

Statement by
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Release of *Homegrown Prosperity from the Bottoms Up*
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The increased cost of diesel fuel the past few years has generated a great deal of interest among farmers and ranchers within our rural communities to grow oilseed crops to be converted locally to biodiesel. Farm and community-scale biodiesel production would spark economic growth for rural communities, would provide fuel to power vehicles and machinery, and would supply a nutritional supplement for livestock.

As we explored the possibility of local biodiesel production, it became apparent that there were financial and legal obstacles to overcome. We found that laws governing the research and production of biofuels were directed toward large facilities producing over 15 million gallons per year.

Homegrown Prosperity from the Bottom Up has identified several areas where the current laws are inappropriate and create obstacles that need to be eliminated in order to gain the economic benefit of farm and community-scale biodiesel production.

First, we need consistent public policies that support establishing small scale renewable fuels facilities.

Second, public policies should create appropriate incentives, and remove unnecessary obstacles for farmers to grow oilseed crops for local production of biofuels.

Tax credits and other subsidies now flow mainly to oilseed crushers, and fuel blenders and distributors. Such credits are generally not strong incentives for farmers without sufficient income to use tax credits. Local biodiesel entrepreneurs and cooperatives should have access to appropriate incentives so they can compete on a level playing field with larger industrial plants.

Third, a portion of research and agricultural extension funding should be directed to support microprocessors and community-scale production. This includes:

- Helping find productive, safe uses of the byproduct glycerin;
- Devising adequate, readily accessible and affordable fuel tests for small processors making the product for self use; and
- Partnering with rural economic development agencies to support entrepreneurs and small cooperatives interested in making biodiesel.

Fourth, incentives need to reward biodiesel production that is integrated into sustainable agricultural practices and stewardship of soils and water. This would apply to small businesses or cooperatives that can grow and produce fuel while enhancing the production of primarily range-fed beef cattle, and also operations that encourage crop rotations on dryland grain farms. These practices promote conservation and stewardship as well as economic resilience and energy self-reliance.

And lastly, states and municipalities can help encourage and sustain a viable biodiesel industry by adopting renewable fuels standards that require the use of renewable fuels in their jurisdictions. It is an essential component that enhances the economic feasibility for the growers, the oilseed crushers, and the processors.

We urge federal and state officials to make a strong commitment toward helping stimulate rural economies by adopting policies that build a strong and lasting foundation for the establishment of small and community-scale biodiesel facilities throughout the region.

The Montana legislature has that opportunity now. The House is nearing a final vote on H.B. 416 that would exempt biodiesel made from used vegetable oil feedstock, from the special fuel tax. However, House Bill 415, that would remove legal and financial obstacles now faced by small biodiesel producers, is tied up in the Agriculture Committee. Its passage would encourage farmers and ranchers to produce their own sustainable fuel and become more self reliant.

I urge Montana residents to contact their House members and encourage them to support both H.B. 415 and 416.