

Tax Extenders Introduced in Congress

House Ways and Means Committee Chairman, Kevin Brady (R-TX) this week introduced a package of tax extenders. This is a comprehensive bill covering a variety of tax areas. Of particular note to the energy industry are the following:

- Retroactive reinstatement and phase out of the biodiesel and renewable diesel credits: The legislation proposes to reinstate both the income and excise tax credits for biodiesel and renewable diesel back to January 1, 2018 with a gradual phaseout and final termination of both credits on December 31, 2024. The credit would be \$1 per gallon through 2021, \$0.75 per gallon for 2022, \$0.50 per gallon for 2023 and \$0.33 per gallon for 2024.
- Retroactive one year reinstatement of the alternative fuel and second generation biofuel producer credits: both the alternative fuel and alternative fuel mixture credit are reinstated retroactively for one year with a termination date of December 1, 2018. The second generation biofuel producer credit is retroactively reinstated through 2018.
- Oil Spill Tax Extension: the federal oil spill tax which is set to expire on December 31, 2018 will be extended for one year through 2019.

It is perhaps most notable that unlike the alternative fuel credit which has merely been reinstated for one year and has an uncertain future, the biodiesel and renewable diesel credits are proposed to have a final termination. Should the legislation pass, there would be no uncertainty over the future of the credits – they will expire for a final time at the end of 2024. This bill was introduced immediately after the Thanksgiving recess and has yet to be considered in House. It needs to make its way through a lame duck Congress before any of these provisions become final.