



RANDY WEBER
MEMBER OF CONGRESS
FOURTEENTH DISTRICT, TEXAS

November 16, 2015

The Honorable Keith Hall
Director
Congressional Budget Office
2nd and D Street SW
Washington, D.C. 20515

Dear Director Hall:

I am writing to request a cost estimate for legislative language that would exempt animal fats from the biodiesel tax credit.

As you may know, the biodiesel tax credit was established in 2005 by the American Jobs Creation Act of 2004. Biodiesel can be derived from animal fats, which has led to a distortion in the domestic market for this important raw material. The artificial demand that has been generated due to this tax credit has led to a 116 percent increase in the cost of animal fats since 2006, causing undue harm for domestic manufacturers.

Therefore, I am proposing a legislative remedy to address the concerns of many manufacturers in my state. The suggested legislative language is below:

SEC. ____ EXEMPTION OF ANIMAL FATS FROM NATIONAL RENEWABLE ENERGY TAX CREDIT.

"(a) TAX CREDITS FOR BIODIESEL—Subsection (d) of section 40A of the Internal Revenue Code of 1986 (26 U.S.C. 40A) is amended by—

"(1) in paragraph (1), adding before the period at the end the following: 'nor biodiesel derived solely or partially from animal fats'; and

"(2) in paragraph (2), striking ', and from animal fats'.

"(b) VOLUMETRIC EXCISE TAX CREDIT FOR ALTERNATIVE FUELS.—Subsection (d)(2)(G) of section 6426 of the Internal Revenue Code of 1986 (26 U.S.C. 6424) is amended by inserting before the period at the end the following: ' except for liquid fuel derived from animal fat'.

I respectfully request your assistance in developing a cost estimate for this change in statute prior to the consideration of tax extenders legislation in Congress at the end of the year. Thank you for your assistance with this important matter.

Sincerely,

Randy K. Weber
Member of Congress