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Tax Study: For Consumers, '40A' Delivers More Value than '45Z'

New research found that nearly 70% of the Biodiesel Blenders' Tax Credit flowed through the supply chain to consumers.

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A new [independent study](#) found the Section 40A Biodiesel Blenders' Tax Credit delivered significantly more value across the entire biofuel supply chain than its replacement, the Section 45Z Clean Fuel Production Credit. The study—commissioned by NACS, along with NATSO, representing America's travel centers and truck stops, and SIGMA: America's Leading Fuel Marketers—was completed this month by the GlobalData research and analytics firm.

The '40A' blenders' credit expired at the end of 2024 and was replaced in 2025 by the '45Z' production credit.

The report found that nearly 70% of the 40A credit value flowed through the supply chain to blenders and consumers, ranking it among the most consumer-friendly biofuel policies. By comparison, GlobalData found that as little as 20% of the 45Z credit value flows through the supply chain to blenders and consumers.

“The study's findings confirm what fuel retailers see every day: reducing fuel costs at the point of blending means greater savings at the pump,” said Matt Durand, deputy general counsel for NACS. “The 40A credit is a transparent and market-tested way to help lower diesel prices, delivering real value for American families and small businesses.”

The 40A blenders' credit of \$1 per gallon was a simple excise tax credit, eligible for all biomass-based diesel. The 45Z credit, by comparison, is a more complex income tax credit that varies based on greenhouse gas emissions and must be redeemed by producers against their annual tax filings.

When the 40A credit was in place, between 50% and 70% of its value passed to blenders and consumers. Under the 45Z credit, just 20% to 40% flows downstream, with producers retaining up to 80% of the value.

NACS urges Congress to quickly [reinstate the Biodiesel Blenders' Tax Credit](#). The policy represents a significant opportunity to help stabilize diesel prices and strengthen demand for renewable fuels, enhancing supply options and alleviating fuel price pressures driven by market volatility and geopolitical risks.

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