



Ohio Soybean Association Policy Update February 2025

National Policy Updates

Biofuels - Shortly before leaving office, the Biden Administration Treasury Department released a notice of proposed guidance on administration of 45Z tax credit for clean fuel producers. The guidance was coupled with an updated GREET model from the Department of Energy (DOE) and a proposal from USDA on how to account for climate-smart agriculture as biofuel feedstocks. However, the issue remains very unclear because the Treasury notice was never published in the Internal Revenue Bulletin, the weekly publication in which IRS announces official rulings.

Soy biofuels did achieve major wins in the guidance. Most notably, the guidance notes that Treasury and IRS are concerned about used cooking oil imports and their validity. Because of this, UCO imports will not be eligible for the tax credit under the 45ZCF-GREET model published by DOE and are only eligible through the CORSIA model for sustainable aviation fuel production. OSA has been arguing for months that fuels made with foreign feedstocks should not be credited.

USDA's rule includes guidance for climate-smart agriculture practices for soy, corn, and sorghum. In addition to no-till and cover crops, which were included in sustainable aviation fuel (SAF) tax credit guidance last year, USDA has expanded the list of eligible practices to reduced till and no-till, nitrification inhibitors, and timing of nitrogen application, although the latter is not available to soy. Treasury indicated that "one or more" of these practices could be calculated in emissions reductions, meaning practices are not required to be "bundled" as they had for the 40B SAF tax credit.

Administration Transition:

- **Immigration** - President Trump has taken an immediate, hard stand on immigration and border policy, issuing sweeping reforms to deport undocumented immigrants, redefine birthright citizenship, and broaden the authority of the Department of Homeland Security.
- **Trade** - Less than 48 hours after signing executive orders to place 25% tariffs on Canada and Mexico President Donald Trump has delayed the new tariffs at least 30 days after speaking with both countries' leaders. President Trump indicated he secured commitments to bolster border security. The President has also imposed additional tariffs of 10% on Chinese imports.





- **Climate** - The incoming Trump administration has stopped payments to at least one major climate-smart commodities project, raising questions about whether farmers across the country will be reimbursed for practices they implemented under the \$3 billion [Partnerships for Climate Smart Commodities](#) initiative.
- **Federal Funding** - The administration issued and then rescinded an order to pause federal grants, loans and other financial-assistance programs. The about-face came a day after a federal judge temporarily blocked the directive. While the original order offered little detail about which programs would have been impacted by the temporary pause in funding, it likely would have affected several USDA programs.
- **Health** - Trump's nominee for Secretary of Health and Human Services (HHS), Robert F. Kennedy Jr., sat before the Senate Finance Committee and Senate Health, Education, Labor, and Pension (HELP) Committee for his confirmation hearings the last week of January. In an exchange with Sen. Roger Marshall of Kansas, Mr. Kennedy said he believes that current agricultural growing practices should change.
- **Cabinet Confirmations:** Treasury Secretary Scott Bessent, Interior Secretary Doug Burgum, Transportation Secretary Sean Duffy, Defense Secretary Pete Hegseth, Homeland Security Secretary Kristi Noem, CIA Director Jon Ratcliffe, Secretary of State Marco Rubio, EPA Administrator Lee Zeldin, Energy Secretary Chris Wright have all been confirmed by the Senate. Brooke Rollins as Agriculture Secretary is expected as early as the first week of February.



Senator Roger Marshall and RFK Jr.

Energy – President Trump withdrew the U.S. from the Paris climate agreement and declared a “national energy emergency” to broaden oil leasing both on- and offshore and to tap the strategic petroleum reserve. In this executive order, President Trump does include biofuels in the definition of energy. Trump also compelled the Army Corps to utilize emergency permitting to the “fullest extent possible” to bypass Endangered Species Act reviews and speed up energy projects—an action that could kickstart pipeline projects throughout farm country. In addition, Trump ordered the elimination of the “electric vehicle mandate,” which essentially revoked the non-binding goal set by the Biden administration that EVs make up half of new car sales by 2030. What will be impactful from this order, however, is the termination of the federal waiver for California to phase out cars with internal combustion engines by 2035.

Trade - Trump directed USTR, Treasury, and Commerce to complete a comprehensive overview of all trade agreements and laws the U.S. is engaged in to identify any deficiencies, unfair practices or negative impacts on the U.S. The president requested reports on the country's annual trade deficits; antidumping and countervailing duties laws; establishing an External Revenue Service to collect tariffs, duties and other foreign trade-related revenues; the impact of USMCA; the China Phase One deal; and the



results of the four-year necessity review of the China 301 tariffs, among others. The reports are due to the president by April 1. Notably, USDA was not included in the list of agencies to engage in this review.

Ohio Policy Updates

State Budget – Governor DeWine has unveiled [his proposal for the state operating budget](#) which includes spending \$30 billion in General Revenue Funds (GRF) for Fiscal Year 2026, an increase of 2.4% over the current year, and \$30.9 billion (2.8% increase) in FY27. Office of Budget & Management Director Kimberly Murnieks said GRF tax revenues are projected to grow by about 4% from FY25 to FY26 and by over 3% from FY26 to FY27. Those increases come despite indications from budget experts that revenues would be tighter. OSA is evaluating the proposal's funding levels for Agricultural Research and Development, Extension Services, and various programs within the Department of Agriculture as well as the Department of Natural Resources and the Environmental Protection Agency. The House will introduce the budget in bill format in the coming weeks and has a target to pass their version of the bill by early April before the measure would be considered by the Senate.

State Tax Revenue – Ohio Office of Budget and Management

(Dollars in Millions)	Actual			Estimated	Forecasted	
	FY 2022	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027
Current Law GRF Tax Revenue	\$28,152.5	\$28,915.7	\$27,944.5	\$28,442.8	\$29,619.6	\$30,581.9
Current Law Annual Growth Rate	6.4%	2.7%	-3.4%	1.8%	4.1%	3.2%

Energy Legislation – Since December, House Speaker Matt Huffman (R-Lima) and Senate President Rob McColley (R-Napoleon) have both foreshadowed future legislation to address energy generation and distribution challenges facing the state. On Jan. 23, Capitol Square got their first look at the House version of this promised legislative package to overhaul utility regulation. Included in HB15 are provisions to:

- Repeal the "legacy generation resource" mechanism lawmakers used to extend Ohio Valley Electric Corp. cost recovery through a 2019 energy law (HB 6 Track of 2019).
- Require electric distribution utilities to establish standard service offer prices for retail generation service through market-rate offers, eliminating the electric security plan option.
- Bar electric distribution utilities from owning generation or bidding into wholesale markets using ratepayer funds.
- Transferring Tangible Property Taxes from generating facilities onto the transmission and distribution systems.



- Establish a Consumer Choice Billing Program under the Public Utilities Commission of Ohio Track that permits competitive suppliers to consolidate billing for retail services and aims to enhance consumer protection and increase competition.

OSA has no position on the bill at this time, but will be evaluating the provisions' impacts before deciding on any position.

H2Ohio – Administration officials are refraining from proposing an increase in budget support for ongoing H2Ohio efforts for the first time in the program's history. Since the water quality initiative's inception in 2019, H2Ohio agencies have used their initial budget request to propose ratcheting up funding as the program gained momentum and expanded its scale. In contrast to recent cycles, agency requests filed with the Office of Budget & Management propose to hold steady at \$270 million in H2Ohio support for the FY2026-2027 operating budget.

Committee Assignments – Both chambers have announced the committee assignments for the 136th GA. Highlighted below are the committees that tend to carry the most agriculture related legislation:

- **House Agriculture** - Rodney Creech (Chair), Johnathan Newman (VC), Joseph Miller (Ranking Member)
- **Senate Agriculture and Natural Resources** – Tim Schaffer (Chair), Kyle Koehler (VC), Paula Hicks-Hudson (Ranking Member)
- **House Energy** – Adam Holmes (Chair), Roy Klopfenstein (VC), Chris Glassburn (Ranking Member)
- **Senate Energy** – Brian Chavez (Chair), Al Landis (VC), Kent Smith (Ranking Member)
- **House Finance** - Brian Stewart (Chair), Mike Dovilla (VC), Bride Rose Sweeney (Ranking Member)
- **Senate Finance** – Jerry Cirino (Chair), Brian Chavez (VC), Paula Hicks-Hudson (Ranking Member)
- **House Ways & Means** – Bill Roemer (Chair), David Thomas (VC), Daniel Troy (Ranking Member)
- **Senate Ways & Means** – Louis Blessing (Chair), Kristina Roegner (VC), William DeMora (Ranking Member)