



**Subcommittee on Agriculture, Energy, and Trade
House Committee on Small Business
U.S. House of Representatives**

Small Business Innovators: On the Cutting Edge of Energy Solutions

**Testimony
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Chairman Tipton, Ranking Member Critz, members of the Committee, I am honored to be with you this morning and proud to report to this Committee and to this Congress that America's domestic advanced biofuels industry has moved from the beaker to the barrel, all in record time. And like most parts of our nation's economy, small business and American ingenuity are proving to be the engine driving our success.

The Advanced Biofuels Association represents over forty of our nation's and the world's leading advanced biofuels and advanced feedstock producers. Our members range in size from the large household name corporations to small and medium-sized companies. Since its inception, our Association has advocated for a level playing field when it comes to public policies, specifically calling for technology and feedstock neutrality, as well as parity in the form of any government support. Washington should not be in the business of picking winners and losers.

Many of our members specifically fit within the definitions of a small business found under the current law. In fact, I am delighted to be appearing with one of our members on this panel today: Mr. Ralph Tommaso of Greenworks Holdings--a company who is delivering renewable advanced gallons today.

The Association represents a wide range of technology platforms from synthetic biology and hydro-processing to gasification, to name just a few. Our members are also working on developing a wide range of feedstocks. Some are planting giant miscanthus, sugar beets and creating cellulosic sugars from woods, grasses or municipal solid waste, while others are planting new types of trees or growing algae to produce agricultural grade oils for refining.

The challenge for all companies large or small is to build and deploy the first of kind new innovative technologies which will produce these new advanced biofuels. In order to be successful these small business owners must manage the technology scale up risk, the volatility of commodity prices and the certainty of regulatory policy.

Before we discuss policy, let me start today by sharing some of the biggest success stories which have occurred over the last year. The Air Force has flown the F-16/Thunderbirds on a mixture of advanced biofuels, the navy has tested advanced biofuels in ships and vehicles, and the commercial sector has flown the first cross country flight on a blend of renewable jet fuel. We

have one member (Dynamic Fuels) producing a million gallons of renewable jet and renewable diesel a week, and have five members who have gone public. In addition, two Colorado member companies are preparing to deploy their innovative technologies in the near term.

Gevo, which will produce an isobutanol, a drop in, fungible fuel, will commission its 18 million gallon plant in June of this year in Luverne, Minnesota. While Sundrop Fuels is on target to break ground to build a 50 million gallon cellulosic gasoline plant in Louisiana this year.

As you can see from the membership base, there are significant opportunities to create jobs in rural America, both from the growing of the feedstocks to the deployment of the plants. To the point on innovation, you are seeing new fuels that can be blended in new ways with existing products--the opportunity to make new bioproducts and the possibility to grow new feedstocks which are more sustainable and more productive than existing options. These hold the ability to create an entire new set of opportunities for farmers and landowners.

Mr. Chairman, turning to policy, as you recognized in calling this hearing there are a significant number of small business people involved in this sector. Several of our members welcome the opportunity to participate in the various Small Business Administrative programs which call for matching funds and leveraging. One member company has been able to help leverage the pre-engineering cost with a matching contribution to assist in the building of a plant in Florida. Unfortunately, other companies have been unable to utilize the Small Business Administration's funding options as they utilized large partners or were supported by venture capital organizations of scale. I have been told this prevents them from being able to access most of the funds available.

Earlier I spoke about regulatory certainty. Nothing is more important to the small business owners and innovators than a consistent long term policy frame from which to build a business. For our sector the single most important policy component is the Renewable Fuels Standard, passed overwhelmingly in 2007 by a bipartisan Congress and signed into law by President Bush. Although it is not perfect, it is fundamentally important that the Congress continue to send a strong bipartisan signal of support for this policy if we wish to continue the remarkable progress and grow an advanced biofuels industry.

As for tax policy, it has been a mixed bag at best. Many of the existing provisions have already expired and some are crafted in such a manner that they are not as helpful to small business or create an uneven playing field across the sector. As this Committee was told last year by the National Small Business Association, "only 13% of the small business owners handle their taxes internally--meaning 87% are forced to pay an external accountant..." As you all know these are complicated and the current record of renewal has been on a piece meal basis for a number of years. This simply does not provide the certainty on which to build a business.

Mr. Chairman, the advanced biofuels industry is extremely innovative and has moved rapidly over the last five years. We believe we can and should be a fundamental part of an American energy policy that adopts a portfolio approach. As I have shared with you this morning, we are already starting to see advanced biofuels delivering on its promise of creating new jobs, and helping to strengthen our nation's economic and energy security. Thank you for the opportunity to testify before you today. I look forward to answering your questions.