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NCGA Thanks Congressmen Pomeroy, Shimkus for VEETC Extension Legislation

WASHINGTON (March 25, 2010) —The National Corn Growers Association today thanked Reps. Earl Pomeroy (D-N.D.) and John Shimkus (R-Ill.) for their introduction of H.R. 4940, The Renewable Fuels Reinvestment Act. Among other items, the legislation would extend until 2015 the Volumetric Ethanol Excise Tax Credit, which is currently set to expire at the end of 2010.

“NCGA applauds the work Congressmen Pomeroy and Shimkus have done to introduce The Renewable Fuels Reinvestment Act,” NCGA President Darrin Ihnen, a grower from Hurley, S.D., said. “The extension of VEETC would contribute to energy independence, create and secure thousands of jobs in rural America and allow for a stronger agriculture sector. This issue is a top priority for our organization and recently our members have sent hundreds of letters and made countless phone calls to Capitol Hill urging Members of Congress to support a multi-year extension of VEETC.”

Specifically, H.R. 4940 would extend the \$0.45 per gallon tax credit available to oil and gasoline refiners for each gallon of ethanol they blend through 2015. The legislation would also extend the Small Producers Tax Credit until Jan. 1, 2016, which is available on the first 15 million gallons of ethanol produced by ethanol companies producing no more than 60 million gallons per year.

“At a time when our economy is struggling, we cannot afford to let these tax incentives expire and stymie the growth we have seen in our ethanol industry,” Rep. Pomeroy said. “This is a bipartisan bill that will promote not only economic growth, but also the transformation of our energy industry from one that is reliant on foreign oil to one that is based on energy that’s grown in farm fields in the heartland of America.”

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“Ethanol is vital to the American farm economy and is vital to our national energy security,” Rep. Shimkus said. “I look forward to working with Congressman Pomeroy in gaining cosponsors and passing this legislation on the floor of the House.”

According to a recent report by the Renewable Fuels Association, extension of VEETC would save 112,000 jobs. If the credit is allowed to expire at the end of 2010, it is estimated that U.S. ethanol production capacity, regardless of feed stock, would decrease by 38 percent thus eliminating nearly 30 percent of the 400,000 jobs the ethanol production industry supports today. Notably, the projected job loss would impact rural communities most heavily.

In 2009, the ethanol industry returned an additional \$3.4 billion to the Federal Treasury than was spent on VEETC. This figure also does not take into account additional positive returns in the form of increased state and local taxes, increases in household income and savings resulting from decreased oil imports. The study also indicated that reduced demand for corn resulting from VEETC expiration would lead to an 8 percent drop in prices, or about \$0.30/bushel at today's prices.

Founded in 1957, the National Corn Growers Association represents 35,000 dues-paying corn farmers nationwide. NCGA and its 48 affiliated state organizations work together to create and increase opportunities for their members and their industry.

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