

May 12, 2026

Senator Eloise Gómez Reyes, Chair
Senate Budget and Fiscal Review Committee
Subcommittee No 2 on Resources, Environmental Protection and Energy
1021 O Street, Suite 8230, Sacramento, CA 95814

Submitted electronically via email to Eunice Roh eunice.roh@sen.ca.gov

Re: OPPOSE SAF tax credit

Esteemed Chair Gómez Reyes, Members of the Committee:

We, the undersigned, OPPOSE the Sustainable Aviation Fuel (SAF) tax credit that is currently in the Governor's budget. We represent labor organizations, climate and environmental groups, and local citizens associations. This proposed tax credit had a hearing in your committee on April 9 and remains before the Senate Budget Subcommittee on Resources, Environmental Protection and Energy (Sub-Committee 2)¹ with a vote pending sometime in May.

According to California's own Legislative Analyst's Office (LAO), the SAF tax credit could result in the loss of over a billion dollars per year² in diesel excise tax revenue. That revenue is needed for essential road safety and maintenance to retain safe freight mobility. This 10-figure cost provides zero benefit to the average resident of California and results in at best negligible and at worst harmful environmental and climate impacts. Local residents see that switching out renewable diesel production for making SAF at Phillips 66 has no benefits for them, or the Contra Costa County tax base. Tax credits claimed for the California sale of SAF produced out of state also fail to benefit Californians.

We ask you to **reject** the Governor's budget proposal to siphon off diesel excise tax revenue to incentivize SAF because it is inequitable, anti-democratic, and a climate dead-end.

¹ <https://sbud.senate.ca.gov/hearingagendas/subcommittee-2-resources-environmental-protection-and-energy>

² The LAO's office suggests that the cost could reach over \$10 billion dollars over the 10 years of the program. Even by the administration's conservative estimate, the cost would likely be over \$2 billion. (Source for numbers: https://www.lao.ca.gov/reports/2026/5139/2026-27_Governors_Sustainable_Aviation_Fuel_Tax_Credit_Proposal_022426.pdf)

Inequitable:

Air travel is a rich person's sport. The world's richest people burn 10,000 times more aviation fuel than the average person.³ 80% of the world,⁴ and an estimated 13% of US adults⁵ have never flown. Conversely, maintenance and safety on California highways and local roads affect every Californian – from the daily commuter who drives a car or takes the bus, to the student bicycling to school, to even an elder who is unable to leave their home but relies on a delivery or a traveling nurse.

The low estimate from the administration is that the very first year of the tax credit would cut Caltrans funds by 2%, local streets and roads by 1%, and the Trade Corridor Enhancement Program (TCEP), freight mobility and safety⁶ by 9%. If \$1 billion in credits were taken per year, as the LAO estimates could happen, these **funding cuts would increase to over 12%, 6%, and 54% respectively.**

Anti-democratic:

The people of California voted into the State Constitution⁷ an amendment to restrict use of the diesel and gasoline taxes to use for streets, highways, and public transportation. Raiding these funds for an aviation fuel tax credit runs counter to the State Constitution and the will of the people.

Climate Dead-End

The SAF Tax Credit is likely to result in little to negative climate benefit for both market and land use reasons.

Market forces: The proposed California tax credit incentivizes eligible producers (companies who sell diesel in California and produce SAF anywhere) to simply re-route SAF currently sold elsewhere to California. If this happened there would be no net increase in SAF or decrease in fossil jet fuel, though there could be an increase in climate pollution from the transport of SAF to California compared to its destination pre-California tax credit. If air travel increases at all due to “reduced climate guilt” from the publicizing of SAF, fossil jet fuel use will increase, exacerbating emissions and climate chaos.

Land use: All biofuels, including SAF, negatively impact food production, biodiversity protection, and carbon sequestration. Biofuels still produce significant CO2 emissions,

³ <https://www.lunduniversity.lu.se/article/these-celebrities-cause-10000-times-more-carbon-emissions-flying-average-person>

⁴ <https://stay-grounded.org/information-on-aviation/>

⁵ <https://www.airlines.org/dataset/air-travelers-in-america-annual-survey/> (2025)

⁶ <https://catc.ca.gov/programs/sb1/trade-corridor-enhancement-program>

⁷ <https://law.justia.com/constitution/california/article-xix-b/section-2/>

and even the Legislative Analyst's Office has cautioned that the environmental benefits California attributes to biofuels may be exaggerated.

Global Trade Analysis Project (GTAP) modeling – which the California Air Resources Board uses to estimate land use change impacts from biofuels – has been shown to vastly underestimate indirect land use change.⁸ It especially underestimates conversion of climate-protective and biodiverse tropical rainforest to crop-land. The carbon lost in rainforest destruction and other land conversion outweighs the supposed benefits of SAF. The diversion of food production to SAF – burning food for fuel⁹ – has an additional inequitable result of increasing food prices and food insecurity.

Diverting diesel excise tax revenue from its constitutionally-directed purpose to maintain and improve streets, highways, and public transportation in order to provide a tax credit for SAF would be financially irresponsible and morally misguided.

We urge Subcommittee 2 to reject the SAF tax credit.

Sincerely,

Janet Callaghan, Rodeo Citizens Association

Gary Hughes, Biofuelwatch

Shoshana Wechsler, Sunflower Alliance

Valerie Ventre-Hutton, 350 Bay Area Action

Jan Warren, Interfaith Climate Action Network of Contra Costa

Dave Rhody, SF Policy Co-Chair - SF Policy Team/Climate Reality

Greg Karras, Community Energy reSource

Steve Ongerth, co-founder, IWW Eco Union Caucus¹⁰

⁸ Biofuels, Deforestation, and the GTAP Model, Dec. 2024 by Berry, Searchinger, and Yang:
<https://tobin.yale.edu/sites/default/files/2025-01/Berry%20Searchinger%20Yang%20GTAP%20Paper%20%282024.12.%29.pdf>

⁹ See Biofuel Blunders by Oxfam

<https://oxfamlibrary.openrepository.com/server/api/core/bitstreams/52ed16e8-ef54-42a1-bcb5-e9092014ce0f/content>

¹⁰ organization listed for identification purposes only