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July 30, 2013

Honorable Max Baucus
Chairman
Committee on Finance
United States Senate
Washington, DC 20510

Honorable Orrin G. Hatch
Ranking Member
Committee on Finance
United States Senate
Washington, DC 20510

Re: Reform of the U.S. Tax Code and U.S. Energy Policies Impact on the U.S. Oleochemical Industry

Dear Chairman Baucus and Ranking Member Hatch:

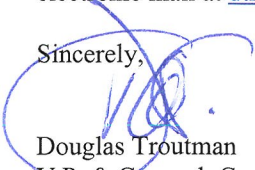
The American Cleaning Institute® (ACI) appreciates the Finance Committee's interest in stakeholder submissions regarding proposals to reform the U.S. tax code. ACI respectfully urges and requests that tax reform proposals include the elimination of all tax credits related to the energy use of animal fats including the biodiesel tax credits, (e.g., renewable diesel), as well as the alternative fuel tax credit for direct burning.

Oleochemicals are chemicals made from animal fat and seed oil commodities including fatty alcohols and fatty acids that have wide ingredient application in industrial and consumer cleaning products. The domestic oleochemical industry is the original "green chemistry" and provides direct and indirect employment for an estimated 25,000 people. ACI is the trade association representing the \$30 billion U.S. cleaning products market and oleochemical manufacturers. ACI members include the formulators of soaps, detergents, and general cleaning products used in household, commercial, industrial and institutional settings as well as companies that supply ingredients and finished packaging. ACI and its members are dedicated to improving health and the quality of life through sustainable cleaning products and practices, and its mission is to support the sustainability of the cleaning products industry through research, education, outreach and science-based advocacy.

Eliminating all tax credits and animal fats-based biofuels from qualifications under the Revised Renewable Fuel Standard (RFS2) would accomplish the important goal of restoring the trading of animal fat commodities to a free and open market. Current U.S. tax and energy policies severely distort market operations for animal fat commodities. Animal fats used for biodiesel, advanced biofuels and renewable biomass fuels are incentivized by the "American Jobs Creation Act of 2004" and other laws by tax credits of up to \$1/gallon. Federal biofuels policies, via tax incentives and the RFS2, provide an economic disadvantage to traditional uses. Biodiesel markets are also guaranteed by the mandates contained in the RFS2 established by the "Energy Independence and Security Act of 2007" (Public Law No. 110-140). The mandated markets under the RFS2 compound the situation by allowing biofuels producers to purchase their raw materials at any price since they can charge what is necessary to cover their costs because the mandated volumes must be purchased by blenders. Animal fats could still be used for biofuels, but they would have to be purchased at free market competitive prices and oleochemical producers would no longer be in competition with their own government's tax and energy policies.

Thank you for your attention and consideration of these comments; I may be reached at (202) 347-2900 or via electronic mail at dtroutman@cleaninginstitute.org.

Sincerely,



Douglas Troutman
V.P. & Counsel, Government Affairs

cc: Members of the Committee on Finance