



NCGA Position

Title: Ethanol
Position Number: I-D-1

Date: 7/07
Expires: 3/08

Background: NCGA believes it is in the best interest of the US consumer to have a comprehensive National Energy Plan, which includes renewable fuels. Renewable fuels will provide an environmentally clean, domestically produced fuel, which will contribute to our independence from foreign oil. In addition, rural communities benefit from the additional jobs created through the development of this renewable fuel industry.

1. Work with Congress, the administration and other regulatory agencies to ensure successful implementation of RFS and Energy Bill for the benefit of corn growers.
2. Work with all partners in the ethanol industry to create a unified strategy to expand ethanol usage and production.
3. Opposes any policy that allows environmental backsliding. Support Energy Policy Act of 2005 provisions that do not allow for environmental backsliding.
4. Support the goal of substantially increasing the ethanol market. In addition support state efforts to encourage more aggressive usage of ethanol.
5. Support establishment of federal fuel standards which allow up to 85% ethanol blends.
6. Support implementation of a domestic energy policy that expands the use of renewable fuels, such as ethanol, by supporting favorable tax incentives. (i.e. NCGA initiate a major effort with member states to enact state legislation to reduce vehicle registration fees on flexible fuel vehicles.)
7. Support a strong domestic ethanol industry, and continue supporting a thriving ethanol market in every opportunity available. Tax incentives for ethanol should be directed toward domestic renewable fuels production where possible. We support the secondary tariff on ethanol that offsets the volumetric ethanol excise tax credit (VEETC) received on all blended gasoline in the United States.
 - a) Seek a permanent extension of the secondary tariff on ethanol
 - b) Seek an extension of the volumetric ethanol excise tax credit (VEETC), with the goal of making the credit permanent.
 - c) Investigate the mechanics and ramifications of a variable or countercyclical ethanol tax credit based on the price of crude oil or gasoline.
8. Support equal tax credit for all ethanol regardless of feedstock.
9. Promote the expanded use of ethanol, and the development and usage of renewable fuels (such as: E-85, E diesel (ethanol-blended diesel), Biodiesel, Ethanol based aviation fuel):
 - a) Requiring all new flexible fuel vehicles qualifying for CAFE credits to be clearly identified at the time of sale with a yellow fuel cap and with a permanent badge or emblem on the quarter panel or tailgate; and



- b) Requiring that the fuel loaded into a new flexible fuel vehicle by a manufacturer be E85; and
 - c) Requiring vehicle manufacturers and retail dealers to provide new purchasers of flexible fuel vehicles with information about the economic benefits, environmental benefits, and energy security benefits of E-85 use and pump locations; and
 - d) Requiring that the funds generated when an automobile manufacturer incurs a penalty for non-compliance with CAFE standards be transferred to a new fund that would be used solely to expand E-85 fueling infrastructure nationwide; and
 - e) Support legislation requiring that within ten years or less, all new gasoline powered passenger automobiles and new light duty trucks of 12,000 gross vehicle weight or under be capable of operating on E-85.
10. Promote the expanded use of ethanol by recognizing its inherent benefits such as octane enrichment.
 11. Encourage NCGA to keep in mind the competitive balance between dry mill and wet mill production as they evaluate ethanol options, and oppose any program that would jeopardize expansion of the ethanol industry.
 12. Support and promote fuel cell technology with utilization of ethanol as a primary energy source.
 13. Support the establishment of E diesel standards for both off road and highway use.
 14. Work to encourage the blending of E-diesel and bio-diesel.
 15. Oppose any effort to create a government-owned grain reserve for the purpose of an ethanol reserve.
 16. Support standardized methodologies for testing Distillers Dried Grain.
 17. Support aggressive funding for DDG research to increase livestock and poultry feeding.
 18. We believe that ethanol derived from materials other than corn, such as switchgrass, wood chips, corn stalks and corn fiber, etc., can be complimentary to ethanol derived from corn.
 19. Support the development of a dedicated ethanol pipeline system in the U.S.
 20. Support proposals prohibiting oil companies, through franchise contracts, sales agreements or other means, to prohibit or establish barriers (such as restricting use of company credit cards) for a fuel retailer to make E85 or other biofuels available for sale anywhere on the property of the retailer.
 21. NCGA supports EPA/ASTM emissions research and efforts to legalize utilization of higher blends of ethanol for conventional vehicles.