

Policy Priorities for Alternative Fuels & Chemicals Coalition (AFCC) Energy Title IX and Forestry Title VIII

Modernizing Section 9002 Biomarkets Program (BioPreferred® Program)

Executive Order 14081, Advancing Biotechnology and Biomanufacturing Innovation for a Sustainable, Safe, and Secure American Bioeconomy, Sec. 6.

- Biobased Products Procurement needs to be added in the re-authorization of the Farm Bill, Section 9002 which provides direction to federal agencies in the implementation of the Biomarkets Program. The language in Section 6 of the E.O. 14081 should be added in the 2023 Farm Bill.

Recommended Measure

- 180 days from enactment of the 2023 Farm Bill, all federal agencies will provide quarterly procurement reports for renewable chemicals and biobased products or biomaterials.

NAICS Codes

- The 2018 Farm Bill directs the Secretary of Agriculture and the Secretary of Commerce to jointly develop NAICS codes for renewable chemicals and biobased products manufacturers. The next Farm Bill needs to have the NAICS codes directive with a timeline for its implementation by OMB.
- NAICS codes would track and report on the renewable chemicals and biobased products industry, determine the funding requirements from federal and state governments, track innovative activities in the sector, mitigate climate change, and capture the jobs created. Currently, production of renewable chemicals and biobased products have no tracking system, and the industrial biotechnology sector has no knowledge of its growth potential.

Recommended Measure:

- 180 days from enactment of the 2023 Farm Bill, OMB will provide a timeline for the creation of NAICS codes for renewable chemicals and biobased products.

Procurement Officers Designated for BioPreferred® Program

- There are changes requested in the implementation of the BioPreferred® Program, while encouraging the purchasing program of sustainable products, it is not operating the way Congress intended. Without sound sales numbers and procurement officers identified for

the program the supply chain for renewable chemicals and biobased products will continue to be broken. If the program were operating properly, it would be very successful. AFCC requests quarterly updates from USDA and other federal agencies to Congress and/or OMB for the procurement of renewable chemicals and biobased products written as a measure in the 2023 Farm Bill.

The BioPreferred® Program needs the label or certification to be modernized- Create Carbon Intensity Labels

- Showing that the renewable chemicals and biobased products are indeed sustainably sourced. Currently, the label shows a carbon content which is based on beginning of life, there is no end of life – the sustainability piece is missing on the label. Therefore, at a time of increased pressures on retailers, brands and manufacturers to reduce the carbon footprint of their consumer products, the label needs to show a carbon intensity (CI) score which will be determined by an international American Standard Test Method (ASTM). Today, the biobased products are being denied shelf space in large retailers' shelves, because the products are not considered sustainable. AFCC is working with ASTM on developing the CI score for biobased consumer products based on sound science and regenerative agriculture practices.
- Requesting increased funding from \$3 million mandatory funding to \$5 million for the BioPreferred® Program to support procurement officers and the development of modernizing the label which will give consumers confidence the products in the BioPreferred Program in Section 9002 of the 2023 Farm Bill, Energy Title IX, are sustainably sourced.

Recommended Measure:

- USDA and the other federal agencies identify six procurement officers in their respective agencies dedicated to the BioPreferred® Program.
- USDA and other federal agencies will report their renewable chemicals and biobased product purchases data, year-to-year product selling. This would include reporting spending related to supply contracts or direct purchasing via purchase cards, fleet cards, or catalog purchase. This will be enacted 90 days from the passage of the 2023 Farm Bill.
- USDA and all federal agencies within 90 days of enactment of the 2023 Farm Bill will provide a framework for the procurement of renewable chemicals and biobased products in the BioPreferred® catalog. And will provide quarterly updates to Congress or OMB for

purchase from the BioPreferred® catalogs, through distributors, and other sources.

- Modernize the BioPreferred® label to show the renewable chemicals and biobased products are sustainably produced by having the carbon intensity (CI) score on the USDA label through standard development such as ASTM. Within 90 days from the enactment of the 2023 Farm Bill, USDA and other federal agencies will work with stakeholders to establish a framework for the carbon intensity seal on its labels.
- Increased annual mandatory funding for the program from \$3 million to \$5 million for hiring procurement officers and modernizing the label in the USDA BioPreferred® Program.

Section 9003 Biorefinery Assistance Program for Renewable Chemicals and Biofuels

Grant Program

- Create grant program for the Biorefinery Assistance Program which will encourage innovation and generate jobs.

Modernize Section 9003

- Remove the cap for funding, currently at \$250 million, with the record inflation and the costs of construction, the current cap does not provide the requirements to start or complete projects for producers.
- Remove the two times a year opportunity to apply for the loan guarantee, it is April or October – if these months are missed, the producer needs to wait for another year to apply.
- Streamline the approval process – it is a tedious and slow process which can take more than 18 months to complete, and there is no guarantee of success, and therefore deters qualified applicants.
- Funding from this program promoting biobased manufacturing needs to occur at a quicker pace.

Funding for Section 9003

- Congress needs to expand its authority to five years funding for the biorefinery program instead of only two years as is in the 2018 Farm Bill. The 2018 Farm Bill expanded access to stand alone renewable chemicals manufacturing facilities, but without a full five years of funding the program, new innovative technologies and companies are prevented in capital in rural areas, which prevent job growth and economic growth in rural America.

Create Grant Program and Loan Guarantee Program for Composting

- Renewable and recyclable bioplastics and biobased packaging will provide key opportunities to fight against climate change. The next farm bill, Energy Title IX should have research grant programs showing that composting bioplastics and packaging can be tested and have proven to safely break down without any harm to the environment and can dramatically reduce the amount of food waste going into landfills.
- Incorporate composting as a conservation practice and activity, and thereby provide grants and loan guarantees for composting facilities and programs. Incorporate companion bills, *Compost Act, H.R.651 and S.179* in the 2023 Farm bill.

Recommended Measure:

- Expand the loan guarantee Program, Section 9003 from two years to full five years, and increase loan authority from \$50 million to \$250 million and higher per year for five years.
- Fund a 9003 grants program based on competitive matching grants (\$25 million matching) and technology readiness, having similar criteria as the 9003 loan guarantee program.
- Add composting in the loan guarantee program and a grant program.

Biomass Research and Development Initiative (BRDI) – Grant Programs

Supporting the Research and Pilot Scale Demonstration for New Biofuels and Renewable Chemicals

- Create research grants for new sustainable aviation biofuels, hydrogen, and renewable chemical from waste feedstocks and renewable natural gas. Generate a report showing these waste biomasses such as forest residuals can be used for high value products.

Recommended Measure:

- Mandatory funding of \$20 million for research grants.

Community Wood Energy and Wood Innovation Program in Forestry Title VIII

Define renewable biomass for RINs

- Amend the *Clean Air Act* to include national forest and forest residuals, sawmill dust, areas at risk of wildfire, as feedstocks for the production of renewable chemicals, biobased Products, and sustainable biofuels.

Recommended Measure:

- Mandatory funding of \$20 million.