



HB 2435A: Cooking Oil Biodiesel Subsidy

Joint Tax Credit Committee 6.10.2013 Jody Wisner

SeQuential is one of the several Oregon cooking oil businesses that will benefit from this bill.

BETC TAX CREDITS	
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
SELP LOANS	
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.

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

Average fuel consumption is 700 gallons per year,¹ and Oregon's gas tax is 30 cents a gallon, thus the subsidy in this bill would be roughly \$210 per year per subsidized 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.

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