

Congress of the United States
Washington, DC 20515

January 14, 2015

Dear Colleague:

As we begin the 114th Congress, I wanted to bring to your attention an unintended consequence of the federal tax credit for the production of biodiesel. This provision in our tax code was originally designed as a temporary incentive but has been extended by Congress on a regular basis.

As you may know, animal fats are the traditional feedstock used to manufacture cleaning and personal care products such as laundry detergent, toothpaste, soap, and shampoos here in the United States. However, since 2006 Congress has authorized a \$1 per gallon tax credit for biodiesel produced from animal fats. This has distorted the domestic market for animal fats by diverting this important raw material away from use in the domestic manufacturing of cleaning products and towards the production of biodiesel. As a result, animal fats have seen a 116 percent increase in cost since 2006.

Because the animal fats market is inelastic, increased demand has rapidly outstripped supply, placing American cleaning product manufacturers at a tremendous market disadvantage. But the only viable alternative to animal fats is palm oil, which is not produced in the United States. Without changes to the biodiesel tax credit, our domestic manufacturing could be forced overseas, where the price and availability of palm oil is advantageous. In addition to threatening thousands of good paying American jobs, a greater reliance on palm oil could have negative environmental impacts in South Asia where palm oil trees are primarily cultivated.

We need to work together and correct this unintended artificial market manipulation that is jeopardizing thousands of American jobs. Please join me in seeking changes to our biofuels tax policy in the 114th Congress.

Sincerely,

A handwritten signature in blue ink that reads "Randy K. Weber". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Randy K. Weber
Member of Congress