

December 14, 2011

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Senate Committee on Finance
Subcommittee on Energy, Natural Resources, and Infrastructure
Alternative Energy Tax Incentives:
The Effect of Short-Term Extensions on Alternative Technology Investment,
Domestic Manufacturing and Jobs
215 Dirksen Senate Office Building
Wednesday, December 14, 2011**

Chairman Bingaman, Ranking Member Cornyn, Senator Burr and Members of the Subcommittee,

On behalf of Novozymes and its 829 employees across America – from North Carolina and Iowa to California and Massachusetts– we thank you for the opportunity to submit testimony for the record.

Novozymes is a technology and science company; we respect and encourage both. We have more than 5,000 patents and 700 products at work in 130 countries: enzymes that remove trans-fats in food, lower the temperature needed to wash a consumer's clothes – and convert biomass, from switch grass or corn stover, into biofuels. Our technology saves consumers money and protects the environment for our children. Our North American headquarters is located in Franklinton, North Carolina and we are proud to help Senator Burr bring jobs and economic activity there.

Today, we are nearing completion of a new state-of-the-art enzyme manufacturing facility in Blair, Nebraska, a \$200 million investment in America's future. Our enzyme facility has already created 140 construction jobs and will bring 100 permanent jobs when it opens in 2012. In fact, 45 full-time employees are already at work. These are good-paying, sustainable jobs for families helping to create sustainable, domestic energy for our country.

We appreciate this subcommittee's inquiry into the types of tax incentives necessary to increase domestic alternative energy production and spur our economy. The impact of short term extensions for these incentives should not be underestimated.

First, I'd like to highlight: As our Blair investment demonstrates, we believe private industry drives America's economy and must provide the innovation and lion's share of capital to develop it. However, we also believe a strong partnership is vital to the success of any emerging industry, where the public sector provides consistent policy support to grow it.



American biofuels are a growing success story rooted in such a partnership. Today the American biofuels industry provides more transportation fuel to the U.S. market than we import from Saudi Arabia – or roughly 445 million barrels of imported oil a year.

The industry also built more than 200 biorefineries during a 20 year period in which much of the U.S. manufacturing base was being exported to foreign countries like China, Brazil and India – and that means jobs: construction, permanent and indirect jobs. In fact, biofuels has created an estimated 400,000 direct and indirect jobs in the United States, with 70,000 added in 2010 alone, according to the Renewable Fuels Association.

The Committee can continue to play a vital role in helping these technologies, and America's economy and energy policy, grow into the future by continuing to support the types of policies and incentives in place to incentivize the advanced biofuels and biobased products industries.

For example, immediate and long term extension of the Cellulosic Biofuels Producer Tax Credit (PTC) and the Special Depreciation Allowance for Cellulosic Biofuel Plant Property. Both of these provisions are, in addition to production incentives, cues to the private investment community of continued support of the advanced biofuels industry and bioeconomy. To enable the domestic development of this industry, its jobs and economic growth in the United States, Congress should provide long-term extensions of these provisions, ideally 5+ years. The cellulosic biofuels industry is just on the verge of commercial production, the impact of the production credit and depreciation allowance will be more significant going forward than ever before.

Another important provision for expanding the bioeconomy in the United States would be enactment of Senator Stabenow's bill, S. 1764, which explicitly includes biobased product manufacturing projects to the extension of the Section 48C tax credit for qualifying advanced energy manufacturing. US manufacturing of biobased products will provide the same economic, energy and national security and job growth benefits as advanced biofuels.

You are likely aware of a recent opinion piece in the *Wall Street Journal*. We know concerns persist as they would with any new industry. But smart policies like the Renewable Fuel Standard – and tax incentives like we are discussing today – provide Americans the best prices and choices at the pump. The *Journal's* piece fails to account for new technology which will improve efficiency, drive down costs and, therefore, favorably impact our ability to produce and deliver biofuels to market.

Despite a level of uncertainty for alternative energy policy, and an oil and gas industry that is able to count on their tax incentives and policies, the biofuels industry has accomplished significant advancements and innovations. If we have been able to achieve so much in so short a time with current uncertainties, imagine what we could do with more stability. We look forward to working with the Committee to find that stable ground.

As you know, Americans are looking for less expensive, domestically-produced and cleaner ways to fuel their cars and trucks. In a new University of Texas poll, Americans say their top two concerns are U.S. consumption of foreign oil and the country's progress in developing renewable energy. Innovation through science offers a way to do both. The technology is here and with continued public support, we can continue to provide viable, innovative solutions.

We appreciate the committee's focus on domestic energy production and hope your efforts will continue to help our industry save Americans money at the pump.

Thank you for the opportunity to submit testimony. We are happy to provide answers to any questions the Committee may have.

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