



April 6, 2026

The Honorable Kenneth J. Kies
Assistant Secretary (Tax Policy)
U.S. Department of the Treasury
1500 Pennsylvania Avenue N.W., Room 3120
Washington, D.C. 20220

Re: Section 45Z Clean Fuel Production Credit (REG-121244-23)

Dear Mr. Kies:

The U.S. Chamber of Commerce (“Chamber”) welcomes the opportunity to comment on the proposed regulations regarding the clean fuel production credit in section 45Z of the Internal Revenue Code,¹ which were published in the *Federal Register* on February 4, 2026.² Enacted by the Inflation Reduction Act of 2022 (“IRA”)³ and amended by the One Big Beautiful Bill Act (“OBBBA”),⁴ section 45Z provides businesses an income tax credit for clean transportation fuel produced domestically after December 31, 2024, and sold by December 31, 2029.⁵ The proposed regulations would provide rules for determining such credits, including credit eligibility rules, emissions rates, and certification and registration requirements.

The Chamber commends the Department of Treasury (“Treasury”) and the Internal Revenue Service (“IRS”) for prioritizing the release of proposed rules under section 45Z that reflect stakeholders’ initial real-world feedback and respond to their urgent need for guidance. The proposed regulations would address a range of important substantive and procedural questions regarding the section 45Z credit and deliver some long-sought certainty to farmers, renewable fuel producers, and consumers. The following comments focus on two areas where Treasury and the IRS

¹ Unless otherwise indicated, all textual references to “section” herein are to the sections of the Internal Revenue Code of 1986, as amended (“Code”).

² Section 45Z Clean Fuel Production Credit, 91 Fed. Reg. 5160 (proposed on Feb. 4, 2026).

³ Pub. L. No. 117-169, § 13704, 136 Stat. 1818, 1997 (2022).

⁴ Pub. L. No. 119-21, § 70521, 139 Stat. 72, 276 (2025).

⁵ Section 45Z effectively consolidated and replaced an assortment of fuel-specific credits that expired at the end of 2024. *See* Cong. Resch. Serv., IF12502, The Section 45Z Clean Fuel Production Credit (updated Feb. 18, 2025).

should continue to liaise closely with other agencies, namely the U.S. Department of Agriculture (“USDA”) and U.S. Department of Energy (“DOE”), in implementing the OBBBA’s directives concerning the USDA Feedstock Carbon Intensity Calculator (“USDA FD-CIC”) and the DOE’s 45Z Clean Fuel Greenhouse gases, Regulated Emissions, and Energy use in Technologies (“45ZCF-GREET”) model. And in doing so, the Chamber respectfully urges Treasury and the IRS to issue final regulations that affirmatively recognize and support the development of an “all-of-the-above” approach to sustainable, biobased feedstocks, including those derived from waste streams, renewable energy sources, or biomass.

Leverage USDA Expertise on Feedstock Carbon Intensity

The section 45Z credit is available for producers of qualifying transportation fuels, including sustainable aviation fuel (“SAF”), renewable diesel, ethanol, renewable natural gas (“RNG”), biodiesel, and other liquid or gaseous fuels that meet strict lifecycle emissions thresholds and are produced and sold within the statutory parameters.

The preamble to the proposed regulations references a “beta version” of the USDA FD-CIC, which is currently undergoing testing, peer review, and public comment in preparation for publication of the final version.⁶ The Chamber fully supports the USDA’s efforts to create a system for on-farm practices. The preamble’s discussion of the USDA FD-CIC is a welcome reaffirmation that agricultural practices (e.g., no till, reduced till, cover crops, nutrient management) remain a viable path for producers seeking to lower their carbon intensity by leveraging the section 45Z credit.

The preamble explains that Treasury and the IRS expect to incorporate the final USDA FD-CIC as an input to the DOE’s 45ZCF-GREET model, which would be used for calculating carbon intensity adjustments for feedstocks produced using certain agricultural practices. The Chamber is supportive of Treasury and the IRS affirmatively reinforcing the principle that on-farm practices remain part of the section 45Z credit and urges them to work closely with USDA, DOE, and other relevant agencies to include this practical pathway for integrating those practices and other appropriate solutions into the carbon intensity calculations. Incorporating USDA’s codified FD-CIC methodology would apply the best and most current science for qualifying farm-level emissions. Accordingly, the Chamber encourages Treasury and the IRS (and DOE) to formally adopt USDA’s updated guidelines and the final USDA FD-CIC model in the final regulations under section 45Z.

⁶ 91 Fed. Reg. at 5172.

Implement OBBBA Directives on Distinct Emissions Rates

In establishing the proper emissions rate to be used by taxpayers for purposes of determining their section 45Z credits, section 45Z(b)(1)(B)(i) directs Treasury to annually publish a table setting forth the emissions rates for similar types and categories of transportation fuels based on the amount of lifecycle greenhouse gas emissions for such fuels. And consistent with the OBBBA's mandate to incentivize agricultural innovation, section 45Z(b)(1)(B)(v) generally provides that for any transportation fuel derived from animal manure and produced after December 31, 2025, a distinct emissions rate must be provided with respect to such fuel based on the specific animal manure feedstock (e.g., dairy, swine, poultry manure). Congressional tax-writers have emphasized that providing specific rates for such manure feedstocks within the 45CF GREET model is essential to turning traditional liabilities into viable income-producing investments for livestock producers.⁷

If properly implemented, this requirement to provide distinct emissions rates for specific animal manure feedstocks will yield more accurate emissions rates for RNG produced from dairy, swine, and poultry manure feedstocks than those used in the current 45ZCF-GREET model while enhancing the fairness of the section 45Z credit values associated with RNG. The approach used in the current 45ZCF-GREET model unfairly penalizes producers and consumers of RNG derived from feedstocks with very low carbon intensity scores, such as dairy manure. Providing distinct emissions rates for these feedstocks, as Congress directed, will ensure that credit values associated with those fuels are commensurate with the significant long-term investments required to produce them. The Chamber strongly supports Treasury and the IRS's interagency work with USDA and DOE to fully—and expeditiously—implement this important directive.

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⁷ See Letter from Joni K. Ernst, U.S. Sen., and Mariannette Miller-Meeks, U.S. Rep., to Scott Bessent, Sec'y of the Treasury, et al. (Mar. 12, 2026), <https://www.ernst.senate.gov/imo/media/doc/letter-to-treasury-doe-and-usda-on-45z-guidance.pdf>.

The Chamber appreciates the opportunity to comment on the proposed section 45Z clean fuel production credit regulations. We applaud Treasury and the IRS for their responsive, interagency approach to producing these rules, and we encourage you to remain engaged with industry stakeholders in reviewing these comments and finalizing the regulations. In the meantime, we would welcome the opportunity to discuss our comments with you or your colleagues in further detail and provide whatever additional information you may require. Please contact Sarah Corrigan, the Chamber's Tax Counsel, at (202) 680-8008 or SCorrigan@USChamber.com. Thank you for your time and attention.

Sincerely,

A handwritten signature in blue ink, appearing to read "W. M. McLeish", with a long horizontal flourish extending to the right.

Watson M. McLeish
Senior Vice President, Tax Policy
U.S. Chamber of Commerce