

Seeking Clarity on the 45Z Tax Credit

The RFA is committed to working with the Administration and Congress to secure clarity and certainty regarding the 45Z tax credit framework.

The Facts

- The 45Z Clean Fuel Production Tax Credit provision was created by the 2022 Inflation Reduction Act and, if properly implemented, has the potential to incentivize growth in low-carbon renewable fuels and innovation in production agriculture.

The Issue

- Unfortunately, the Biden Administration failed to complete the rule-making process for the 45Z tax credit, creating uncertainty in the future of the provision.
- While the 45Z initial guidance released by the US Treasury Department is a step forward, significant gaps remain that must be addressed to unlock the program's full potential. The current guidance includes overly restrictive prevailing wage requirements, falls short in integrating low-carbon agriculture practices, and fails to expand eligible feedstocks,
- Markets and businesses need clear, durable policy. RFA urges Congress and the Administration to provide certainty and stability around the future of the 45Z credit as quickly as possible.

The Solution

- The RFA urges Congress and the Administration to work together to establish a fair, transparent, and forward-looking fuel tax credit framework. Specifically, RFA urges the following improvements to the 45Z provision:
 - **Make PWA (Prevailing Wage & Apprenticeship) requirements more workable** for an established industry with stable employment and contractor relationships.
 - **Incorporate CSA practices and enable book-and-claim tracking** for better supply chain transparency.
 - If legislative changes are made, **Congress should extend the duration of 45Z** to encourage long-term investment in low-carbon fuel solutions.
 - **Ensure policy follows science** to maximize emissions reductions and innovation.