



# 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 FY2025 Appropriation Requests - Ag #2

### FY2025 APPROPRIATIONS REQUESTS FOR DEPARTMENT OF AGRICULTURE PROGRAMS OF KEY IMPORTANCE TO AFCC'S 150+ MEMBER COMPANIES

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#### **Appropriations Subcommittee:**

Agriculture, Rural Development, and Related Agencies

#### **Ag / Rural Development Priority: #2**

#### **Federal Agency:**

Department of Agriculture

#### **Agency Account:**

Rural Business-Cooperative Services; Rural Business Program Account  
National Forest System

#### **Program Title:**

- Business & Industry Loan Guarantees
- Section 9002: Biobased Products Procurement Program (USDA BioPreferred® Program)
- Section 9003: Biorefinery, Renewable Chemicals, and Bioproducts Manufacturing Assistance Loan Guarantee Program
- Section 9005: Bioenergy Program for Advanced Biofuels
- Section 9007: Renewable Energy For America Program (REAP) Grants & Loan Guarantees
- Section 9008: Biomass Research and Development Initiative
- Higher Blends Infrastructure Program
- National Forest System Hazardous Fuels Management

#### **Program Description:**

See the following table showing prior year funding levels and AFCC's FY2025 appropriations requests, followed by the rationales and explanations for AFCC's requests, and proposed legislative language

#### **Amount Requested by AFCC:**

See AFCC's FY2025 Appropriations Requests table starting on the next page



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## AFCC's 2025 Appropriations Requests – Ag #2

### AGRICULTURE & RURAL DEVELOPMENT

### KEY PROGRAMS OF IMPORTANCE TO AFCC'S 150+ MEMBER COMPANIES

AFCC's priorities are indicated in green text

Subcommittee: Agriculture & Rural Development

Agency: U.S. Department of Agriculture (USDA)

Account / Program:	FY 2021 Appropriation	FY 2022 Appropriation	FY 2023 Appropriation	FY 2024 President's Request	FY 2025 President's Request	AFCC's FY 2025 Request	
<b>USDA: Executive Operations (1)</b>							
A no cost request using existing authorities and appropriations to increase use of unsolicited proposals						See AFCC's FY2025 Ag #1 Request	
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Salaries and Expenses</b>							
<b>FY Appropriation</b>	\$264,024,000	\$300,285,000	\$351,087,000	\$351,087,000		\$360,000,000	
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Business &amp; Industry (B&amp;I) Loan Guarantees</b> (Section 310B, Consolidated Farm and Rural Development Act of 1961): <b>Program Level (PL)</b> and <b>Budget Authority (BA)</b> amounts							
<b>Discretionary</b>	PL: \$1 billion BA : \$56.4 million	PL: \$1.25 billion BA: \$25 million	PL: \$1.8 billion BA: \$39 million	PL: \$2 billion BA: \$48 million		PL : \$2 billion BA: \$48 million	
<b>Mandatory</b>	\$0	\$0	\$0	\$0			
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Section 9002: Biobased Products Procurement Program (USDA BioPreferred® Program) (2)</b>							
<b>Discretionary</b>	\$0	\$0	\$0	\$0		\$3,000,000	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						



<b>Account / Program:</b>	<b>FY 2021 Appropriation</b>	<b>FY 2022 Appropriation</b>	<b>FY 2023 Appropriation</b>	<b>FY 2024 President's Request</b>	<b>FY 2025 President's Request</b>	<b>AFCC's FY 2025 Request</b>	
<b>USDA: 2018 Farm Bill; Title IX;</b>							
<b>Section 9003: Biorefinery, Renewable Chemical &amp; Bioproducts Manufacturing Assistance Loan Guarantee Program (3)</b>							
<b>Discretionary</b>	\$0	\$0	\$0	\$0		(3) \$25 million discretionary as provided in 2018 Farm Bill	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						
<b>USDA: 2018 Farm Bill; Title IX;</b>							
<b>Section 9005: Bioenergy Program for Advanced Biofuels (Advanced Biofuel Payment Program)</b>							
<b>Discretionary</b>	\$0	\$0	\$0	PL: \$7 million BA: \$7 million		Appropriate \$20 million discretionary as provided in 2018 Farm Bill	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account;</b>							
<b>Section 9007: Rural Energy for America Program (REAP) Loan Guarantees</b>							
<b>Discretionary</b>	\$392,000	\$50,000,000	\$20,000,000	\$50,000,000		\$50,000,000	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						
<b>Inflation Reduction Act</b>	\$0	PL: \$965 million BA: \$965 million	PL: \$212 million BA: \$212 million	PL: \$199 million BA: \$199 million			
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account;</b>							
<b>Section 9007: Rural Energy for America Program (REAP) Grants</b>							



<b>Account / Program:</b>	<b>FY 2021 Appropriation</b>	<b>FY 2022 Appropriation</b>	<b>FY 2023 Appropriation</b>	<b>FY 2024 President's Request</b>	<b>FY 2025 President's Request</b>	<b>AFCC's FY 2025 Request</b>	
<b>Discretionary</b>	\$0	PL: \$13 million BA: \$13 million	\$0	PL: \$30 million BA: \$30 million		PL: \$30 million BA: \$30 million	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Section 9008: Biomass Research and Development Initiative (4)</b>							
<b>Discretionary</b>	\$0	\$0	\$20,000,000	\$0		(4) \$20 million discretionary funding per 2018 Farm Bill	
<b>Mandatory</b>	Mandatory funding for FY2018-2023 from the 2018 Farm Bill has expired. A new Farm Bill has not yet been enacted						
<b>USDA: Rural Business–Cooperative Service; Rural Business Program Account; Higher Blends Infrastructure Program</b>							
<b>Mandatory</b>	N/A	PL: \$100 million BA: \$100 million	\$0	\$0		PL: \$100 million; BA: \$100 million	
<b>Inflation Reduction Act</b>	N/A	PL: \$500 million BA: \$500 million	\$0	\$0			

*Subcommittee: Agriculture & Rural Development*

**Agency: U.S. Department of Agriculture (USDA) - Forest Service**

<b>Account / Program:</b>	<b>FY 2021 Appropriation</b>	<b>FY 2022 Appropriation</b>	<b>FY 2023 Appropriation</b>	<b>FY 2024 President's Request</b>	<b>FY 2025 President's Request</b>	<b>AFCC's FY 2025 Request</b>	
<b>USDA: Forest Service; National Forest System; Hazardous Fuels Management; State and Private Forestry: Creating Incentives for Increased Use of Biomass from National Forest System Lands (5)</b>							
<b>Discretionary</b>	N/A	\$20,000,000	\$20,000,000	\$20,000,000		(5) \$20 million	



## Rationale / Explanation (1)

**(1) For Executive Operations**, AFCC is proposing that legislative language be inserted after *Office of the Undersecretary for Research, Education, and Economics* and before *Economic Research Service* (see page 7, Consolidated Appropriations Act of 2023, P.L. 117-328) to provide greater access to, flexibility in, and opportunities for securing funding through unsolicited proposals (45 FAR 15.6) so that meritorious proposals that can provide benefit to the Nation do not become lost opportunities because they do not fit current or upcoming USDA funding opportunities.

**See AFCC's FY2025 Appropriations Request – Ag #1**, which is described in a separate request accompanying this one. AFCC's Ag #1 request also can be viewed and downloaded from AFCC's FY2025 Appropriations Request webpage by [clicking here](#).

## Rationale / Explanation (2)

**(2) For Section 9002: Biobased Products Procurement Program (USDA BioPreferred® Program)**, AFCC is requesting a FY2025 appropriation of \$3,000,000, consistent with prior year funding levels.

**USDA is not purchasing biobased products which is the federal agency where the Section 9002 Biobased Products Procurement Program sits.**

**AFCC is therefore requesting that**, in addition to appropriating \$3,000,000 in FY2025 for Section 9002, **the Committee on Appropriations send a letter to Secretary Vilsak requesting that he take the steps necessary to ensure the BioPreferred Program works as intended by Congress.**

Here's why:

- **The USDA BioPreferred® Program (Section 9002, Biomarkets Program, Energy Title IX) enacted in the 2002 Farm Bill**, has been reauthorized every 5 years in the Farm Bill. It was mandated \$1 million in 2002; with advocacy this has been increased to \$3 million annually.

The program has two parts: (1) certification (USDA label which shows how much carbon came from crops or is new carbon), and (2) 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.



- **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.** However, if they can't sell their current biobased products, it is difficult for them to justify to their board of directors to expand or even remain operating this space. Some of the companies that produce biobased products have been waiting more than 10 years for the BioPreferred Program to work as Congress intended. A solution to this issue is needed.

- **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 distributors that provide biobased products.

AFCC suggests that the letter to Secretary Vilsak request that, within 90 days of receipt of the letter, he:

- Direct USDA staff to make the changes necessary to ensure that the BioPreferred Program works as Congress intended.
- Provide proof of purchase of the biobased products listed in the catalog on the USDA website, [BioPreferred Catalog](#) (how many and at what price) every quarter.
- Provide Congress with a quarterly report thereafter, citing the number and prices of biobased products procured.
- Purchase 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, that are not biobased.
- Direct USDA staff, within 180 days of receiving this letter, of expand procurement to other federal agencies, by contacting them and providing Congress with proof of purchase from the other federal agencies, and this information added to the quarterly reports submitted to Congress.
- Provide yearly in-person updates from the USDA Secretary on the performance of the BioPreferred Program and its procurement of sustainable biobased products.
- Sponsor an annual exhibition forum for biobased product producers to meet the federal agency procurement officers and their contractors – where procurements will be made and recorded and shared with Congress.

This fits in with President Biden's Executive Order, federal government should procure from American businesses, [Executive Order on Ensuring the Future Is Made in All of America by All of America's Workers | The White House.](#)



## Rationale / Explanation (3)

**(3) For Section 9003: Biorefinery, Renewable Chemical & Bioproducts Manufacturing Assistance Loan Guarantee Program,** AFCC is requesting FY25 appropriation of \$25,000,000 consistent with the amount of discretionary funding provided for the Section 9003 program in the 2018 Farm Bill.

***Every project being developed – every one that is needed to provide jobs, economic stimulus and tax revenues for local communities, maintain the Nation’s global competitiveness, and mitigate the climate crisis – only can advance with infusions, sometimes large infusions, of funding so they can move through each Technology Readiness Level (TRL) and be commercialized and deployed.***

Some projects never reach the point where they can provide their benefits to society – which we will never know about or be able to enjoy – because they end up being unrealized dreams due to the lack of the money that was necessary for them to continue or, after advancing through each of the TRL levels, they cannot be commercialized and deployed because private sector lenders shy away from projects that incorporate first-of-a-kind technologies and innovations. There always is a risk that something that is new and never tried will fail. Most private sector lenders are unwilling to assume this risk.

**This is why the Department of Energy Title 17 and USDA’s Section 9003 loan guarantee programs are such critical lifelines for new technologies and innovations – by providing the bridge from final development to bankability and deployment, and assuming the risk of first-time deployments – so that first-of-their-kind projects can be built, placed in operation, and demonstrate their viability and, thus, reduce their risk, so that private sector lenders are willing to finance further deployments.**

The Section 9003 loan guarantee program, therefore, is a critical link to bankability, and to being able to provide the benefits of first-of-their-kind projects to the Nation.

The Section 9003 program has received mandated funding every year up through FY2021, even since it was first established in the 2008 Farm Bill. It’s mandated funding, however, ended in FY2020 and, due to the delay in enacting the next Farm Bill, has no funding for FY2024 and FY2025.

The Section 9003 program was able to continue operating from FY2021 through FY2023 because of repayments of loan guarantees and funds still on reserve in the Commodity Credit Corporation. However, its reserves have now expired.

AFCC is therefore requesting that \$25,000,000 be appropriated for FY2025 to ensure the program remains operational so that it can remain poised to provide its benefits to the Nation.





## Rationale / Explanation (4)

**(4) For Biomass Research and Development Initiative,** AFCC is requesting a FY2025 appropriation of \$20,000,000, consistent with the level of discretion funding provided for this program in the 2018 Farm Bill.

**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.

## Rationale / Explanation (5)

**(5) For Creating Incentives for Increased Use of Biomass from National Forest System Lands,** AFCC is requesting that at least of \$20,000,000 of the appropriated funds for the National Forest Service, State and Private Forestry program continue to be directed to hazardous fuel management and “Creating Incentives for Increased Use of Biomass from National Forest System Lands,” as provided in the Consolidated Appropriations Acts of 2022 and 2023 (see page 343, Consolidated Appropriations Act of 2023, P.L. 117-328).

This is the only Federal program to which funds have been appropriated to address the mandate in **“Policies Relating to Biomass Energy”** in Title IV (and Title VII) General Provisions, Policies Related to Biomass Energy in Secs. 428, 431, 432, and 439 of the FY2018-FY2023 Consolidated Appropriations Acts, 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 removing hazardous fuels – such as diseased, dying, and insect-infested trees and underbrush, fallen trees, residual materials from ecological restoration activities, and secondary, residual materials generated from timber sales, pre-*





*commercial thinning operations, and forest products manufacturing, including, but not limited to, small diameter branches and tree tops discarded by timber operations, slash piles, sawdust, wood chips, shavings, bark, sander dust, and trimmings, as well as materials from the control of hazardous fuels – to reduce 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.”*