# American Corn Growers Foundation

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For Immediate Release

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## Tax Increase on U.S. Motorists Bad Idea says ACGF Chairman. Congressional Inaction Allowing Expiration of Ethanol Tax Credit (VEETC) Will Be Direct Hit on Consumers.

WILCOX, Neb. -- September 12, 2011 – "In the interest of holding down gasoline prices at the pump for U.S. consumers, Congress should immediately and permanently extend the Volumetric Ethanol Excise Tax Credit (VEETC) that is set to expire on 12/31/2011," said Gale Lush, Chairman of the American Corn Growers Foundation (ACGF). "In addition they should tie ethanol subsidies directly to oil subsidies so that any time ethanol subsidies are reduced oil subsidies are automatically and simultaneously reduced. It's time for Congress to stop protecting subsidies for the mature oil industry while cutting subsidies to the young ethanol industry. VEETC is an important part of that structure. This is no time for Congress to let it expire. It's about lowering gasoline prices for consumers. It's time to recognize the ethanol industry for its contribution toward keeping gas prices about $1.00 per gallon lower than they would be without ethanol in the U.S. fuel supply, according to an April 2011 report from the Center for Agriculture and Rural Development at Iowa State University."

Lush added, "Higher gasoline prices to U.S. motorists, even though crude oil prices have dropped, made news over Labor Day weekend. Since then additional news reports confirm that U.S. fuel exports are at a record level and the U.S. Energy Department's weekly survey of service stations report the average price of gasoline rose 4.7 cents per gallon to $3.674 in the past week, 99.2 cents higher than a year ago. "

"I agree with a spokesman for the Iowa Renewable Fuels Association who was absolutely correct when he was recently quoted as saying that ethanol subsidies should be eliminated the day after oil industry subsidies are eliminated. And, Iowa U.S. Senator Chuck Grassley was also right on target when he recently stated, 'Repeal of the ethanol tax incentive would raise taxes on producers, blenders and ultimately consumers of renewable fuel….Ethanol currently accounts for 10 percent of our transportation fuel. A study concluded that the ethanol industry contributed $8.4 billion to the federal treasury in 2009 --- $3.4 billion more than the ethanol incentive. Today, the industry supports 400,000 U.S. jobs. That's why I support a home-grown, renewable fuels industry.' The U.S. Congress should re-instate/extend both the $.45 per gallon VEETC and the $.54 per gallon import duty on imported ethanol. We need a trade policy that treats foreign countries and their products the way they treat U.S. exports. Congress says it wants to create U.S. jobs. If they mean that they should crank up the ethanol industry and set the target of doubling U.S. ethanol production and create another 400,000 jobs." said Lush.

Domestically-produced U.S. ethanol helps reduce America's dependence on foreign oil and helps increase our domestic motor fuel supply at a time when a record amount of U.S. fuel is being exported. Ethanol is a big deal in the U.S. fuel supply. According to Growth Energy and using information from the Energy Information Agency (EIA) if the U.S. ethanol industry were a foreign supplier, only Canada would supply the U.S. with more fuel than the U.S. ethanol industry.

"According to data from the U.S. Department of Agriculture's Economic Research Service and Foreign Agricultural Service the U.S. ethanol industry will use just 3 percent of the global grain supply on a net basis in 2011. Even with higher corn prices today and the amount of corn used for ethanol the farm value of corn in the U.S. food dollar is only about 3 cents. We need to remind consumers and policy makers that only the starch from the corn kernel goes to making ethanol. The protein, minerals, oil, fiber, etc. is a high value feed that adds to the livestock feed supply and is used to enhance food for human consumption," said Lush.

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