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**Testimony to the House Committee on Transportation Policy  
Committee on HB 2293-1  
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Oregon Environmental Council**

Founded in 1968, the Oregon Environmental Council (OEC) is a nonprofit, nonpartisan, membership-based organization. We advance innovative, collaborative and equitable solutions to Oregon's environmental challenges for today and future generations.

**Oregon Environmental Council opposes HB 2293-1 to place an early sunset on the biodiesel tax exemption.**

Oregon-made biodiesel from waste grease is one of the most sustainable and low-carbon fuels produced in the state and our region. SeQuential Biodiesel, with a processing plant in Salem, a retail station in Eugene, and pickup locations in hundreds of locations employs about 150 people in Oregon. Oregon should be proud of hosting an innovative company that creates jobs in our state while benefiting the environment.

A few years ago, the legislature made a 6-year commitment to the tax exemption, which has allowed for the expansion of retail distribution of B20 blends. That expansion and the tax exemption have largely benefited fuel consumers, who pay less for these fuels. The tax exemption also benefits the retail locations that have chosen to provide higher blends, so the policy has benefited many diesel users and fuel outlets beyond SeQuential.

Many small businesses have smaller profit margins and depend on policy certainty to attract investment and expand their operations. In addition, clean fuel companies often face greater hurdles relative to entrenched fossil fuel companies that largely control distribution channels. The tax exemption has played a significant role in reducing the barrier to entry for low-carbon biodiesel, and the early elimination of the tax exemption will create hardship for biodiesel producers, fuel consumers, and fuel retailers.

We respect the state's need to reduce costs, but suggest that a phase-down, rather than outright early elimination of the tax exemption, might provide a middle ground. Maintaining the program in some form through 2020 will help support the use of very low-carbon biodiesel in Oregon, benefiting the climate, air quality, and diesel consumers.