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The Honorable Ann Rest  
Chair, Taxes Committee  
Minnesota Senate  
95 University Avenue West  
Saint Paul, MN 55155

Chair Rest and Committee Members,

Fresh Energy is a more than 30-year-old nonpartisan, non-profit advocacy organization that shapes and drives bold policy solutions to achieve equitable, carbon-neutral economies by 2050. We are writing today regarding Senate File 1312, which seeks to increase funding for the Sustainable Aviation Fuel (SAF) Tax Credit through 2029.

Aviation accounts for nearly 10 percent of greenhouse gas emissions from the transportation sector in the United States, according to the U.S. EPA.<sup>1</sup> With emissions from aircraft on the rise, governments and major domestic and international airlines are urgently seeking ways to reduce aviation industry emissions through low-carbon fuel pathways that can benefit communities, mitigate climate impacts, and drive business development.

Minnesota is an ideal location for SAF development due to its abundant feedstocks, existing infrastructure, and strong market demand, as well as its demonstrated commitment to clean energy and environmental sustainability.

But the choices we make *now* about Minnesota's SAF marketplace will have an impact for decades to come. For these reasons, Fresh Energy believes a nuanced approach to SAF development and production is essential and co-developed [guiding principles](#) in July 2024 to make sure that our burgeoning SAF industry not only provides an economic boon to our business and agricultural sectors, but also invests in the lowest-carbon fuels while improving water quality and providing other environmental benefits. These principles include:

- Ensuring cropland emissions assumptions and reduction goals are rooted in science.
- Defining "sustainable" to include air, water, biodiversity, and clean energy — not just a carbon intensity score.
- Prioritizing and investing in sustainable aviation fuels that lean into regenerative agriculture, including an emphasis on significantly lower-carbon, innovative feedstocks such as winter oilseeds, which also have huge benefits for water quality and biodiversity.

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<sup>1</sup> U.S. Environmental Protection Agency, "[Fast Facts on Transportation Greenhouse Gas Emissions](#)," accessed February 25, 2025. Data shows aviation comprising 9% of the U.S. transportation sector emissions in 2022.

- Leveraging SAF's role in the energy transition to bolster rural communities while addressing the persistent environmental, economic, and racial injustice and inequity in our agriculture and energy systems.

This legislation is an opportunity to better align our state's financial incentives with the long-term outcomes we want from a flourishing Minnesota SAF industry. **In particular, we strongly urge lawmakers to incentivize cleaner SAF pathways by tying the tax credit amount to a fuel's greenhouse gas reduction potential (e.g. carbon intensity score)**, similar to what the Governor's budget recommendation calls for and how Washington state's SAF tax credit has been designed.<sup>2</sup>

Doing so will ensure that fuel pathways like Power-to-Liquid<sup>3</sup> – which have among the lowest carbon intensity scores and therefore greatest potential for deep greenhouse gas reductions, but which are in earlier stages of commercial development – are being invested in *now* to ensure successful, at-scale production in the near future. Tying SAF financial incentives to carbon intensity in this way has been identified as a best practice by the International Council on Clean Transportation, alongside inclusion of sustainability safeguards and policy longevity.<sup>4</sup>

Building a SAF industry in Minnesota offers a sweeping opportunity to lower emissions, promote equitable economic growth, and lead the nation in a transition to a decarbonized economy. But investing in SAF without optimizing climate and environmental benefits risks undermining our greenhouse gas reductions and sustainability goals.

**Minnesota can demonstrate a best-in-class approach to sustainable SAF market development by prioritizing the lowest carbon fuel pathways derived from Minnesota-grown regenerative cropping systems and Minnesota-generated carbon-free energy.**

For these reasons, Fresh Energy strongly urges that any increase in the SAF tax credit also incentivizes cleaner, less mature SAF fuel pathways like Power-to-Liquid by increasing incentive levels for fuel pathways with lower carbon intensity scores that offer the greatest reductions in greenhouse gas emissions.

Sincerely,

Anjali Bains  
Managing Director, Transportation  
Fresh Energy

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<sup>2</sup> See page 45 of the 2026 – 2027 Governor's [Biennial Budget Recommendations for Agriculture](#). Washington state set a SAF tax credit amount of \$1/gallon for fuels achieving at least a 50% reduction in greenhouse gases than conventional jet fuels, with \$0.02 for each additional 1 percent reduction in greenhouse gas emissions beyond 50%, up to a cap of \$2/gallon ([link here](#))

<sup>3</sup> Power-to-Liquid (also known as Power-to-Jet and Power-to-X) uses renewable electricity, water, and captured carbon dioxide to create a liquid fuel with lower greenhouse gas emissions than conventional jet fuel.

<sup>4</sup> International Council on Clean Transportation, "SAF Policy Scorecard: Evaluating State-Level Sustainable Aviation Fuel Policies," published November 2024 (working paper) at [page 10](#).