



# Alternative Fuels & Chemicals Coalition

Advocating for Public Policies to Promote the Development & Production of Alternative Fuels & Chemicals, with a Focus on Sustainable Aviation Fuels

## AFCC's 2021 Appropriations Requests

### KEY PROGRAM SUMMARIES: AGRICULTURE & RURAL DEVELOPMENT

AFCC's priorities are indicated in red text

Symbols after Amounts for House & Senate FY2021 Appropriations: ↔ same as prior years, ↓ less than prior years, ↑ more than prior years

#### Subcommittee: Agriculture & Rural Development

Agency: U.S. Department of Agriculture (USDA) 10 Programs – 6 Industry-Critical Priorities

Account / Program:	FY 2018 Appropriation	FY 2019 Appropriation	FY 2020 Appropriation	President's FY 2021 Budget	AFCC's FY 2021 REQUEST	House Appropriation H.R. 7610	Senate Marker Bill
<b>Please Note:</b> The budget amounts below include both Program Level (PL) and Budget Authority (BA) amounts							
<b>USDA: For necessary expenses for carrying out the administration &amp; implementation of Rural Development programs</b>							
The House typically does not break out appropriations for individual Rural Development programs, but instead appropriates funding for all Rural Development programs, except as noted below			\$669,000,000	See breakdowns below	See breakdowns below	\$311,942,000↓ Reduced 54% from FY2020 amount	\$257,289,000↓ Reduced 62% from FY2020 amount
<b>USDA: Rural Business-Cooperative Service; Rural Business Program Account; Business &amp; Industry (B&amp;I) Loan Guarantees</b> (Section 310B of the Consolidated Farm and Rural Development Act of 1961)							
<b>Discretionary</b>	PL: \$920 million; BA: \$37 million	PL: \$950 million; BA: \$33.25 million	PL: \$1.25 billion; <sup>(1)</sup> BA: \$0	PL: \$1 billion BA: \$35 million	\$1 billion PL announced by Secretary Purdue on May 20, 2020 + \$33 million BA included in appropriation of \$62.2 million for Rural Business Program Account	\$1 billion PL ↔ announced by Secretary Purdue on May 20, 2020 + \$33 million BA ↔ included in appropriation of \$62.2 million for Rural Business Program Account	PL: \$1.35 billion↑ BA: \$48.63 million↑
<b>Mandatory</b>	\$0	\$0	\$0	\$0	\$0	\$0↔	\$0↔

A Collaborative Government Affairs Effort

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<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account;</b>							
<b>Section 9002: Biobased Products Procurement Program (USDA BioPreferred Program)</b>							
<b>Discretionary</b>	“\$3,000,000 for each of fiscal years 2019 through 2023”; and	\$0	\$0	\$0	<b>Provide \$3,000,000 in discretionary funding</b>	\$0↔	\$0↔
<b>Mandatory</b>	“\$3,000,000 for each fiscal year 2019 through 2023”	\$3,000,000 per 2018 Farm Bill	\$3,000,000 per 2018 Farm Bill	\$0	<b>Maintain \$3,000,000 funding level</b>	\$3,000,000↔	\$3,000,000↔
<b>USDA: 2018 Farm Bill; Title IX;</b>							
<b>Section 9003: Biorefinery, Renewable Chemical &amp; Bioproducts Manufacturing Assistance Loan Guarantee Program</b>							
<b>Discretionary</b>	“DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated \$25,000,000 to carry out this section for each of the fiscal years 2019 through 2023.”	DISCRETIONARY FUNDING authorized per 2018 Farm Bill: \$25,000,000  <b>No discretionary funding was appropriated for Section 9003 for FY2019</b>	DISCRETIONARY FUNDING authorized per 2018 Farm Bill: \$25,000,000  <b>No discretionary funding was appropriated for Section 9003 for FY2020</b>	\$0	<b>(3) Appropriate \$25 million discretionary funding per 2018 Farm Bill plus an additional \$25 million for a total appropriation of \$50 million</b>	\$0↔	\$0↔



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	<b>No discretionary funding was appropriated for Section 9003 for FY2018</b>	<b>No discretionary funding was appropriated for Section 9003 for FY2019</b>	<b>No discretionary funding was appropriated for Section 9003 for FY2020</b>			<b>No discretionary funding was appropriated for Section 9003 for FY2021</b>	<b>No discretionary funding was appropriated for Section 9003 for FY2021</b>
<b>Mandatory</b>	BA: \$50 million	<b>(2)</b> PL: \$127 million; BA: \$50 million	<b>(2)</b> PL: approx.. \$63.5 million based on 2019 subsidy rate; BA: \$25 million	\$0	<b>(3)</b> FY2020 was the final year of mandatory funding for this program	\$0↓	\$0↓
<b>USDA: 2018 Farm Bill; Title IX; Section 9005: Bioenergy Program for Advanced Biofuels (Advanced Biofuel Payment Program)</b>							
<b>Discretionary</b>	“(2) DISCRETIONARY FUNDING.—In addition to any other funds made available to carry out this section, there is authorized to be appropriated to carry out this section, \$20,000,000 for each of fiscal years 2019 through 2023.”	DISCRETIONARY FUNDING authorized per 2018 Farm Bill: \$20,000,000  <b>No discretionary funding was appropriated for Section 9005 for FY2019</b>	DISCRETIONARY FUNDING authorized per 2018 Farm Bill: \$20,000,000  <b>No discretionary funding was appropriated for Section 9005 for FY2020</b>	\$0	<b>Appropriate \$20 million discretionary funding per Title IX, Sec. 9005, pg. 397, of the Agriculture Improvement Act of 2018</b>	\$0↔	\$0↔



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	<b>No discretionary funding was appropriated for Section 9005 for FY2018</b>	<b>No discretionary funding was appropriated for Section 9005 for FY2019</b>	<b>No discretionary funding was appropriated for Section 9005 for FY2020</b>			<b>No discretionary funding was appropriated for Section 9005 for FY2021</b>	<b>No discretionary funding was appropriated for Section 9005 for FY2021</b>
<b>Mandatory</b>	\$14 million PL & BA	\$7 million PL & BA	2019-2023 mandatory PL: \$7 million BA: \$7 million	2019-2023 mandatory PL: \$7 million BA: \$7 million	<b>PL: \$7 million BA: \$7 million per 2018 Farm Bill</b>	<b>Mandatory funding maintained PL: \$7 million↔ BA: \$7 million↔</b>	<b>Mandatory funding maintained PL: \$7 million↔ BA: \$7 million↔</b>
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Section 9007: Rural Energy for America Program (REAP) Loan Guarantees</b>							
<b>Discretionary</b>	\$293,000	\$334,000	\$706,000	\$0	<b>Appropriate \$20 million in discretionary funding as provided in Title IX, Section 9007(4), pg. 398, of the Agriculture Improvement Act of 2018</b>	<b>\$476,000↔ (except for FY2020; ↓ from FY2020 )</b>	<b>\$392,000↔ (except for FY2020; ↓ from FY2020 )</b>



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**Agency: U.S. Department of Agriculture (USDA) 10 Programs – 6 Industry-Critical Priorities**

Account / Program:	FY 2018 Appropriation	FY 2019 Appropriation	FY 2020 Appropriation	President’s FY 2021 Budget	AFCC’s FY 2021 REQUEST	House Appropriation H.R. 7610	Senate Marker Bill
Mandatory	PL: \$524 million; BA: \$20 million	PL: \$487 million; BA: \$22 million	*See note below	PL: \$546 million; BA: \$13 million;	PL: \$546 million; maintain BA of \$50 million per 2018 Farm Bill	PL: \$546 million ↔ BA: \$50 million↑	PL: \$546 million ↔ BA: \$50 million↑
Note:	*There was a 5.9% rescission of the \$50 million mandatory BA funding in FY2020. USDA allocated \$5.758 million of the total \$47.050 million BA and \$163.12 million PL to loan guarantee program.						
USDA: Rural Business–Cooperative Service; Rural Business Program Account; Section 9007: Rural Energy for America Program (REAP) Grants (see above)							
Discretionary	\$0	\$0	\$0	\$0	Included in 9007 loan guarantee appropriation above	Included in 9007 loan guarantee appropriation above	Included in 9007 loan guarantee appropriation above
Mandatory	\$26 million PL & BA	\$28 million PL & BA	USDA allocated \$41.292 million of the total \$47.050 million BA to the grant program	PL: \$37 million; BA: \$37 million	PL: \$37 million; BA: \$37 million	\$1,400,000,000 BA↑	\$1,400,000,000 BA↑



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<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Section 9008: Biomass Research and Development Initiative <sup>(4)</sup></b>							
<b>Discretionary</b>	The 2018 Farm Bill authorized \$20 million/yr. in discretionary funding through 2018. No discretionary funding was appropriated in 2018.	The 2018 Farm Bill authorizes \$20 million/yr. in discretionary funding through 2023. No funding was appropriated in 2019.	The 2018 Farm Bill authorizes \$20 million/yr. in discretionary funding through 2023. No funding was appropriated in 2020.	\$0	<b>(4) Restore program to at least \$5 million in discretionary funding per 2018 Farm Bill</b>	\$0↔	\$0↔
<b>Mandatory</b>	\$3 million	\$0	\$0	\$0	\$0	\$0↔	\$0↔
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Sections 9010 and 9011: Biomass Crop Assistance Program (BCAP) <sup>(5)</sup></b>							
<b>Discretionary</b>	\$1 million PL & BA	The 2018 Farm Bill authorizes \$25 million/yr. in discretionary funding through 2023. No discretionary funding was appropriated in 2021	The 2018 Farm Bill authorizes \$25 million/yr. in discretionary funding through 2023. No discretionary funding was appropriated in 2020	\$0	<b>(5) Appropriate \$25 million as provided in the 2018 Farm Bill</b>	\$0↔	\$0↔



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<b>Mandatory</b>	\$25 million	\$0	\$0	\$0	\$0	\$0↔	\$0↔
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Higher Blends Infrastructure Program</b>							
<b>Discretionary</b>	\$0	\$0	\$0	PL: \$100 million; BA: \$100 million	<b>PL: \$100 million; BA: \$100 million</b>	\$0↔	\$0↔
<b>Mandatory</b>	\$0	\$0	\$0	\$0	\$0	\$0↔	\$0↔
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Rural Cooperative Development Grants; Value Added Producer Grants</b>							
<b>Discretionary</b>	\$16 million PL & BA was appropriated in FY2018	\$17.5 million PL & BA was appropriated in FY2019	PL: \$12 million BA: \$3 million was appropriated in FY2020	\$0	<b>\$15 million PL &amp; BA</b>	\$15 million PL & BA↑	\$15 million PL & BA↑
<b>Mandatory</b>	\$63 million to remain available until expended per 2014 Farm Bill	\$0	\$0	\$0	\$0	\$0↔	\$0↔

**Please note:**

- (1)** 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.

(2) The Program Level (PL) for the Section 9003 Program is calculated by Office of Management and Budget (OMB) on an individual project basis on the Budget authority amount assigned to each individual project. To project the Program Level for the Fiscal Years 2018 - 2020, an interpolation was conducted based on the Fiscal Year 2016 actual budget reported. This assumes the projects funded in these respective years will be similar in characteristics to projects funded in 2016.

(3) 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 \$50 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 \$50 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.*

(4) **AFCC strongly supports the continuation and increased funding for the Biomass Research and Development Initiative.**

The vast majority of AFCC's member companies use biomass derived from waste materials to produce valuable consumer products, thus turning liabilities into assets. These waste materials are readily available in virtually every local community throughout the U.S.

Hence, an investment in better utilization of biomass and the common waste materials available in every local community will lead to greater commercialization of processes that can convert these waste materials into consumer products, thus offering opportunities to create jobs and stimulate economic development by using the waste materials available in virtually every local community.

(5) **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.”

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



**Proposed language**

**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.*