



Alternative Fuels & Chemicals Coalition

Advocating for Public Policies to Promote the Development & Production of Alternative Fuels, Renewable Chemicals, Biobased Products, and Sustainable Aviation Fuels

AFCC'S FY2021 Appropriation Requests for Industry-Critical Programs

"Industry Critical" programs are those programs whose authorizations or appropriations have expired or not been renewed, or have been proposed for severe cuts or elimination in the President's Budget

AFCC Contacts:

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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#1 of 6

Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Section 9003: Biorefinery, Renewable Chemical & Bioproducts Manufacturing Assistance Loan Guarantee Program

Program Description:

This program provides loan guarantees up to \$250 million to assist in the development, construction, and retrofitting of new and emerging technologies. These technologies are: [advanced biofuels](#), [renewable chemicals](#) and [biobased products](#)

Amount Requested by AFCC:

- FY2020 is the final year of mandatory funding for this program
- Discretionary funding in an amount up to \$25,000,000 is authorized through 2023 by the 2018 Farm Bill (P.L. 115-334), Title IX, Section 9003, pg. 4884
- An Appropriation of \$25,000,000 will be required to continue this successful and highly valuable program

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

\$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: Mandatory: \$50,000,000; Discretionary: \$0

FY 2018: Mandatory: \$50,000,000; Discretionary: \$0

FY 2019: Mandatory: \$50,000,000; Discretionary: \$0

FY 2020: Mandatory: \$25,000,000; Discretionary: \$0

AFCC's Justification / Rationale for Its Funding Request:

Unlike previous Farm Bills, which provided mandated funding for the Section 9003 loan guarantee program for each year of the five-year term of the farm bill, the 2018 Farm Bill provided only two years of mandated funding, with discretionary funding of up to \$25 million per year authorized for each of the remaining years covered by the 2018 Farm Bill.

AFCC strongly recommends that the Section 9003 Loan Guarantee Program receive its full discretionary authorization of \$25 million for FY2021.

This is a critical program. It is one of only two federal loan guarantee programs that are available to bridge the "valley of death" between the final validation and demonstrated workability of a promising new concept, technology, or product and the ability to bring it to commercial realization.

Only after the concept, technology, or product has been proven at commercial scale, will private sector investors and lenders find the project risks acceptable to further replicate and deploy the concept, technology, or product.

Proposed Bill Language:

Add paragraph in Title III, under Rural Business-Cooperative Service, preceding the RURAL ENERGY FOR AMERICA PROGRAM (see page 99 of the FY2020 Consolidated Appropriations Act, H.R. 1865, P.L. 116-94), that states as follows:

"BIOREFINERY, RENEWABLE CHEMICAL, AND BIOBASED PRODUCT MANUFACTURING ASSISTANCE PROGRAM

"For the cost of a program of loan guarantee, under the same terms and conditions as authorized by section 9003 of the Food, Conservation, and Energy Act of 2008 (7 U.S.C. 8103), \$25,000,000: Provided, That the cost of loan guarantees, including the cost of modifying such loans, shall be as defined in section 502 of the Congressional Budget Act of 1974."



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#2 of 6

Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Sections 9010 and 9011: Biomass Crop Assistance Program (BCAP)

Program Description:

The Biomass Crop Assistance Program (BCAP) provides financial assistance to owners and operators of agricultural and non-industrial private forest land who wish to establish, produce, and deliver biomass feedstocks. Through one category of assistance matching payments are made available for the delivery of eligible material to qualified biomass conversion facilities by eligible material owners. Qualified biomass conversion facilities produce research, heat, power, biobased products, or advanced biofuels from biomass feedstocks.

Amount Requested by AFCC:

- The 2018 Farm Bill, Title IX, Section 9010, pg. 4887, authorizes \$25 million per year in discretionary funding through 2023.
- Appropriate \$25,000,000 as provided in the 2018 Farm Bill

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

\$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: \$25,000,000

FY 2018: \$25,000,000

FY 2019: \$0

FY 2020: \$0

AFCC's Justification / Rationale for Its Funding Request:

This request to restore funding for the BCAP program is to make it possible to use BCAP as:

(a) a ready a means of removing the ever-increasing supply of diseased and infected wood, discarded forest wastes, dry brush, and invasive species in national forests and on public lands that exacerbate wildfire danger, making wildfires more likely and increasing their intensity – which can destroy wildlife habits, forest resources, and property;

(b) to comply with the provisions of Title IV, General Provisions, Sec. 431 Policies Related to Biomass Energy of the FY2018 Consolidated Appropriations Act, which states that:

DOE, USDA and EPA “shall, consistent with their missions, jointly (1) ensure that Federal policy relating to forest bioenergy (A) is consistent across all Federal departments and agencies; (B) recognizes the full benefits of the use of forest biomass for energy, conservation, and responsible forest management [which includes reducing the danger of wildfires which can destroy forests, wildlife, and property and cost lives]; and (2) establish clear and simple policies for the use of forest biomass as an energy solution;” and

(c) to complement and extend the authority in the Consolidated Appropriations Act of 2020 (P.L. 116-94), Division B, Title VI, Related Agencies, Forest Service, National Forest System, pg. 191, which appropriates:

“For necessary expenses of the Forest Service, not otherwise provided for, for management, protection, improvement, and utilization of the National Forest System, and for hazardous fuels management [*emphasis added*] on or adjacent to such lands, \$1,957,510,000, to remain available through September 30, 2023: ... *Provided further*, That of the funds provided, \$445,310,000 shall be for hazardous fuels management activities, of which not to exceed \$15,000,000 may be used to make grants, using any authorities available to the Forest Service under the “State and Private Forestry” appropriation, for the purpose of creating incentives for increased use of biomass from National Forest System lands [*emphasis added*].”

And which goes on to state:

“That \$20,000,000 may be used by the Secretary of Agriculture to enter into procurement contracts or cooperative agreements or to issue grants for hazardous fuels management activities [*emphasis added*], and for training or monitoring associated with such hazardous fuels management activities on Federal land, or on non-Federal land if the Secretary determines such activities benefit resources on Federal land.”



Proposed Bill Language:

Language setting forth these three objectives will need to be incorporated into the FY2021 appropriations bill, as follows:

Add in:

Division A – Departments of Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2021

Title III – Rural Development Programs
Rural Business–Cooperative Service
Rural Business Program Account

Insert after:

RURAL ENERGY FOR AMERICA PROGRAM

BIOMASS CROP ASSISTANCE PROGRAM

For a pilot program, to reinstate the Biomass Crop Assistance Program, as authorized by section 9011 of the Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8111), to carry out the mandate in the Consolidated Appropriation Act of 2018 (P.L. 115-66), Title IV, General Provisions, Sec. 431 Policies Related to Biomass Energy, and expand on the National Forest System hazardous fuels management program, as provided in Division B, Title VI of the Consolidated Appropriations Act of 2020 (P.L. 116-94), \$25,000,000, to be available until expended.



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

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Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Section 9002: Biobased Products Procurement Program (USDA BioPreferred Program)

Program Description:

The discretionary and mandated funding provided in the 2018 Farm Bill is to administer and expand the BioPreferred Program which directs all federal agencies to purchase biobased products in categories identified by the USDA. ([139 categories](#) have been identified to date, including cleaners, carpet, lubricants, paints, for which agencies and their contractors have mandatory purchasing requirements via solicitations, blanket purchase agreements, contracts, and specifications.

Amount Requested by AFCC:

- 2018 Farm Bill, Title IX, Section 9010, pg. 4883, provides \$3,000,000 in mandatory funding through 2023 and authorizes \$3,000,000 per year in discretionary funding through 2023.
- Maintain mandated funding of \$3,000,000 per year through 2023
- Appropriate \$3,000,000 in discretionary funding

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

Mandatory: \$0; Discretionary: \$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: Mandatory: \$3,000,000; Discretionary: \$2,000,000

FY 2018: Mandatory: \$3,000,000; Discretionary: \$3,000,000

FY 2019: Mandatory: \$3,000,000; Discretionary: \$3,000,000

FY 2020: Mandatory: \$3,000,000; Discretionary: \$3,000,000

AFCC's Justification / Rationale for Its Funding Request:

Proposed Bill Language:

Add paragraph in Division A, Title III, under Rural Business-Cooperative Service, preceding the RURAL ENERGY FOR AMERICA PROGRAM (see page 99 of the FY2020 Consolidated Appropriations Act, H.R. 1865, P.L. 116-94), that states as follows:

"BIOBASED PRODUCTS PROCUREMENT PROGRAM

"For necessary expenses for carrying out the administration and implementation of the Biobased Products Procurement Program, \$3,000,000"



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#4 of 6

Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Section 9007: Rural Energy for America Program (REAP) Loan Guarantees

Program Description:

This program provides guaranteed loan financing and grant funding to agricultural producers and rural small businesses to install renewable energy systems or to make energy efficiency improvements

Amount Requested by AFCC:

- The 2018 Farm Bill, Title IX, Section 9007, Paragraph (4), pg. 4886, authorizes \$20,000,000 per year in discretionary funding through 2023 provided \$50,000,000 per year in mandated funding and authorizes up to \$20,000,000 per year in discretionary funding through 2023
- Maintain mandatory funding an appropriate \$20,000,000 in discretionary funding as provided in the 2018 Farm Bill

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

Mandatory: \$50,000,000; Discretionary: \$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: Mandatory: \$47,000,000; Discretionary: \$352,000

FY 2018: Mandatory: \$46,000,000; Discretionary: \$293,000

FY 2019: Mandatory: \$50,000,000; Discretionary: \$334,000

FY 2020: Mandatory: \$47,050,000; Discretionary: \$706,000

AFCC's Justification / Rationale for Its Funding Request:

This is a highly effective program that provides grants and loan guarantees to approximately 1,000 projects in each year which are located in almost every state.

The REAP program helps increase American energy independence by increasing the private sector supply of renewable energy and decreasing the demand for energy through energy efficiency improvements. Over time, these investments can also help lower the cost of energy costs for small businesses and agricultural producers.

Proposed Bill Language:

Use the bill language on pg. 99 of the FY2020 Consolidated Appropriations Act, H.R. 1865 (P.L. 116-94), substituting \$706,000 with \$20,000,000



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#5 of 6

Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Business & Industry (B&I) Guarantees (Section 310B of the Consolidated Farm and Rural Development Act of 1961)

Program Description:

A highly effective loan guarantee program that has been offering loan guarantees to rural businesses **for the past 60 years** for business conversion, enlargement, repair, modernization; to purchase and develop land, easements, rights-of-way, buildings or facilities; the purchase of equipment, leasehold improvements, machinery, supplies or inventory; debt refinancing when the refinancing improves cash flow and creates jobs; and business and industrial acquisitions when the loan will maintain business operations and create or save jobs.

Amount Requested by AFCC:

Program Level (PL): \$1,000,000,000

Budget Authority (BA): \$35,000,000

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

Program Level (PL): \$1,250,000,000

Budget Authority (BA): \$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: PL: \$922,000,000; BA: \$35,000,000

FY 2018: PL: \$864,000,000; BA: \$35,000,000

FY 2019: PL: \$920,000,000; BA: \$37,000,000

FY 2020: PL: \$950,000,000; BA: \$33,250,000

AFCC's Justification / Rationale for Its Funding Request:

The President's FY2021 Budget for the Business and Industry loan Guarantee Program proposes a \$1.25 billion Program Level (PL) but \$0 Budget Authority (BA). **This is a significant and unworkable reduction in the BA from previous years (\$35 million in FY2017-18, \$37 million in FY2019, and \$33.25 million in FY2020).** No explanation was provided for the significant reduction of BA to support a larger proposed PL. Budget appropriation levels are based on BA, not proposed PL.

Without documentation from the Office of Management and Budget (OMB) to support why the subsidy costs for this program were reduced to \$0, it is not clear how the program can be operated at all, let alone support the proposed PL.

Based on an interpolation using actual FY2018 funding levels (PL and BA), it requires \$1 million of BA to support each \$24.9 million PL.

Proposed Bill Language:

- The FY2020 appropriation of \$33,250,00 BA was included in the FY2020 appropriation of \$66,500,00 on pg. 97 of the FY2020 Consolidated Appropriations Act: *"For the cost of loan guarantees and grants, for the rural business development programs authorized by section 310B and described in subsections (a), (c), (f) and (g) of Section 310B of the Consolidated Farm and Rural Development Act, \$66,500,000,"*
- Use the same bill language for FY2021



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#6 of 6

Federal Agency:

Department of Agriculture

Agency Account:

Rural Business-Cooperative Service; Rural Business Program Account

Program Title:

Rural Cooperative Development Grants; Value-Added Agricultural Product Market Development Grants

Program Description:

This program helps agricultural producers enter into value-added activities related to the processing and marketing of new products. The goals of this program are to generate new products, create and expand marketing opportunities, and increase producer income.

Amount Requested by AFCC:

- The 2018 Farm Bill, Title X, Section 10102, pgs. 4892-98, authorizes \$15,000,000 per year combined in discretionary Program Level (PL) and Budget Authority (BA) funding through 2023 of up to \$15,000,000 per year through 2023
- AFCC requests that prior year funding levels of \$15,000,000 to \$17,500,000 be maintained with an appropriation of \$15,000,000 for FY 2021

Amount of Federal Funding Included in the President's Budget Request for the Coming Fiscal Year:

PL: \$0; BA: \$0



Amount of Federal Funding Appropriated for the Program During Previous Fiscal Years:

FY 2017: PL & BA: \$15,000,000

FY 2018: PL & BA: \$16,000,000

FY 2019: PL & BA: \$17,500,000

FY 2020: PL: \$12,000,000; BA: \$3,000,000

AFCC's Justification / Rationale for Its Funding Request:

The majority of AFCC's member companies use biomass crops, crop-residues, and wastes to produce value-added alternative fuels, renewable chemicals, biobased products, and sustainable aviation fuels.

Providing incentives to agricultural producers to enter into value added activities is of great benefit both to AFCC's member companies and agricultural producers.

The value-added program helps ensure a reliable supply of biomass feedstocks for processing and marketing of existing and new products by AFCC's member companies.

AFCC member companies represent an existing, growing market for the biomass feedstocks grown and/or made available by agricultural producers.

Proposed Bill Language:

Use the bill language at the bottom pg. 98 of the FY2020 Consolidated Appropriations Act, H.R. 1865 (P.L. 116-94) under RURAL COOPERATIVE DEVELOPMENT GRANTS