



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 FY2023 Legislative & Funding Requests

AFCC Contacts:

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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#1 of 4

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](#)

Type of Request:

Legislative and funding

Amount Requested by AFCC:

- FY2020 was 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:

Not yet known.

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



FY 2018: Mandatory: \$50,000,000; Discretionary: \$0
FY 2019: Mandatory: \$50,000,000; Discretionary: \$0
FY 2020: Mandatory: \$25,000,000; Discretionary: \$0
FY 2021: Mandatory: \$0; Discretionary: \$0
FY 2022: Mandatory: \$50,000,000; 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 FY2023.

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.

Every project brought to fruition through this program creates jobs and economic development for its first commercial facility, as well as many additional jobs and economic development for local communities throughout the U.S. as the success of the first commercial facility leads to private sector financing of multiple follow-on projects. *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:

See Consolidated Appropriations Act of 2021 (H.R. 133; P.L. 116-260), pg. 25:

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

Title III – Rural Development Programs

Rural Business–Cooperative Service

Rural Business Program Account

ADD

Insert the following language before the **RURAL ENERGY FOR AMERICA PROGRAM:**

"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 3

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.)

Type of Request:

Legislative and funding

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.
- Increase mandated funding from \$3,000,000 to \$5,000,000
- Appropriate \$3,000,000 in discretionary funding

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

Pending



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

FY 2018: Mandatory: \$3,000,000; Discretionary: \$0

FY 2019: Mandatory: \$3,000,000; Discretionary: \$0

FY 2020: Mandatory: \$3,000,000; Discretionary: \$0

FY 2021: Mandatory: \$3,000,000; Discretionary: \$0

FY 2022: Mandatory: \$3,000,000; Discretionary: \$0

AFCC's Request #1

This program has neither met its potential nor its promise. USDA is the federal agency where the BioPreferred® Program sits. Yet USDA has yet to make a significant effort to purchase biobased products and encourage other agencies to do so.

- **The USDA BioPreferred® Program enacted in the 2002 Farm Bill (Section 9002, Biomarkets Program, Energy Title IX),** has been reauthorized every 5 years in each subsequent Farm Bill. It began in 2002 with a mandated appropriation of \$1 million which, with advocacy, has been increased to \$3 million annually. AFCC's request to increase the funding level to \$5 million annually would solve the implementation for the program.
- **The program has two parts:**
 - Certification* (a USDA label on product packaging shows how much carbon came from crops or is new carbon), and
 - Procurement:* a biobased product is available as an alternative to a fossil-based product, by law, USDA and all federal agencies and their contractors must buy the biobased product in lieu of fossil-based products.
- *Certification* is working; *Procurement* has not worked for just about any producer.
- Therefore, in the 2018 Farm Bill, AFCC's executive vice president advocated to move the program to a new home in USDA.
- However, after two years, no changes have occurred on the procurement side with the new management; the law still is not being carried out, implementation of the program is still not occurring, there is no accountability, and the program is not functioning as Congress intended.
- **If USDA is not purchasing biobased products, which is the federal agency where the program sits, why would the other federal agencies consider buying it?**
- **Biobased product companies would like to expand their business in sustainability and a climate smart platform,** but if they can't get the current biobased products sold, it is very difficult for them to justify to their board of directors to expand or even be in this space. We need a solution to this issue.
- **USDA currently is purchasing petroleum-based office supplies** from distributors such as Office Max, Amazon, others, biobased products are not being purchased. Office supplies



are everyday products which USDA and other federal agencies should be purchasing routinely from their distributors.

- **The BioPreferred Program has not been operating as Congress intended**, and now that Secretary Vilsack has been confirmed and we know that he has been supportive of the program, we would like Congress to add statutory language in the appropriations bill, the following information:
 - Quarterly, provide Congress a report, the procurement of biobased products from the catalogue on their website, [BioPreferred | Catalog](#) which has all of the biobased products listed. What are the sales number and the actual biobased products sold? There is no transparency.
 - Provide purchases of low-hanging fruits, such as USDA certified office supplies (bioplastic binders, notepads, paper) and biobased cleaning products which USDA currently is purchasing from distributors like Office Max, Amazon, which are not biobased – this needs to occur within 90 days of receiving the letter from Congress. USDA will provide proof of purchase to Congress for these biobased products (how many and at what price) every quarter. The quarterly report should include all procurement of biobased products.
 - Modernizing the BioPreferred label with sustainability parameters such as carbon intensity score. The label has a beginning of life parameter on its label which is not based on sustainability.
- **Biobased product companies would like to expand their business in sustainability and a climate smart platform**, but if they can't get the current biobased products sold, it is very difficult for them to justify to their board of directors to expand or even be in this space. Some companies have been waiting almost 10 years. We need a solution to this issue.

AFCC's Request #2

Proposed Bill Language:

See Consolidated Appropriations Act of 2022 (H.R. 2471; P.L. 116-260), pg. 25:

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

Title III – Rural Development Programs

Rural Business–Cooperative Service

Rural Business Program Account

Add the following after

RURAL ENERGY FOR AMERICA PROGRAM

“BIOBASED PRODUCTS PROCUREMENT PROGRAM



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

AFCC’s Justification / Rationale for These Requests:

- **The USDA BioPreferred® Program (Section 9002, Biomarkets Program, Energy Title IX) enacted in the 2002 Farm Bill**, has since been reauthorized every 5 years in the Farm Bill. It was mandated \$1 million in 2002, and with advocacy has been increased to \$3 million/annual. The program has two parts to it, certification (USDA label which shows how much carbon came from crops or is new carbon), and second part is procurement (if we make the biobased product, by law, USDA and all federal agencies and their contractors will buy the product over incumbent). The former piece is working, the procurement has not worked for just about any producer. Therefore, in the 2018 Farm Bill, we advocated to move the program to a new home in USDA from its building management home to USDA Rural Development, which is an appropriate home. However, after two years, no changes have occurred on the procurement side with the new management – they continue to break the law, there is no accountability, and the program is not functioning as Congress intended.
- **If USDA is not purchasing biobased products which is the federal agency where the program sits, why would the other federal agencies consider buying it?**
- **Biobased product companies would like to expand their business in sustainability and a climate smart platform**, but if they can’t get the current biobased products sold, it is very difficult for them to justify to their board of directors to expand or even be in this space. Bert’s is not the only company in this boat, just about all of the companies are in similar situation – some are waiting almost 10 years. We need a solution to this issue.
- **USDA currently is purchasing petroleum-based office supplies** from distributors such as Office Max, Amazon, others, and Bert’s biobased products are listed there, and are not being purchased. Office supplies are everyday products which USDA and other federal agencies should be purchasing routinely from their distributors.
- **The BioPreferred Program has not been operating as Congress intended.**



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Appropriations Subcommittee:

Agriculture, Rural Development, and Related Agencies

Ag / Rural Development Priority:

#2 of 3

Federal Agency:

Department of Agriculture

Agency Account:

Forest Service, State and Private Forestry, National Forest System

Program Heading:

Hazardous Fuels Management

Program Description:

Authorizes the Forest Service to "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" per Consolidated Appropriations Act of FY2022, H.R. 2471, page 343.

Amount Requested by AFCC:

Maintain FY2022 funding level of \$20,000,000 at a minimum; Increase if possible, to \$200,000,000 per announcement on January 18, 2022 by Agriculture Secretary Vilsack and Forest Service Chief Randy Moore of 10-year strategy to address the wildfire crisis.

See AFCC's Justification / Rationale for These Requests, FIFTH below.

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

Pending

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

FY 2019: \$0

FY 2020: \$0

FY 2021: \$0

FY 2022: \$20,000,000



AFCC's Justification / Rationale for These Requests:

The FY2022 appropriation addresses, for the first time, the mandate in “Policies Relating to Biomass Energy” (per the Consolidated Appropriations Act of FY2022, H.R. 2471, page 371), which has been included in every Consolidated Appropriations Act since FY2018, which directs the Secretaries of Agriculture and Energy and the Administrator of the Environmental Protection Agency to, among other provisions, recognize “the full benefits of the use of forest biomass for energy, conservation, and responsible forest management ...”

The appropriation of \$20 million under the Forest Service’s National Forest System, State and Private Forestry account, to create incentives for increased use of biomass from National Forest Lands has far reaching significance:

First, because it will remove dead and diseased wood and slash piles from logging operations from federal lands and private lands adjacent to federal lands which exacerbate and can lead to extreme fire hazards.

Second, because it begins to carry out, for the first time, the mandate in the “Policies Relating to Biomass Energy” (page 371 of H.R. 2471), which has been incorporated into every Consolidated Appropriations Act since FY2018, which directs the Secretaries of Agriculture and Energy and the Administrator of the Environmental Protection Agency to, among other provision, recognize “the full benefits of the use of forest biomass for energy, conservation, and responsible forest management ...”

Third, because responsible forest management includes wildland fire management to maintain healthy forests and reduce the dangers of wildfires.

Fourth, because, in removing the fuel that exacerbates wildfire danger, it:

Uses a liability that fouls the air with smoke which impacts public health, increases carbon emissions that contribute to climate change, destroys property, takes lives, ravages wildlife and wildlife habitats, consumes forests, and leads to ballooning firefighting budgets,

As an asset to produce value-added products which can:

- create jobs,
- generate revenues and improve the economies of rural communities,
- replace fossil-based products, and
- mitigate the impacts of climate change.

Fifth, because the USDA Forest Service has launched a robust, 10-year strategy to squarely address this wildfire crisis in the places where it poses the most immediate threats to communities, which was announced on January 18, 2022 by Agriculture Secretary Vilsack and Forest Service Chief Randy Moore.

See: <https://www.fs.usda.gov/news/releases/secretary-vilsack-announces-new-10-year-strategy-confront-wildfire-crisis>

The strategy:



- Estimates that funding to remove hazardous fuels will range from \$1,000 to \$2,500 per acre
- the strategy calls for the Forest Service to treat up to an additional 20 million acres on national forests and grasslands and support treatment of up to an additional 30 million acres of other federal, state, Tribal, private, and family lands
- The President's FY2023 budget (see page 27) requests \$3.9 billion for Forest Service Wildland Fire Management, as well as an additional \$2.6 billion authorized by the suppression cap adjustment to carry out this initiative.

AFCC requests that the President's request of \$3.9 billion be appropriated along with an authorization of an additional \$2.6 billion.