



**National Association of State Departments of
Agriculture**

4350 North Fairfax Drive
Suite 810

Arlington, VA 22203

Tel: 202-296-9680 | Fax: 703-880-0509

www.nasda.org

April 6, 2026

U.S. Internal Revenue Service
CC:PA:LPD:PR (REG-121244-23)
Room 5203 | P.O. Box 7604
Ben Franklin Station
Washington, DC 20044

Submitted via [Regulations.gov](https://www.regulations.gov)

Re: Section 45Z Clean Fuel Production Credit, IRS-2026-0133-0001.

To whom it may concern:

The National Association of State Departments of Agriculture (NASDA) appreciates the opportunity to provide comments on the Internal Revenue Service (IRS) and Department of the Treasury's (Treasury) proposed guidance for the 45Z Clean Fuel Production Credit.

NASDA represents the commissioners, secretaries, and directors of the state departments of agriculture in all fifty states and four U.S. territories. State departments of agriculture are responsible for a wide range of programs, including conservation, environmental protection, food safety, plant and animal disease prevention, and fostering the economic vitality of our rural communities.

Importance of 45Z Clean Fuel Production Tax Credit

NASDA supports efforts to increase production and consumption of biofuels in the U.S. and recognizes that the 45Z Clean Fuel Production Tax Credit (45Z) signals meaningful certainty for biofuel producers, which will in turn drive greater demand and market opportunities for farmers and ranchers across the country. NASDA supports opportunities for producers of all types of feedstocks to benefit from these downstream incentives, including crop-derived feedstocks using corn, soybeans, grain sorghum, canola, and more, as well as other key pathways such as biogas derived from animal manure. Whether these feedstocks are used to produce sustainable aviation fuel (SAF) or non-SAF transportation fuels, 45Z has the potential to deliver a significant impact to rural economies.

As a nonpartisan organization, NASDA commends the durability of 45Z, which was established by the Inflation Reduction Act of 2022 and built on by the One Big Beautiful Bill Act (OBBBA) of 2025. NASDA also commends the IRS and Treasury for taking this critical step to propose this guidance and clarify numerous positive elements of the credit.

Key Proposed Updates

NASDA supports provisions in this proposed guidance to prioritize feedstocks sourced from North America. At our 2025 Winter Policy Conference, NASDA members unanimously adopted policy supporting “federal biofuel tax policy that gives preference to the usage of domestic feedstocks for U.S. biofuel production and establishes appropriate testing, verification and recordkeeping requirements for imported used cooking oil (UCO) feedstocks.”¹ This is imperative to ensuring the benefits of this credit for clean fuel producers are passed along to domestic feedstock producers. As IRS and Treasury finalize this guidance, NASDA urges all parties to continue to provide greater certainty for U.S. feedstock producers.

Additionally, NASDA commends the exclusion of emissions attributed to indirect land use change (ILUC) for transportation fuel produced after December 31, 2025. This reflects NASDA’s perspective that U.S. producers are among the most sustainable in the world, supported by a robust system of voluntary and incentive-based conservation programs. As U.S. crop-derived feedstock producers continue to generate higher yields on reduced overall acres, they should not be subject to ILUC penalties.

NASDA is encouraged to see numerous provisions that better align with clean fuel production industry standards to provide greater certainty for those producers. Specifically, the proposed guidance amends the definition of “qualified sale” to include resales, addressing widespread concerns that previous guidance restricted 45Z eligibility only to sales for final use as a fuel. These and other measures in this proposed guidance will allow 45Z to better integrate into existing, efficient biofuel production practices.

Pending Methodology Updates

NASDA recognizes that 45Z represents the first time a federal U.S. tax credit has been based on the carbon intensity of a fuel. As a result, there have been and continue to be numerous technical considerations to work through, both for the IRS and Treasury in this proposed guidance and for the U.S. Department of Energy (DOE) Argonne National Laboratory as it pursues future updates to the Greenhouse gases, Regulated Emissions, and Energy use in Technologies (GREET) model (specifically the 45ZCF-GREET model for non-SAF transportation fuels, moving forward).

We urge the IRS and Treasury to continue to coordinate with DOE and the U.S. Department of Agriculture (USDA) to prioritize timely, science-based updates to 45ZCF-GREET that reflect real-world agricultural practices. This is critical to ensuring U.S. feedstock producers realize the benefits of 45Z.

We are grateful to see the proposed guidance acknowledge that a section 45Z-specific version of USDA’s Feedstock Carbon Intensity Calculator (FD-CIC) module is expected to be published and included in future DOE 45ZCF-GREET models in 2026. It cannot be overstated how important it is to account for carbon intensity adjustments associated with agricultural practices such as no till, reduced till, cover crops, and nutrient management.

NASDA members represent a diverse array of geographies, climates, and production practices. Therefore, it is important that the flexibility present in initial versions of USDA’s FD-CIC be maintained and that verified farm-level data that reflects meaningful differences between production systems be incorporated when possible. State departments of agriculture frequently

¹ https://www.nasda.org/wp-content/uploads/2025/02/Policy-Amendment_10_DomesticFeedstockTaxPolicy_CA_final-2.pdf

support the extensive networks of researchers, land-grant universities, and industry that are able to provide the most up-to-date emissions data for inputs and other factors. We believe future 45ZCF-GREET models should minimize overreliance on fixed assumptions whenever possible. We recognize the challenges that can accompany the systematic inclusion of third-party data, but urge consideration of a verification process that allows these models to better reflect real-world agricultural practices without precluding diverse participation through overly burdensome reporting requirements.

NASDA appreciates the proposed guidance's frameworks for updating emissions rate tables and the Provisional Emissions Rate (PER) processes. If these processes are maintained in a timely, predictable manner they will offer an important avenue for wider participation and broader benefits for U.S. feedstock producers. NASDA encourages all parties involved in these frameworks to consider the inclusion of a diverse range of eligible feedstocks, particularly those already in widespread use in biofuel production.

In addition to using the most up-to-date data for crop-derived feedstocks, it is equally important to account for science-based data for manure-derived biogas. The proposed guidance follows OBBBA directive to restrict negative emissions scores to manure-derived fuels, which only heightens the importance of DOE's utilization of existing data, such as that included in the most recent R&D GREET model, to better account for both species- and management systems-specific emissions.

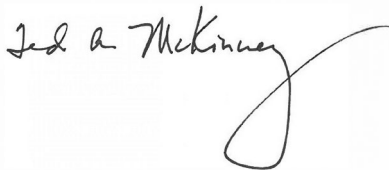
In all these pending methodology improvements, NASDA strongly encourages robust, timely, and predictable coordination with key stakeholders. State departments of agriculture stand ready to facilitate that exchange of information.

Conclusion

NASDA supports the meaningful updates to the 45Z Clean Fuel Production Credit included in this proposed guidance. Many of the provisions in this proposed guidance are key to ensuring agricultural producers and rural communities realize the benefits from this credit. As this process continues, NASDA encourages all participating agencies to continue to work with state departments of agriculture and other key stakeholders to prioritize timely flexible methodologies grounded in real agricultural practices.

Thank you for considering our comments on this critical issue.

Sincerely,

A handwritten signature in black ink that reads "Ted McKinney". The signature is fluid and cursive, with a long, sweeping tail that loops back under the name.

Ted McKinney
Chief Executive Officer
NASDA