10.The Congressional Budget Office, Department of Defense, US Department of Agriculture, and others have determined that biodiesel is the low cost alternative fuel option for fleets to meet requirements of the Energy Policy Act.

Biodiesel Impact:

An important factor that is not usually considered when calculating the costs and benefits of industrial feedstock materials is the macroeconomic effect associated with domestically produced, renewable energy sources. Economic benefits of a biodiesel industry in the US would include value added to the feedstock (oilseeds or animal fats), an increased number of manufacturing jobs, an increased tax base from plant operations and income taxes, investments in plant and equipment, improvement of our trade balance, and reductions in health care costs due to improved air quality and greenhouse gas mitigation.

Biodiesel has positive impacts on the state economy. An Iowa State University study concluded that three economic benefits would accrue to state from biodiesel. First, biodiesel expands demand for soybean oil, causing processors to pay more for soybeans, In addition, soybean farmers near the biodiesel plant would receive slightly higher prices for soybeans; and third, the presence of a facility that creates energy from soybeans would add value to the state's industrial and income base.

Dr. Hayes concluded that, "If the state of Iowa were to mandate the use of a 20 percent biodiesel blend in its state vehicle fleet where feasible, the total additional cost of this policy would range from $400,000 to $500,000. If it could be shown that this policy would result in a new five million gallon biodiesel plant in the state, then the policy would create more new tax revenues than it would cost and would clearly be in the best interest of the state."

Biodiesel has positive implications for production agriculture. A 1996 economic study published by the USDA Office of Energy predicted that a modest, sustained annual market for biodiesel of 100 million gallons in the US would contribute approximately seven cents to the price of each bushel of soybeans produced in the US. Based on last years harvested crop, the increase could have resulted in more than $168 million directly to the use of biodiesel.

Biodiesel has a positive impact on the US balance of trade.A 1998 biodiesel lifecycle study jointly sponsored by the US Department of Energy and the US Department of Agriculture concluded that increased use of biodiesel and biodiesel blended fuels such as B20 would substantially benefit our economy. The report concluded that national spending to import petroleum sends significant amounts of dollars out of our domestic economy every year. Biodiesel offers the potential to shift this spending from foreign imports to domestically produced energy. The report notes:

> "With its ability to be used directly in existing diesel engines, biodiesel offers the immediate potential to reduce our demand for petroleum in the transportation sector."

Biodiesel contributes jobs to the local economy. Economic work conducted at the University of Missouri estimated the benefits of producing biodiesel in a metropolitan region. This study concluded that 100 million gallons of biodiesel production could generate an estimated $8.34 million increase in personal income and over 6,000 additional temporary or permanent jobs for the metropolitan region.1

References:

1.National Biodiesel Board