

My name is Matt Frostic,

I am speaking today on behalf of the National Corn Growers Association and farmers across the country who are facing one of the most challenging economic environments in recent memory.

We appreciate the opportunity to provide comments on the implementation of the Section 45Z Clean Fuel Production Credit. NCGA represents more than 36,000 dues-paying corn growers in 48 states, and the interests of more than 500,000 farmers who contribute through corn checkoff programs in their states.

We appreciate the Internal Revenue Service's engagement on implementation of the Section 45Z Clean Fuel Production Credit, and we appreciate the Administration's larger commitment to supporting rural America, strengthening domestic energy production, and ensuring the long-term competitiveness of U.S. agriculture.

This Administration has already taken significant actions to provide relief during tenuous times for the farm economy. The Farmer Bridge Assistance Program, strong Renewable Fuel Standard (RFS) Renewable Volume Obligations (RVOs) have provided many growers with a chance to stabilize their finances and potentially secure a return on the 2025 crop. While those actions are meaningful, there are existential economic challenges that farmers continue to face.

Across much of farm country, projected production costs continue to exceed projected revenues. Input costs remain elevated, equipment costs are high and interest rates have increased the cost of financing. At the same time, commodity prices have continued to soften. Farmers are increasingly being asked to absorb greater risk

while operating on tighter and tighter margins. In this environment, market certainty and market expansion are paramount to farmers digging out of this hole.

That is why ethanol is so important. The ethanol industry is an essential economic driver for American agriculture. Ethanol helps create demand, support local grain prices and sustain jobs in rural communities. Additionally, they strengthen American energy security by relying on domestic feedstocks grown by American producers.

The Section 45Z Clean Fuel Production Credit has the potential to become one of the most important long-term demand drivers for agriculture in decades. For that potential to become reality, the regulatory framework must be finalized clearly, predictably, and quickly.

Today, farmers, biofuel producers, lenders, and rural businesses are all waiting for certainty. Without that certainty, investments are delayed, operational decisions are postponed and opportunities to expand domestic clean fuel production are put at risk.

From the perspective of farmers, there are three critical actions that need to occur in order for 45Z to function effectively and deliver on its intended purpose.

First, USDA's updated guidance and carbon intensity calculator must move through the approval process and be transmitted through OMB. Farmers need a scientifically grounded and workable system that accurately reflects the conservation practices already being implemented across rural America.

Second, the Department of Energy must incorporate USDA's updated FD-CIC model into the updated 45Z-CF GREET model. Consistency between agencies is essential. Farmers and fuel producers cannot operate effectively under conflicting methodologies or incomplete guidance.

Finally, Treasury and the IRS must formally recognize the ability of verified on-farm practices to reduce carbon intensity scores in a practical and workable way that does not distort planting decisions or disrupt existing grain markets.

Corn growers are already implementing conservation practices that improve environmental outcomes while strengthening the resilience of their operations. Practices like no-till, strip-till, and cover cropping improve soil structure, increase organic matter, improve water infiltration, and strengthen drought tolerance. These are real agronomic improvements with measurable outcomes.

During periods of excessive rainfall, healthier soils improve drainage and reduce crop damage. During drought conditions, improved soil health helps stabilize yields. Over time, these practices can reduce production risk and improve the long-term productivity of farmland.

However, implementing these practices is not free. Growers often face significant upfront costs. They may need to purchase new equipment. They may need to invest in specialized seed for cover crops. They often must adopt new management systems that require additional labor, planning, and operational risk. In many cases, the financial return on those investments is uncertain or delayed.

That is precisely why clear and durable 45Z guidance matters so much.

If farmers know that verified conservation practices will be recognized within the tax credit framework, they can make long-term investments with confidence. Lenders can underwrite loans with greater certainty. Biofuel producers can build supply relationships and rural economies can begin scaling these practices in a meaningful way.

Without that clarity, participation will remain limited. Farmers simply cannot make large capital decisions based on assumptions or temporary guidance that may later change.

This is also why Treasury's approach to supply-chain verification will be critically important.

To maximize farmer participation while preserving the efficiency of the existing grain handling system, Treasury should explore "book-and-claim" chain of custody systems.

America's grain marketing system is extraordinarily efficient because it allows crops from thousands of farms to move through a highly integrated network of elevators, processors, rail systems, and export terminals. Attempting to impose rigid physical segregation requirements across that system would create enormous logistical complications and could unintentionally exclude many farmers from participating.

A book-and-claim framework provides a practical solution. It allows verified environmental attributes associated with conservation practices to be tracked and transferred without requiring physical

segregation of every bushel throughout the supply chain. This preserves market flexibility while still ensuring accountability and verification. Most importantly, it creates a pathway for broad participation across rural America, including for small and medium-sized operations that may otherwise be unable to participate in a highly restrictive system.

As the IRS considers implementation of 45Z, we also encourage the agency to recognize the broader economic implications of this policy beyond the immediate fuel market.

The framework established through 45Z will likely shape future market opportunities for agriculture far beyond ethanol and sustainable aviation fuel. Increasingly, row crops are being used as feedstocks for bio-based chemicals, bio-plastics, bio-textiles, and other emerging industries. Many of those markets will also rely on carbon accounting systems and environmental verification frameworks similar to those being developed today.

In other words, the decisions being made now may establish the foundation for the next generation of value-added agricultural markets.

If implemented correctly, 45Z can help position American farmers to participate in a rapidly expanding bioeconomy while strengthening domestic manufacturing, expanding rural investment, and reinforcing American energy dominance.

American corn growers want to compete. They want to innovate. They want to invest in practices that improve efficiency and resilience. They need regulatory certainty to do that.

The Administration has repeatedly emphasized the importance of domestic energy production, supply chain resilience, and supporting American manufacturing and agriculture. A strong and workable 45Z framework directly advances those goals by expanding demand for American-grown feedstocks and supporting domestically produced fuels.

For many corn growers, this comes down to a very simple question: can they make long-term business decisions with confidence?

Can they invest in conservation practices knowing those investments will be recognized?

Can ethanol plants move forward with infrastructure investments knowing the rules will remain stable?

Can lenders provide financing knowing the regulatory framework is durable and workable?

Right now, many of those questions remain unanswered.

That uncertainty carries real consequences for rural America.

We respectfully urge Treasury, the IRS, USDA, DOE, and the White House to complete the remaining regulatory steps necessary to fully operationalize 45Z in a timely and practical manner.

Farmers are ready to participate.

Ethanol producers are ready to invest.

Rural communities are ready to grow.

But all of those stakeholders need clear guidance and long-term certainty in order to move forward confidently.

Done correctly, 45Z can help expand domestic fuel production, strengthen rural economies, improve soil health, create new market opportunities for agriculture, and reinforce America's position as a global leader in both agriculture and energy.

Thank you again for the opportunity to speak today. I look forward to continuing to work with the IRS and the Administration on implementation of this important policy.