



Kentucky Corn Growers Position on VEETC Repeal and Ethanol Incentives

The Senate vote to repeal the Volumetric Ethanol Excise Tax Credit is a real concern for the Kentucky Corn Growers Association. Our hope is that no further action will be taken on this measure. Instead, we want to see a more thoughtful, deliberative debate on this country's energy policy. In the end, the real issue is energy security. Ethanol is currently our only viable alternative to foreign oil; it reduces greenhouse gases and brings jobs and tax revenue to rural America. Ethanol is the building block for domestic energy and energy independence.

As an organization, we have been working on the next phase of ethanol policy. We support the Ethanol Reform and Deficit Reduction Act, sponsored by Thune/Klobuchar. It phases out the tax credit and focuses on infrastructure, giving consumers choices at the pump. It's important that consumers have choices because the latest university research shows from January 2000 to December 2010 the growth in ethanol production reduced wholesale gas prices by \$0.25 per gallon on average.

It's unfortunate that this issue has gotten to this point. In these difficult economic times, we understand the importance of revisiting policies that have budgetary impact; therefore, the corn industry has been signaling a willingness to address the big picture for several months. Reductions of incentives for all forms of energy should be proportionate. Removal of ethanol credits absent of addressing similar measures enjoyed by the oil industry creates an unfair competitive advantage. Unfortunately, the efforts of Coburn/Feinstein's legislation are driven more by politics and headlines than sound policy. The attacks on ethanol are unjustified. Unbiased research from USDA, EPA and WHO (World Health Organization) flatly refutes the old criticisms of food versus fuel and inefficient energy use that are pointed toward ethanol.

For reasons beyond ethanol production, we realize livestock and poultry producers are paying higher prices for feed these days. They are our number one customer and we need them to be successful. Year after year, farmers have proved their capacity to provide both the feed for animals and to provide fuel supplies that are locally produced, renewable and environmentally positive at a price that's below petroleum. However, we can't accomplish either objective if an abrupt policy shift prompts volatility among ethanol producers that disrupts the industry. That puts us all at risk. Therefore, we support a gradual move toward a support system that's pegged to oil prices. Such an approach allows stability and predictability, which are keys to any business. This system would go a long way to ensuring that the twin priorities of food and fuel are both achieved going forward.

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