Backgrounder: MN SAF Tax Credit Proposal

The proposal before the legislature will maintain Minnesota's competitiveness, create certainty producers need, and reward producers making the lowest-carbon sustainable aviation fuel (SAF).

Provision	Benefits
Additional funding for the MN SAF Tax Credit at $5.3 Million dollars per year for FY 2027 and FY 2028 or $10.6 million total	**Maintains Minnesota leadership** while states like Michigan, Iowa, and Wisconsin, among others, consider SAF incentives
Extend the credit from 2030 to 2035, and put $2.1 million in the base budget each year from FY 2029-2035	**Provides certainty that** producers need to make multi-million dollar capital investments
Encourage ultra-low carbon SAF by increasing the tax credit by $0.02 per gallon for each additional percentage carbon intensity reduction beyond 50 percent, up to $0.50 per gallon	**Environmental benefits** higher tax credit for a better carbon intensity (CI) score; SAF produced with the lowest carbon has the lowest environmental risk

In addition, the proposal contains **policy language creating environmental guardrails** that were negotiated between a unique coalition of stakeholders from environmental, agricultural, and forestry groups; airlines; business and economic development organizations; and others (pictured below). The guardrails define eligibility for the incentive:

- Only domestic U.S. feedstocks (e.g. agricultural and forestry products like corn, soy, agricultural waste, woody biomass, mill residuals, municipal solid waste) be used to make eligible fuel
- Agricultural feedstocks must be grown on land cultivated before the federal Renewable Fuel Standard was enacted in 2007 to qualify
- SAF produced with carbon capture and sequestration only qualifies for the credit if the carbon is permanently stored underground, rather than used for enhanced oil recovery (EOR)
- Explicitly clarifies that SAF made with green hydrogen is eligible for MN tax incentives

Broad coalition of supporters

Supporters include Clean Energy Economy Minnesota; Fresh Energy; Gevo; Great Plains Institute; Friends of the Mississippi River; Minnesota AgriGrowth Council; Metropolitan Airports Commission; Minnesota Biofuels Association; Minnesota Building Trades; Minnesota Chamber of Commerce; MN Corn Growers; Minnesota Environmental Partnership; Minnesota Farm Bureau; Minnesota Farmers Union; Minnesota Forest Resources Council; Minnesota Forest Industries; Minnesota Pipe Fitters; Minnesota Timber Producers Association; MN Soybean Growers Association; Minnesota Building Trades; The Nature Conservancy; University of Minnesota; Twelve; and other companies collaborating via the MN SAF Hub.