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The Honorable Ann Rest
Chair, Taxes Committee
Minnesota Senate, Capitol Room 328
75 Rev. Dr. Martin Luther King Jr. Blvd.
Saint Paul, MN 55155

Dear 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 in support of the A4 amendment to Senate File 2374, which seeks to increase funding for the Sustainable Aviation Fuel (SAF) Tax Credit through 2035 and clarify eligibility for the credit. We appreciate being part of the robust dialogue between the state, businesses, and advocates over the past month on these amendments, and thank lawmakers for including them.

Aviation accounts for nearly 10 percent of greenhouse gas emissions from the transportation sector in the United States, according to the U.S. EPA.¹ 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.

The amendments offered in Senate File 2374 are crucial to better aligning our state's financial incentives with the long-term outcomes we want from a flourishing, clean Minnesota SAF industry. In particular, we support:

¹ 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.

- Clarifying the definition of SAF to allow fuels derived from gaseous carbon oxides and clean hydrogen, which is essential to incentivizing Power-to-Liquid SAF which has the most potential for at-scale, deep climate emissions reduction to meet state and international climate goals
- Incentivizing the cleanest SAF pathways by including a \$0.02 adder to the base tax credit amount as a fuel's greenhouse gas reduction potential (e.g. carbon intensity score) improves²
- Excluding SAF pathways that result in enhanced oil recovery from being eligible for Minnesota's SAF Tax Credit

The first two in particular will ensure that fuel pathways like **Power-to-Liquid**³ – which has among the lowest carbon intensity scores and therefore greatest potential for deep greenhouse gas reductions, but which is 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.⁴

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. To realize this vision, amendments like the A4 are necessary to optimize the climate and environmental benefits of SAF in Minnesota.

Sincerely,

Anjali Bains
Managing Director, Transportation
Fresh Energy

² This aligns also with Washington state, which 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](#))

³ Power-to-Liquid (also known as Power-to-Jet and Power-to-X) uses renewable electricity to power electrolyzers that split water to create green hydrogen. This green hydrogen is then combined with captured carbon dioxide to create a liquid hydrocarbon fuel with lower greenhouse gas emissions than conventional jet fuel.

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