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2. CHEMICALS:**Executives, former Pa. governor 'telling the bio-products gospel' on Capitol Hill**

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As experts warn that the United States is lagging in renewable energy markets, company executives and advocates are trying to gather support on Capitol Hill for legislation they say would provide tax parity to renewable chemicals.

The bill being prepared by Sen. Debbie Stabenow (D-Mich.) and Rep. Bill Pascrell (D-N.J.) would create a production tax credit for chemicals made from renewable sources like plants, algae and waste. It would fill what supporters say is a gaping hole in U.S. policy, which they argue is slowing potential growth in the industry and driving renewable chemical production overseas.

The lawmakers do not have a timeline yet for the bill's introduction, according to Pascrell's office. Advocates for the measure, though, are in full gear, making trips to Washington, D.C., to "troop around the hallways, telling the bio-products gospel and what's possible," according to former Pennsylvania Gov. Mark Schweiker (R).

Schweiker, who served as the Keystone State's governor from 2001 to 2003, is currently senior vice president at biomass-to-sugar company Renmatix and is among the legislation's top supporters. In an interview, Schweiker said he sees the production tax credit as a "rural America jobs creation program." He has been in D.C. several times to meet with members and leaders of both chambers of Congress and promote that message.

"What I love about our message is it's an intelligent, moderate message," Schweiker said. "The industry will grow with or without this measure. It's at what rate would you like to inspire. Obviously, with supportive tax measures, you would amass capital commitments more quickly than you would without it."

Similar legislation introduced by Pascrell last year would have provided a 15-cent-per-pound tax credit for production of eligible renewable chemicals for five years or until a cap of \$500 million was reached. The measure received support from the biotechnology industry, but it did not make it onto the House floor.

Supporters such as Schweiker and the Biotechnology Industry Organization -- which asked Schweiker and other industry executives to push for the bill on Capitol Hill -- say the United States continues to lack incentives that pull the market in the direction of renewable chemicals.

This week, a California-based think tank, the Milken Institute, released a report that warned the U.S. renewable chemicals industry was in danger of heading the same way as the solar industry -- to China and other countries overseas -- because of the lack of incentives ([Greenwire](#), March 6).

"Other nations are trying to lure innovative U.S. companies away by offering them significant incentives," Brent Erickson, executive vice president at BIO, said in an emailed statement. "Leveling the playing field for companies that are deploying renewable chemical technology here in the United States will ensure that biotech innovation continues to revitalize manufacturing and generate economic growth and new careers right here at home. Senator Stabenow and Congressman Pascrell have championed policies to support renewable chemical technology and we appreciate their foresight."

A company like Renmatix, which uses hot water and elevated pressure in a tubular reactor to convert biomass to sugars at a demonstration facility in Georgia, would not qualify directly for the tax credit, as it does not produce bio-based chemicals itself. But the fuel and chemical companies Renmatix sells its sugars to would receive a financial benefit.

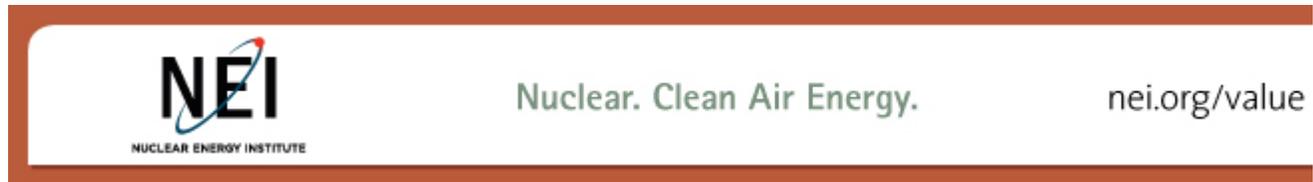
"Facilities open more quickly, residents of rural America can earn paychecks more quickly compared to some of the prognostications they had three years ago or six years ago," Schweiker said of conditions under a tax credit.

It's unclear whether the credit would pass. Despite the support, "we're swimming against the figurative tide of simplification of the tax code," said Schweiker, who prior to his position at Renmatix served as CEO and president of the Greater Philadelphia Chamber of Commerce.

But Schweiker said he thinks the legislation has support in the Senate and specifically among Democrats.

"It seems that on the Democratic side, there is a lot more interest in understanding the ins and outs and implications," Schweiker said. "House Republicans are certainly in an austere mood and not as willing. But I would not say that it's universal."

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