



## HB 2435: Cooking Oil Biodiesel Subsidy

House Revenue Committee 3.28.2013 Jody Wisner

Public subsidy of SeQuential, who testified in the House Energy and the Environment Committee. SeQuential is one of the several Oregon cooking oil businesses.

| <b>BETC TAX CREDITS</b>             |             |
|-------------------------------------|-------------|
| SeQuential - Pacific Biodiesel LLC  | \$1,512     |
| SeQuential - Pacific Biodiesel, LLC | \$0         |
| SeQuential - Pacific Biodiesel, LLC | \$355,040   |
| SeQuential - Pacific Biodiesel, LLC | \$23,930    |
| SeQuential - Pacific Biodiesel, LLC | \$1,512     |
| SeQuential - Pacific Biodiesel, LLC | \$0         |
| SeQuential Biofuels                 | \$2,351     |
| SeQuential Biofuels                 | \$1,591     |
| SeQuential Biofuels Retail, LLC     | \$282,128   |
| SeQuential Biofuels, LLC            | \$11,175    |
| SeQuential-Pacific Biodiesel, LLC   | \$5,118,761 |
| SeQuential Retail Station #1, LLC   | \$0         |
| <b>SELP LOANS</b>                   |             |
| SeQuential Retail Station #1, LLC   | \$453,300   |
| SeQuential Retail Station #1, LLC   | \$852,251   |
| SeQuential-Pacific Biodiesel, LLC   | \$600,000   |
| SeQuential-Pacific Biodiesel, LLC   | \$861,000   |
| SeQuential-Pacific Biodiesel, LLC   | \$6,000,000 |

The first items are BETC tax credits totaling \$5,798,000.

The last five are low cost loans from the Small Energy Loan Program totaling \$8,766,551.

The total state investment directly in SeQuential, now likely Oregon's largest cooking oil recycling company, has been \$14,564,551. In addition consumers had several years of \$200/year subsidy for cooking oil-blended vehicle and home heating fuel.

*Tax Fairness Oregon is a nearly all-volunteer group advocating for fair, stable and adequate taxes*

With House Bill 2435, the producers of cooking oil ethanol get a 30 cent per gallon subsidy, by eliminating the 30 cent per gallon gas tax on their product.

Average fuel consumption is 700 gallons per year,<sup>1</sup> and Oregon's gas tax is 30 cents a gallon, thus the subsidy in this bill would be roughly \$210 per year per vehicle using cooking oil, or it's a subsidy of the producers of cooking oil biodiesel, it depends on the decision of the producers and sellers to pass the tax break on or not. Their testimony made it look like they intend to keep the money for themselves.

Some might object -- the gas tax has long been considered sacrosanct, available only for transportation infrastructure projects. This is clearly a subsidy of a fuel source instead. Is it legal?

How long do the proponents believe it will take to inform and transform the market? When will we have induced a sufficient number of buyers?

A similar subsidy that went directly to consumers was available for six years under ORS 315.465. The Tax Credit Committee ended it year ago. This bill runs another six years, bringing the total to 12 years of per gallon subsidy in addition to the BETC and SELP Loan subsidies we've shared with you.

We wonder-- when the appetite for tax subsidy will end.

---

<sup>1</sup> Average Fuel Consumption per car according to Project America Website  
<http://www.project.org/info.php?recordID=383>