

## Overview

The *Bioeconomy Development Opportunity Zone Initiative* ([www.bdozone.org](http://www.bdozone.org)) enables economically distressed regions to pull forward green technology into their communities, support the development of new markets for biomass, and do so in a way that builds more domestic opportunity.

**It is a nationally scalable answer to the administration's call for initiatives that address decarbonization, social justice, and job creation.**

- BDO Zone designations are issued to low-income areas with strong capability and appetite for bio-based development, sustainable surpluses of feedstock, and eligibility for powerful federal tax incentives.
- BDO Zone designations give distressed communities the ability to leverage local biobased assets as engines for clean energy infrastructure and job creation.
- BDO Zones act as force-multipliers for federal tax incentive programs like the New Market and OZ tax incentives to unlock billions of dollars for clean energy development in low-income zones across the country.
- National economic impact potential is estimated at **160,500 direct, indirect and induced jobs, and over \$16B annually in direct and indirect economic benefits.** Total annual greenhouse gas (GHG) reduction impact potential is estimated at **2.59% of overall net emissions for the US.**

## The Problem

Fifty-two million Americans live in economically distressed communities. These communities are plagued by a lack of investment capital, but many of them have substantial biomass assets-- agricultural residues, wood fiber, food and farm waste. These are the essential feedstocks required by manufacturing facilities to produce ground and aviation biofuel, biochemicals and biogas. The problem is that these communities do not have the budget, the platform, or the credibility to communicate this to biobased investors and developers around the world.

***The BDO Zone Initiative solves the problem by enabling distressed communities to powerfully leverage local biomass assets to serve as anchors for clean energy economic development.***

## BDO Zones

BDO Zones are areas with sustainable surpluses of biomass feedstock, strong capability and appetite for biobased development, and solid infrastructure to support new manufacturing plants. BDO Zones give investors a double incentive to deploy capital and build new plants in economically distressed regions: validated low feedstock risk and powerful federal tax incentives such as the New Markets Tax Credit and Opportunity Zone tax incentive.

BDO Zones undergo rigorous and extensive due diligence using a framework of over [100 standardized, transparent and validated risk indicators](#) developed by Idaho National Labs and supported by the U.S. Department of Energy (BETO). "AA" or "A" BDO Zone ratings create a powerful signal to investors and developers that these economically disadvantaged zones are primed for biobased investment and low risk deployment of clean energy infrastructure.



The first BDO Zone designation for wheat straw was publicly issued in December, 2020, with the full risk rating report available [here](#). BDO Zone designations for Arlington, OR, Barnwell County, SC, Siloam Springs, AR, and Clarksville, AR are slated for issue throughout Q2 and Q3 2021. The “1000 BDO Zones in 4 Years Plan” will catalyze biobased investment and infrastructure development, strengthen energy independence, create jobs, and contribute to long term prosperity.

### Force-multipliers for NMTC and OZ impact on biobased economic development

The current impact of the New Markets Tax Credit (NMTC) and Opportunity Zone (OZ) tax incentive on investment specifically into ground and aviation biofuel, biochemicals and biogas manufacturing plants has been disappointing: almost none of the \$15B unlocked by the Opportunity Zone tax program to date has been used for biobased investment.

Because BDO Zones focus bio-based investors and project developers on economically distressed areas, they supercharge the ability of the New Markets and Opportunity Zone tax incentives to unlock billions of dollars into biobased economic development and to create renewable energy jobs across the country.

### Powerful economic impact and GHG reduction

The economic impact of a new bio-based plant can be transformative for a distressed community: every new sustainable aviation fuel (SAF) plant is expected to provide, on average, 321 jobs and \$29M per year to the local economy, as well as reduce CO<sub>2</sub> emissions by 300,000 metric tons per year (Commercial Aviation Alternative Fuels Initiative (CAAFI)).

National economic impact potential is estimated at **160,500 direct, indirect and induced jobs and over \$16B annually in direct and indirect economic benefits**. Total annual greenhouse gas (GHG) reduction impact potential of the BDO Zone Initiative is estimated at **2.59% of overall net emissions for the US. This is the equivalent of removing 32,608,695 cars from the road, 11.8% of all passenger cars in the US.**

### Governance

The BDO Zone Initiative is collaborative project between the non-profit Alternative Fuels and Chemicals Coalition ([AFCC](#)), the [ATIP Foundation](#), the [Bioeconomy Recovery Task Force](#). BDO Zone Initiative Chairman is Jordan Solomon of [Ecostrat](#).

### Recent Press

#### THE BDO ZONE INVESTMENT COALITION ANNOUNCES \$1 BILLION OF DEPLOYABLE CAPITAL FOR BIOBASED PROJECTS LOCATED IN BDO ZONES

In April 2021, the BDO Zone Investment Coalition announced the mobilization of \$1BB of capital for deployment to biobased infrastructure and manufacturing plants located in Bioeconomy Development Opportunity Zones.

The [BDO Zone Investment Coalition](#) is a group of leading, independent biobased investors, capital markets, and associations that finance or promote the development of biobased projects that produce alternative ground and aviation fuels, renewable chemicals, bioenergy, and biogas.

See more press [here](#).

## Quotes

**Jordan Solomon, Chairman of the BDO Zone Initiative and CEO of Ecostrat** says: “The BDO Zone Initiative de-risks and attract new energy infrastructure and biobased manufacturing plants to the areas where they are most likely to succeed and where they will have the greatest social impact.”

**Rina Singh, Executive VP of Alternative Fuels & Chemicals Coalition (AFCC)** says: “BDO Zones are hotbeds for alternative fuel and renewable chemical manufacturing facilities: sustainable feedstock surpluses, strong supply chain capability, community appetite for biobased development, and powerful tax incentives to derisk investment make BDO Zones some of the optimal places in the world for biobased economic development.”

**Steve Csonka, Executive Director Commercial Aviation Alternative Fuels Initiative (CAAFI)** says: “CAAFI recognizes the unique challenges facing development and financing of new sustainable aviation fuel facilities, particularly given the economic downturn brought on by COVID 19. It is in this context that CAAFI supports the designation of Bioeconomy Development Opportunity (BDO) Zones as a means to facilitate the production of SAF.

The BDO Zone initiative will support investment in new SAF production plants ... and play a crucial role in a sustainable ... economic recovery that will strengthen energy independence efforts and contribute to long term prosperity and create jobs. CAAFI fully supports the BDO Zone Program and strongly recommends the designation of as many BDO Zones as practicable in order to attract solid investment in SAF production facilities.”

**Mark Riedy of Kilpatrick Townsend & Stockton** says: “\$1 billion is only the beginning. We expect the BDO Zone Initiative to supercharge the biobased job creation ability of the New Market Tax Credit Program, the Opportunity Zone program and other federal and state tax incentives like them in the U.S. to unlock billions to help ensure that the federal government’s commitment to clean energy, job creation and social justice are served.”

## Recommendation

*That the government unlock and accelerate private investment in manufacturing infrastructure for alternative fuels, renewable chemical and biogas in distressed communities across the country to achieve the goal of “1000 BDO Zones in 4 Years” by:*

- 1. Deploying \$25,000,000 from mandatory federal funds to provide local communities, economic development agencies, non-profits, and private sector companies with grants of up to \$100,000 to cover the costs of BDO Zone designations and related economic development activities.*
- 2. Urging USDA Rural Development to issue revised guidance under its Rural Business Development Grant (RBDG), Value-Added Producer Grant (VAPG), and Renewable Energy Development Assistance (REDA) such that applications for BDO Zone designations clearly meet granting criteria. Increase funding allocated to these programs in each state by at least \$500,000.*

For more information, please contact [jordan.solomon@ecostrat.com](mailto:jordan.solomon@ecostrat.com) or go to [www.bdozone.org](http://www.bdozone.org)