

Biofuel industry hangs in balance

Bill passed in state Senate might save industry if passed into law, industry head says

By Alex Roarty, Sentinel Reporter, December 21, 2007

There is hope for biofuels in Pennsylvania — says one local producer who is anxiously following the progress of state legislation.

Before leaving for the holidays, the state Senate passed a bill that would provide a 75-cent tax credit to companies for every gallon of biofuel they produce for the next three years.

It's not exactly what industry officials wanted — biofuel companies were asking for a \$1 tax credit for every gallon produced — but it's enough to "keep the doors" open if it passes the state House and is signed by the governor, says Ben Wooten, president of Keystone Biofuels and founding member of Pennsylvania Biodiesel Producers Group.

Biofuels, what some consider a pillar of future energy production, might not have a future in Pennsylvania without help from the state government, says Wooten and others.

Biofuel producers from other states, flush with state government support, are driving Pennsylvania biofuel producers out of business, Wooten explains.

They can simply offer lower prices because of extra tax credits, he notes.

Pennsylvania companies consume eight to 10 million gallons of biofuel a day, but Pennsylvania biofuel producers supply only 600,000 gallons of it, he adds.

"Other states are flooding our state because they see an investment," Wooten says.

Biofuels are derived from plants, such as soybeans. They are often added to normal petroleum fuel to form a blend that releases fewer emissions while not harming the vehicle.

Supporters tout their ability to not just reduce air pollution but also support farmers who would have another place to sell their product.

"It will build a whole new industry," Wooten says, adding it would help support as many as five economies in addition to making the country more independent of foreign oil.

The industry also received an assist from the federal government this week, which extended biofuel tax credits and raised emission standards on all American vehicles.

The tax credits aren't a form of corporate welfare meant to prop up an industry that simply doesn't have a market, Wooten insists. The market is there, he says, but in-state biofuel producers just need to be on a level playing field with those from states like Iowa and Indiana.

But the clock is ticking on the bill to be signed into law, Wooten warns.

If Pennsylvania backs out of the biofuels industry now, there won't be an opportunity to come back, he says.

In the three years since the federal government created tax credits for biofuels, production has ballooned from five million gallons to about 350 million, according to Wooten.

The industry is in a critical phase now, he says.

"I think in the next three years, whoever is left standing will be the biofuel producing states," Wooten says.

Losing the biofuel industry in the state, he says, would be disastrous.

"We'll lose an industry that makes so much sense for Pennsylvania," he says.

In September, Cumberland County began using a biofuel blend in its fleet of roughly 20 vehicles.