RETURN®

EARN MORE FOR YOUR CROP WITH 45Z

Understanding the new tax credit—and how it can help your farm compete.

Inside the guide, you'll find:

- A plain-language breakdown of what Section 45Z is
- Exactly what documentation buyers will ask for
- Direct links to USDA tools and calculators
- A checklist to help you track, measure, and prepare
- Local buyer contacts already sourcing low-CI grain

What is Section 45Z—What It Means for Your Operation

Section 45Z is a new clean fuel tax credit that directly rewards low-carbon farming. Starting in 2025, biofuel producers earn more money when they buy grain with a lower carbon footprint. If your farming practices help reduce emissions—through smarter nutrient use, cover crops, or reduced synthetic use—your grain becomes more valuable. That's a real opportunity to get paid more for the crops you're already growing.

Are you taking advantage of 45Z?

As of January 1, 2025, Section 45Z is officially live—and fuel buyers are already evaluating how your grain is grown.

This new federal tax credit pays biofuel producers for creating low-carbon transportation fuel. The lower their carbon intensity (CI), the bigger their payout. That's where your farm comes in: how you grow your corn and soy could directly affect their credit—and how much they're willing to pay.

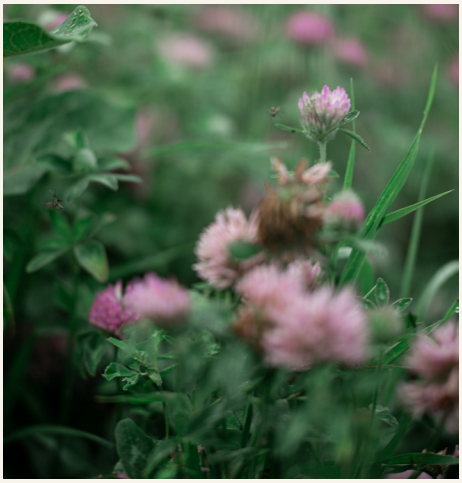
In short, lower-carbon grain is now worth more.

If your operation uses practices that reduce emissions—like no-till, cover cropping, or poultry litter instead of synthetic N—you've got something buyers want. And unlike complex carbon markets, this is a straightforward path to premium pricing that's aligned with your grain sales.

What qualifies?*

These USDA-recognized practices directly reduce your CI score under Section 45Z:

- No-till or reduced tillage
- Cover cropping
- Precision nutrient management (right rate, time, place)
- Reduced synthetic nitrogen use (e.g., skipping fall N, split applications, or using nitrification inhibitors like nitrapyrin, DCD, or DMPP)
- Crop rotation (with documentation)



These practices aren't just good for the earth, they're good for business. They build organic matter, improve yields, cut input costs, and now they open the door to premium contracts.

**While not yet included as aninput in USDA's CI calculator, poultry litter plays a key role. It reduces synthetic nitrogen use, adds organic matter, and contributes soil carbon—helping to lower your farm's overall CI when combined with the above practices.*

How to Track & Measure Your Practices

1. Tillage, Cover Crops & Crop Rotations

Start weekly logs or digital notes of field operations: dates, fields, and practices. Remote-sensing data show that fields with consistent no-till and cover crops over multiple years sequester more carbon—up to ~1 ton C/ha/year when combining practices (source: Bayer ForGround, Frontiers in Sustainable Food Systems).

2. Soil Testing & Health

Yes—soil tests do count. Use standard tests (N–P–K, pH, organic matter) from labs like Cornell, Midwest Labs, UMN, MDOT and more—and consider advanced options like CO_2 burst to gauge biological activity. Track results annually to show building soil carbon and fertility over time.

3. USDA Feedstock CI Calculator

The USDA's beta version of the Feedstock Carbon Intensity Calculator lets you input data—tillage, cover crops, nitrogen rates—to estimate farm-level CI. Keep your spreadsheet or screenshots—it's solid documentation for buyers.

How to Evaluate Your Inputs (e.g., Poultry Litter)

1. Nutrient & Organic Matter Value

Poultry litter offers slow-release N (30–80%) plus P, K, and micronutrients—plus organic matter – that builds soil health. Compare nutrient map results from soil testing (pre- and post-application) to quantify yield benefits and cost savings against synthetic fertilizers.

2. Carbon & GHG Impact

Studies show combining no-till and organic amendments can sequester ~1 t C/ha/year. Midwest poultry litter adds organic carbon that supports lower CI scores—something reflected in USDA's CI tool.

How to Position Grain for Premium Pricing

Buyers are actively chasing low-CI feedstocks—but what numbers should farmers aim for?

- Carbon reductions from combined practices often range between 10–30%, which translates to real value under 45Z.
- The USDA CI tool gives you an estimated CI score—share that with buyers as a competitive advantage.
- To research current premiums, check:
- Ethanol plant pricing announcements (e.g., Highwater Ethanol in Lamberton)
- Regional grain bid sheets—look for terms like "Low-CI" or "sustainably grown"
- Local elevator or cooperative publications

When you bring:

- Certified CI estimate (via USDA calculator),
- Soil test improvements,
- Records of conservation practices—you're offering transparency and value that fuel buyers are starting to pay for.

Summary – Tracking, Input, Pricing

Step	What to Document	How to Demonstrate Value
1. Track Practices	Operation logs, soil tests, USDA CI outputs	Show multi-year improvements in soil carbon and CI
2. Evaluate Inputs	Book nutrient chains (e.g., fertilizer vs. litter)	Compare costs, yield data, nutrient availability
3. Position for Pricing	CI score, soil results, field practices summar	Use these in buyer conversations and premiums research

Who to Talk To

Start the conversation with local fuel buyers already preparing for 45Z:

- Highwater Ethanol – Lamberton, MN
- POET (multiple MN & Midwest locations)
- ADM (grain origination + ethanol; multiple Midwest locations)
- REG Biodiesel – Albert Lea, MN
- Minnesota Soybean Processors – Brewster, MN
- Al-Corn – Claremont, MN

You grow the grain. Let 45Z grow your profits.

This moment is about more than hitting sustainability checkboxes. It's about being first to market with cleaner grain that fetches a better price. We're here to support that shift—not just with products, but with insights, partnerships, and practical help.

Let's make regenerative practices a revenue stream, not a side project.

GET IN TOUCH

for poultry litter or to discuss the financial benefits of regenerative growing:

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