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FUELS AND ENERGY

NACS Urges Congress to Reinstate Biodiesel Blenders' Tax Credit

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Mar 26, 2026



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Today, NACS, along with several other cosigners, sent a letter to Senate Majority Leader John Thune, Senate Minority Leader Chuck Schumer, House Speaker Mike Johnson and House Minority Leader Hakeem Jeffries, reiterating that the lapsed [40A biodiesel blenders credit, if reinstated](#), can work quickly and efficiently to control rising diesel prices across the supply chain, which effects the cost of virtually all consumer goods.

Biodiesel and renewable diesel are advanced biofuels that are generally produced from feedstocks such as soybean oil, recycled cooking oil or other animal fats. The U.S. Environmental Protection Agency (EPA) defines the two fuels as renewable fuels that emit at least 50% less lifecycle greenhouse gas emissions than fossil fuel alternatives. In many cases, biodiesel and renewable diesel reduce emissions by more than 70%.

The letter stated:

“On behalf of the America’s fuel retailers, distributors, trucking fleets and consumers, including the primary blenders of renewable fuels, our organizations urge Congress to immediately reinstate the biodiesel blenders’ tax credit under Section 40A of the Internal Revenue Code. At a moment when diesel prices are rising and supply volatility is threatening the broader

American economy, the 40A credit offers one of the fastest, most direct tools available to provide meaningful relief to consumers and the businesses that serve them.

Diesel is the lifeblood of the American supply chain. Virtually every consumer good that reaches a store shelf—groceries, medicines, building materials and more—arrives there on a diesel-powered truck. When diesel prices rise, the cost increase ripples across the entire economy, ultimately borne by American families at the register.”

In early 2025, [NACS and other organizations cautioned EPA](#) that, without reinstatement of the Section 40A credit, which lapsed at the end of 2024, diesel prices could be impacted by high Renewable Fuel Standard (RFS) volume obligations going forward. EPA is expected to announce the next round of RFS obligations soon, further amplifying the opportunity for reinstatement of the 40A credit.

Yesterday, in a move likewise aimed at blunting the effects of rising fuel prices, EPA announced an [emergency waiver under the Clean Air Act](#), lifting several federal fuel regulations with the goal of “allowing the production and distribution of gasoline with 9% to 15% ethanol content at a single common Reid Vapor Pressure (RVP) standard of 10 psi across the nation.”

According to the agency, the waiver “extends the ethanol blending limit in gasoline from 10% to 15%, reinstates the 1 psi allowance for ethanol blends in states where it was previously removed, waives Federal low volatility gasoline standards, and waives federal enforcement of all state ‘boutique’ fuel requirements for gasoline.”

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