



# Alternative Fuels & Chemicals Coalition

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

## FY2026 Ag Appropriations Requests

**Name of Requesting Entity:** The Alternative Fuels & Chemicals Coalition (AFCC)

**Type of Entity:** a 501-c-6 nonprofit organization **EIN:** 83-4721257

**Office Location & Mailing Address:** 1200 G Street, NW, Suite 880, Washington, DC 20005

**Entity Heads & Lobbyists Contact Information:** (1) Rina Singh, Ph.D., Executive Vice President for Policy, *Office:* 202-922-0144, *Cell:* 202-860-9008, *Email:* [rina@altfuelchem.org](mailto:rina@altfuelchem.org)

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AFCC represents 150+ member companies employing 600,000+ people and generating \$350+ billion per year in revenues. These companies operate in MORE THAN 600 LOCATIONS in the U.S. THEY MANUFACTURE PRODUCTS AND DELIVER SERVICES THAT TOUCH EVERY STATE AND COMMUNITY IN THE U.S. and, due to economic ripple effects, THEY ADD JOBS, PROVIDE ECONOMIC STIMULUS, AND GENERATE LOCAL TAX REVENUES IN THESE COMMUNITIES, as well as adding to the quality of life and improving human health and the environment through the products and services they provide.

**PLEASE NOTE:** Because AFCC member companies contribute to the wellbeing of every Congressional State and State in the U.S., AFCC makes appropriation and legislative language requests to the members of 5 House and Senate appropriation subcommittees, nearly 90 offices in total, with a focus on 60 key programs that are important to its member companies.

It is therefore impossible for AFCC to fill out the individual appropriation request forms for 90 offices (since every request form is different) with requests for 60 different programs administered by 8 agencies. This form is designed to encompass the information that is most commonly requested by each office.

AFCC respectfully requests that you accept this form in lieu of requiring that AFCC fill out your appropriation request form. AFCC will gladly provide any additional information your office requires that is not included in this form.

A Collaborative Government Affairs Effort

Organized by Kilpatrick Townsend & Stockton and American Diversified Enterprises

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# Programmatic Funding Request

## # 1

**Title of Request:** USDA BioPreferred® Program

**Request Type:** Funding Request

**Appropriations Subcommittee:** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**Agency:** U.S. Department of Agriculture

**Department:** Rural Business-Cooperative Services

**Account:** Rural Business Program Account

**Program, Project, Activity Title:** Section 9002 Biobased Products Procurement Program

**Priority:** AFCC'S #1 PRIORITY is to maintain the funding level for the USDA BioPreferred® Program as provided in the 2018 Farm Bill.

### Prior Year Funding Levels, Senate Appropriations Committee FY20225 Markup, & AFCC's 2026 Request:

| FY 2022:<br>2018 Farm Bill<br>Mandatory<br>Funding | FY 2023:<br>2018 Farm Bill<br>Mandatory<br>Funding | FY 2024:<br>2018 Farm Bill<br>Mandatory<br>Funding | FY 2025<br>Agency<br>Request | FY 2025<br>Senate<br>Markup | AFCC's<br>FY 2026<br>Request |
|----------------------------------------------------|----------------------------------------------------|----------------------------------------------------|------------------------------|-----------------------------|------------------------------|
| \$3,000,000                                        | \$3,000,000                                        | \$3,000,000                                        | \$3,000,000                  | \$0                         | \$10,000,000*                |

\* Per S.5335 "The Rural Prosperity and Food Security Act of 2024," Sec. 9002(5)(A)

**Purpose & Justification for this Request:** The BioPreferred® Program has two parts to it, certification (USDA label which shows how much carbon comes from crops or is new carbon), and procurement (if a company makes a biobased product and it is of equivalent quality to other products in use then, by law, USDA and all federal agencies and their contractors are required to buy the product over incumbent products). The law, unfortunately, has not been operated as Congress intended. For biobased product companies, if they cannot get current biobased products sold, it is very difficult for them to justify to their boards of directors to expand or even continue operations in this space. The USDA has recently committed to step up their federal agency procurement efforts, which is the basis of AFCC's FY2026 request.

**Impact on the Communities in Your State:** This program is of particular importance to rural areas, since it utilizes biomass resources that are readily available in and often go to waste, thus turning agricultural crop residues, forest residuals, and residential and commercial wood wastes into valuable, profit-generating commodities.



With stepped up procurement efforts by USDA, biobased products companies will be able to expand the locations in which they locate manufacturing facilities, thus bringing jobs, economic stimulus, and additional tax revenues to rural areas, whose communities will benefit from the economic ripple effects of increased indirect and induced jobs and additional sales and earnings for local businesses and returns for investors.

## Programmatic Funding Request

# 2

**Title of Request:** USDA Section 9003 Biorefinery, Renewable Chemicals & Biobased Products Manufacturing Assistance Program

**Request Type:** Funding Request

**Appropriations Subcommittee:** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**Agency:** U.S. Department of Agriculture

**Department:** Rural Business-Cooperative Services

**Account:** Rural Business Program Account

**Program, Project, Activity Title:** Section 9003 Biorefinery, Renewable Chemicals & Biobased Products Manufacturing Assistance Program

**Priority:** This is a high priority program for AFCC since it provides one of the very few pathways for AFCC member companies and other developers of emerging technologies to build first-of-a-kind commercial scale facilities utilizing their innovations and improved manufacturing practices which, in turn, create jobs and economic stimulus in the communities in which they are located, and help maintain U.S. global leadership in the ever-more-intense competition between the U.S. and China, in particular, to capitalize on global market trends and dominate emerging markets.

### Prior Year Funding Levels, Senate Appropriations Committee FY2025 Markup, AFCC's 2026 Request:

| FY 2022<br>Appropriation                                                                                                                                                                                                 | FY 2023<br>Appropriation | FY 2024<br>Appropriation | FY 2025<br>Agency<br>Request | FY 2025<br>Senate<br>Markup | AFCC's<br>FY 2026<br>Request |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| Mandatory funding from the 2018 Farm Bill for this program expired in FY2022, in which \$158 million in program level funding and \$25 million in budget authority was allocated to the Section 9003 program for FY2022. |                          |                          |                              |                             | \$400,000,000*               |

\* Per S.5335 "The Rural Prosperity and Food Security Act of 2024," Sec. 9003(4)(B)(i)



**Purpose & Justification for this Request:** It is extremely difficult for entrepreneurs and companies to advance innovations and cutting-edge technologies that have the potential to benefit the American people since new, untried ventures always carry considerable risk which discourages the majority of private sector investors and lenders from providing the funding to advance these innovations from concept through realization. They are happy to finance the second, third, or fourth commercial deployment, after an innovation has been proven and has operated successfully. But financing the very critical first facility ... no, that is too risky.

**For those initiatives whose benefits are not lost to the American people due to a lack of sufficient capital, it takes an average of 10 to 12 years to advance to the point where an initiative can be commercialized. Federal government grants are key to providing the lifeblood for these initiatives as they advance through each stage of development and the various technology levels.**

Even so, there is a large gap between the stage at which an initiative that has been successfully piloted or prototyped (Technology Readiness Level 7) and the ability to bring it to market. This is why the federal loan guarantee programs such as USDA's Section 9003 were created – to bridge the gap over the valley of death, where so many promising projects have been lost – so innovations that have great promise can bring their benefits to the American people and the communities in which they are located.

Do some first-of-a-kind projects fail? Yes. This is why the Section 9003 program has a rigorous due diligence process and requires that every project be proven through the operation of an integrated demonstration unit that replicates the full-scale commercial project in all respects. This reduces risk but does not guarantee success.

The value of the federal loan guarantee programs that advance first-of-a-kind technologies is two-fold, despite an occasional failure:

**First**, the projects that are advanced through these programs would never, in most cases, be able to advance to full commercialization without the assistance of these programs. Thus communities and the American people would never be able to take advantage of their economic, social, environmental, health, and global market benefits.

**Second**, despite an occasional loss, their loss rates have historically been comparable to major private sector lending institutions. By financing projects that the private sector finds too risky, the losses that are incurred are more than paid for by the projects that succeed and the benefits they bestow.



**Impact on the Communities in Your State:** As with the Section 9002 program above, the Section 9003 program is of importance to rural areas, since it utilizes biomass resources that are readily available and often go to waste, thus turning agricultural crop residues and forest residuals into valuable, as well as residential and commercial wood wastes and municipal solid wastes into valuable, revenue-generating commodities, thus enabling the construction of job-creating, economic-stimulating facilities that can be deployed over and over throughout the nation once the first commercial operation has been proven.

## Programmatic Funding Request

# # 3

**Title of Request:** USDA Biobased Market Development and Access Program

**Request Type:** Funding Request

**Appropriations Subcommittee:** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**Agency:** U.S. Department of Agriculture

**Department:** Rural Business-Cooperative Services

**Account:** Rural Business Program Account

**Program, Project, Activity Title:** Biobased Market Development and Access Program

**Priority:** This is a high priority program for AFCC since it provides the funding that has been lacking from other federal grant programs and private sector investors that is necessary for projects to advance through the Section 9003 Loan Guarantee Part 2 vetting, due diligence, and approval process by building and operating a fully integrated demonstration unit (IDU) for a minimum of 120 days, as required by Section 9003, that replicates the commercial facility in all respects, but at a smaller scale, and demonstrates its technical viability.

### Prior Year Funding Levels, Senate Appropriations Committee FY2025 Markup, & AFCC's 2026 Request:

| FY 2022<br>Appropriation | FY 2023<br>Appropriation | FY 2024<br>Appropriation | FY 2025<br>Agency<br>Request                                                 | FY 2025<br>Senate<br>Markup                     | AFCC's<br>FY 2026<br>Request |
|--------------------------|--------------------------|--------------------------|------------------------------------------------------------------------------|-------------------------------------------------|------------------------------|
| \$0                      | \$0                      | \$0                      | New grant program announced in November 2024 and implemented in January 2025 | Program implemented subsequent to Senate Markup | \$200,000,000*               |

\* Per S.5335 "The Rural Prosperity and Food Security Act of 2024," Sec. 9003(7)(A)(i)(IV)



**Purpose & Justification for this Request:** One of the obstacles of being able to advance projects through the Section 9003 program has been its IDU requirement, which other federal programs lack, which requires a significant investment of \$10 million or more, which far too many project developers have been unable to secure, to prove the viability of proposed commercial facilities and their operations by building and operating a small-scale production facility which, add to the requirements of TRL-7 pilot facilities by mandating the use the identical feedstock, processes, equipment, and operating in the same manner and producing the same products as the proposed full-scale commercial facility. To enable projects to move forward, this grant program supports 100% of the cost of the IDU construction and operation, up to a maximum of \$10 million.

**Impact on the Communities in Your State:** This grant program ensures that the majority of risks associated with a first-of-a-kind project have identified, mitigated, and eliminated so that the first commercial facility that is built will be successful and will bring its benefits to the State.

## Programmatic Funding Request

# 4

**Title of Request:** USDA Business & Industry (B&I) Loan Guarantee Program

**Request Type:** Funding Request

**Appropriations Subcommittee:** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**Agency:** U.S. Department of Agriculture

**Department:** Rural Business-Cooperative Services

**Account:** Rural Business Program Account

**Program, Project, Activity Title:** Section 310B of the Consolidated Farm and Rural Development Act (7 U.S.C. 22 1932(g))

**Priority:** This is a high priority program for AFCC

**Prior Year Funding Levels, Senate Appropriations Committee FY20225 Markup, & AFCC's 2026 Request:**

| FY 2022<br>Appropriation                                               | FY 2023<br>Appropriation                                               | FY 2024<br>Appropriation                                               | FY 2025<br>Agency<br>Request                                          | FY 2025<br>Senate<br>Markup                                            | AFCC's<br>FY 2026<br>Request                                                         |
|------------------------------------------------------------------------|------------------------------------------------------------------------|------------------------------------------------------------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------------------------------|
| \$1,250,000,000<br>Project Level &<br>\$25,000,000<br>Budget Authority | \$1,800,000,000<br>Project Level &<br>\$39,000,000<br>Budget Authority | \$2,000,000,000<br>Project Level &<br>\$66,615,000<br>Budget Authority | \$2,250,000,000<br>Project Level &<br>\$5,000,000<br>Budget Authority | \$1,900,000,000<br>Project Level &<br>\$31,847,000<br>Budget Authority | <b>\$2,250,000,000</b><br>Project Level &<br><b>\$25,000,000</b><br>Budget Authority |



**Purpose & Justification for this Request:** This loan guarantee program, created in 1932, has been highly successful in guaranteeing loans from private sector lenders to finance business acquisitions, construction, conversion, expansion, repair, modernization, and development; purchases of new equipment, machinery, and supplies; startup costs and working capital; and project supported by New Market Tax Credits. It is focused entirely on rural areas with the objective of improving the economic health of rural communities by increasing access to business capital and developing businesses and industries that will grow employment and the economic well-being of rural communities.

**Impact on the Communities in Your State:** The B&I program is an important source of capital for rural business and rural business owners, which unlike the Small Business Association 7(a) loans with its \$5 million limit, offer long-term financing up to \$25 million.

## Programmatic Funding Request

# 5

**Title of Request:** USDA Rural Energy for America Program (REAP)

**Request Type:** Funding Request

**Appropriations Subcommittee:** Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

**Agency:** U.S. Department of Agriculture

**Department:** Rural Business-Cooperative Services

**Account:** Rural Business Program Account

**Program, Project, Activity Title:** Rural Energy for America Program (REAP)

**Priority:** This is a high priority for AFCC due to the benefits that it offers to agriculture operations, small businesses, co-ops, and tribal businesses in rural areas.

### Prior Year Funding Levels, Senate Appropriations Committee FY2025 Markup, & AFCC's 2026 Request:

#### Loan Guarantees:

| FY 2022<br>Appropriation    | FY 2023<br>Appropriation | FY 2024<br>Appropriation | FY 2025<br>Agency<br>Request | FY 2025<br>Senate<br>Markup | AFCC's<br>FY 2026<br>Request |
|-----------------------------|--------------------------|--------------------------|------------------------------|-----------------------------|------------------------------|
| 50,000,000<br>Program Level | 20,000,000 PL            | \$50,000,000<br>PL       | \$100,000,000<br>PL          | \$250,000,000<br>PL         | \$130,000,000*<br>PL         |

\* Per S.5335 "The Rural Prosperity and Food Security Act of 2024," Sec. 9006(a)(7)(A)(iii)





## Grants:

| FY 2022<br>Appropriation             | FY 2023<br>Appropriation | FY 2024<br>Appropriation                | FY 2025<br>Agency<br>Request          | FY 2025<br>Senate<br>Markup           | AFCC's<br>FY 2026<br>Request |
|--------------------------------------|--------------------------|-----------------------------------------|---------------------------------------|---------------------------------------|------------------------------|
| PL: \$13 million<br>BA: \$13 million | \$0                      | See Inflation<br>Reduction Act<br>below | Included in<br>\$100,000,000<br>above | Included in<br>\$250,000,000<br>above | <b>\$50,000,000*</b><br>PL   |

\* Per S.5335 "The Rural Prosperity and Food Security Act of 2024," Sec. 9006(a)(2)(B)(ii)

**Purpose & Justification for this Request:** Installing renewable energy and energy efficiency systems is good business. It can reduce costs, lower emissions, and offer energy independence. Energy-efficient improvements, in particular, are critical to maintaining normal operations. For example, many livestock-related businesses will soon need to invest in better ventilation and cooling systems to prevent catastrophic loss due to shifting weather patterns.

While energy improvements can help small businesses cut their utility costs between 10% and 30% in the long run, upgrading equipment or investing in alternative energy generation requires a significant upfront investment, with often is beyond the reach of ag producers and rural small businesses without the assistance of the REAP program, which as with the other USDA loan guarantee programs, including Section 9003 and B&I, backs (and, therefore, derisks and encourages) loans from private lenders.

**Impact on the Communities in Your State:** Energy prices are predicted to remain high for years to come. Not only can rising costs eat into profits, they also can rob businesses of funds needed to make strategic investments and remain competitive. Agricultural businesses in particular will likely need to use more energy, not less, to avoid losses in coming years. The REAP program will reduce energy costs for ag producers and small businesses in your State and, in the long run, could be key to helping ag producers and rural businesses remain agile and viable in the future.

## Inflation Reduction Act

Section 22002 of the IRA appropriates the following amounts to USDA to provide grants and loans under the Rural Energy for America Program ("REAP") established under Section 9007 of the Farm Security and Rural Investment Act of 2002, 7 U.S.C. § 8107:

1. \$820,250,000 for fiscal year 2022;
2. \$180,276,500 for fiscal years 2023 to 2027.

Through REAP, USDA promotes "energy efficiency and renewable energy development for agricultural producers and rural small businesses" by providing "grants for energy audits and





renewable energy development assistance” and “financial assistance for energy efficiency improvements and renewable energy systems.”

Section 22002 of the IRA also appropriates the following additional amounts to USDA to provide REAP grants and loans for projects “relating to underutilized renewable energy technologies:”

1. \$144,750,000 for fiscal year 2022;
2. \$31,813,500 for fiscal year 2023 to 2027.

Section 22002 of the IRA specifies that any grant issued by USDA under REAP shall not exceed 50% of the total project or activity cost.

These amounts under section 22002 of the IRA shall remain available until September 30, 2031. USDA is prohibited from entering into any agreements that could result in a disbursement of funds beyond September 30, 2031.

**AFCC supports the continuation of this funding for REAP through the Inflation Reduction Act.**

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**Purpose & Justification for this Request:** See above.

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