



ENVIRONMENTAL  
ADVOCATES OF NEW YORK

# SUPPORTS



Key to Legislative Ratings:



Major Benefit



Substantial Benefit



Beneficial

## CELLULOSIC ETHANOL PRODUCTION TAX CREDIT

**S. 5389 (Wright)**

**A. 7570-A (Magnarelli, et al.)**

### Summary

This bill would provide a tax credit of 25 cents per gallon for the production of cellulosic ethanol. The credit would only apply to gallons produced after the first 40,000 gallons and the credit would be capped at \$2.5 million per taxpayer. Facilities would only be eligible for the credit during the first four years of operation.

### Explanation

There are two main sources of ethanol — ethanol made from plant seeds, with corn being the major source crop, and ethanol made from the stalks and stems of plants, which is called cellulosic ethanol. The return on the amount of energy that can be produced using cellulosic ethanol is potentially much higher than that of corn ethanol. Analyses conducted for U.S. Environmental protection Agency (EPA) show that by displacing petroleum fuels, the use of cellulosic ethanol could help decrease greenhouse gas emissions by a much greater degree than using corn ethanol. Also few pesticides and fertilizers would be required in the production of this feedstock, to which New York's climate is more suited to grow, than for corn.

Promoting this alternative fuel is no substitute for enacting polices to get people to drive fewer miles, but providing additional tax incentives for the manufacture of this alternative fuel holds promise. For these reasons:

**Environmental Advocates of New York supports this bill.**

**Memo 66**