improves the Renewable Energy Production Tax Credit (PTC) and the Farm Bill's Cellulosic Biofuel Tax Credit. The bill would extend the PTC for five years for open and closed-loop biomass facilities; increase the credit for renewable biomass electricity from .9 cents/kWh to 1.8 cents/kWh, to provide rate parity with other renewable energy sources such as wind and solar; and eliminate a loophole in the 2008 Farm Bill. That loophole allows paper manufacturers to reap a windfall by claiming a \$1.01-per-gallon cellulosic biofuel tax credit based on their use of a byproduct of the paper manufacturing process known as "black liquor" to produce energy.

The PTC provides a tax credit for the production of electricity from renewable sources such as wind, solar, solid waste, hydro, geothermal, marine, landfill gas, and closed and open-loop biomass. The definition of open loop biomass includes forest slash, trimmings, and agricultural waste, while closed loop biomass consists of plant materials grown exclusively for the production of energy. The PTC for renewable biomass is currently set to expire in 2014. This legislation would extend the credit to 2019, and also provide a five year extension of the credit period for open-loop biomass power plants placed in service on or before August 8, 2005, which will expire at the end of this year. The Farm Bill Cellulosic biofuel tax credit was designed to incentivize the production of innovative biofuels. Paper manufacturers than burn black liquor can already claim an alternative fuels tax credit established by the 2005 Highway Bill.

“This legislation recognizes the great potential for woody biomass to contribute to our energy independence and to job creation in rural states. Despite this great potential, electricity produced from renewable biomass does not enjoy the same tax incentives as other sources of renewable energy. The Renewable Biomass Fairness Act remedies this discrepancy, by ensuring that the production of electricity from renewable biomass receives the same tax credit as wind and solar energy,” Rep. Herseith Sandlin said. “The latest figures indicate that unemployment in South Dakota remains steady at 5%, with losses in the logging industry helping to drive those numbers. This legislation will provide improved tax credits for electricity generation from home-grown biomass and support job-creation in the energy and forest resource industry in the Black Hills.”

This bill is part of the Congresswoman’s broader efforts to promote healthy forests, renewable energy, and rural jobs. Last week, Rep. Herseith Sandlin joined with a bipartisan coalition to introduce the Healthy Forests Restoration Amendments Act, common-sense legislation that will strengthen the existing tools available to federal forest managers to bring the most diseased and fire prone forests back to health, and the Incentives to Increase Use of Renewable Biomass Act of 2009, which would establish a program at USDA to provide interest-free loans for converting existing equipment or installing new equipment to use renewable biomass for energy generation, heating, or cooling at an institution of higher education; a public or private elementary or secondary school; a hospital; a local government building; a governmental, community, or health building, and tribal buildings.

"This package of bills seek to reduce wild fire risk, incentivize sound forest management and the use of woody biomass as a source of renewable energy, and create jobs in rural communities in western South Dakota," Rep. Herseith Sandlin said. "These common sense policies will not only result in healthier forests and reduce wild fire risk, but complement efforts in the 2007 Energy Bill and jump start our nation's effort to become truly energy independent."

These three bills follow on the congresswoman's efforts to broaden the definition of cellulosic biofuels in the Renewable Fuels Standard through the Renewable Biomass Facilitation Act (H.R. 1190). Congresswoman Herseith Sandlin added, "Since 2008, I have worked to broaden the definition of cellulosic ethanol under the new Renewable Fuel Standard to include woody biomass gathered from national forests, including the Black Hills National Forest. These three bills build on those efforts."

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