



Senate Committee on Revenue and Agriculture
October 7th, 2025

*Testimony of Amy Winters, Executive Director of the Wisconsin Dairy Products Association
Regarding SB 284 – Pertaining to a tax credit for Sustainable Aviation Fuel*

Thank you for the opportunity to provide comments on Senate Bill 284.

This legislation presents a key opportunity for the Wisconsin dairy industry to support renewable fuel goals while also addressing a persistent dairy industry challenge: the costly disposal of dairy byproducts.

Dairy permeate, which includes milk permeate and whey permeate, is a byproduct of cheese and ultrafiltered milk production; it is composed primarily of lactose and water, with minimal protein or fat content. While technically suitable as an animal feed additive, permeate presents little to no economic value to dairy processors due to high water content, high transport costs relative to its energy value, and limited, unreliable market demand.

In Wisconsin alone, 546 million gallons of whey and permeate were land spread or sent to wastewater in 2022—equivalent to nearly 455,000 metric tonnes of lactose. Land spreading can cost \$300 or more per truckload, while sending permeate to digesters or wastewater treatment facilities can exceed \$100 per metric tonne. Drying permeate is also not a viable solution for many processors. High capital costs, poor market reliability, and a negative carbon footprint—estimated at 673 kg CO₂ emitted per tonne dried—make it a net financial and environmental liability. As a result, many processors are left with few economically or environmentally sustainable alternatives.

Wisconsin's annual permeate volume could produce more than 42 million gallons of sustainable aviation fuel (SAF). SAF derived from dairy permeate is already being implemented in Michigan with a partnership between Michigan Milk and DD Biofuel using a cutting-edge fermentation technology. DD Biofuel is now actively exploring a similar operation here in Wisconsin.

We are working with the bill authors to amend the definition of “energy crop” to:

“Renewable biomass” means any organic material—including planted crops, trees, wood waste, crop residues, dairy byproducts, and other agricultural waste—used to produce renewable energy.

This small but important change would enable Wisconsin dairy processors to contribute to the state's clean energy goals while reducing waste, strengthening rural economies, and growing value-added processing.