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NCGA Supports Thune, Klobuchar Legislation to Reform Ethanol Industry

WASHINGTON (June 13, 2011) -- Today, the National Corn Growers Association thanked Sens. John Thune (R-SD) and Amy Klobuchar (D-MN) for introducing the Ethanol Reform and Deficit Reduction Act. The legislation, which is co-sponsored by a bipartisan group of 13 senators, would transition the ethanol industry into a variable tax incentive and create additional market access for ethanol by removing existing barriers of consumer choice. Other co-sponsors include Sens. Chuck Grassley (R-IA), Mike Johanns (R-NE), Tom Harkin (D-IA), Richard Lugar (R-IN), John Hoeven (R-ND) Tim Johnson (D-SD), Jerry Moran(R-KS), Ben Nelson (D-NE), Al Franken (D-MN), Richard Durbin (D-IL) and Mark Kirk (R-IL).

"NCGA greatly appreciates the work Senators Thune and Klobuchar have done to craft this importance piece of legislation," NCGA President Bart Schott, a grower from Kulm, N.D., said. "This legislation will help provide certainty for the future and strengthen the ethanol industry over the next several years. During a time of economic uncertainty and record-high gas prices, this legislation will also protect thousands of jobs, which is of great importance to rural America."

Specifically, this legislation would implement a variable tax credit beginning July 1, with the rate to be based on the price of oil, to expire at the end of 2014. The bill would extend the alternative fuel station tax credit, which would allow for more consumer freedom to purchase higher concentration of ethanol, and would extend the small producer ethanol credit through 2014. Of the \$2.5 billion in revenues this would make available to the Federal Treasury, \$1 billion would be earmarked for deficit reduction.

In May, Senator Grassley introduced a bill to phase out the Volumetric Ethanol Excise Tax Credit after its scheduled expiration at the end of this year. However, due to increasing budget concerns, the ethanol industry and this bipartisan group of senators felt the need to review potential savings of moving towards reform immediately.

“The Ethanol Reform and Deficit Reduction Act comes at a time when we are proactively trying to reform the ethanol industry, unlike the oil and gas industry,” Schott said. “NCGA supports this legislation and will continue to look for ways to reform. We look forward to working with our Allies in the Senate to ensure passage.”

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Founded in 1957, the National Corn Growers Association represents 35,000 dues-paying corn farmers nationwide and the interests of more than 300,000 growers who contribute through corn checkoff programs in their states. NCGA and its 48 affiliated state associations and checkoff organizations work together to create and increase opportunities for their members and their industry.