

STATEMENT ON PROPOSAL TO REPEAL ETHANOL

SUBSIDY

(As Prepared for Delivery)

Senator Al Franken

M. President, I rise today to express my strong opposition to the amendment offered by my colleague from Oklahoma, which we will be voting on tomorrow. Before I talk about the substance of the amendment, I want to comment on the procedure through which it was offered. There was no warning to Senate leadership or to any of our colleagues. And while technically it wasn't in violation of Senate rules, it undermines the basic comity that makes this body work.

It's a disservice to do business this way — to our colleagues, to bipartisanship, and to the American people who sent us to Washington to get things done by working together. So I'm disappointed in the way this was handled.

Now, let me talk about the amendment itself. Today, families in Minnesota and around the country are paying painfully high prices at the pump as oil still hovers around \$100 a barrel. What this amendment does is cut the legs out from under the most viable alternative to foreign oil that we have. Despite decade after decade of rhetoric about weaning our country off of foreign oil, we're still dependent on it. And while about a third of our oil imports come from Canada and Mexico, close to half comes from the Persian Gulf, Africa, or Venezuela.

Last year at this time, we were dealing with the gulf oil spill, the worst environmental catastrophe we've ever had. That was maybe the most jarring reminder of what's been clear for decades – that we've got to kick our addiction to oil. And while that's not something we can do overnight, we need to do everything in our power to transition to alternatives.

Well, there's no more viable alternative than biofuels. Today, the industry that has been most successful in displacing oil is under attack. We're talking about an industry using homegrown, American resources, an industry that has created thousands of jobs and catalyzed economic development across rural America. And, the first generation of biofuels has paved the way for the next generation of advanced biofuels. The first commercial-scale cellulosic ethanol plant is being built this year in Emmetsburg, Iowa, where they'll be making ethanol from corn cobs.

According to a recent study done by researchers at Iowa State University and the University of Wisconsin Madison, the growth in ethanol production reduced wholesale gas prices by an average of 89 cents per gallon in 2010. And in the Midwest, that number was higher – \$1.37.

Let me repeat that – at a time when so many American families are struggling to pay their bills and make ends meet, they would have paid an average of 89 cents more per gallon of gas last year had we not had ethanol.

But instead of giving this industry the tools it needs to grow and reduce our oil dependence even more, this amendment hangs the ethanol industry out to dry. It makes no sense.

Now, I share my colleague from Oklahoma's concern about the deficit and our national debt. To cut our deficit, everyone in America will have to make some sacrifices, and that includes the ethanol industry. The easy part here is that the industry agrees. Ethanol producers stand ready to phase out the ethanol blender's credit.

But we need to be consistent – if the ethanol industry is being asked to make some sacrifices, other fuel industries need to be willing to do the same. Yet just a month ago, many of my colleagues, including my colleague from Oklahoma, voted against repealing billions of dollars in subsidies that we pay every year to the biggest five oil companies. We’re talking about companies that made almost a trillion dollars in profit over the last decade.

My colleagues chose to leave those tax breaks in place, amounting to \$21 billion in taxpayer dollars to oil companies over the next ten years. And expert after expert has basically concluded that these subsidies are not lowering the cost of gas and would not cause it to increase if they were eliminated. But you don’t need experts to tell you that. Subsidies for oil and gas are on the books right now, and some have been on the books since as far back as 1916. But they’ve done nothing to stem the skyrocketing gas prices that are squeezing the budgets of American families.

Yet when we're talking about ethanol – a homegrown alternative to foreign oil that lowers prices at the pump – my colleagues seem to think it is absolutely imperative to repeal this tax credit now.

So when it's repealing subsidies for oil and gas companies operating in oil-producing states like Oklahoma, that's called a tax hike. But cutting a tax credit that supports an American renewable fuel – that's “fiscal responsibility.” The hypocrisy here is just stunning.

Regardless, America's ethanol producers are ready and willing to phase out this credit. But there's a right and a wrong way to do it. The Coburn amendment, which abruptly ends the credit at the end of this month, is the wrong way. The right way is to responsibly phase out the tax credit in a manner that allows the industry to build out the infrastructure it needs to bring advanced biofuels onto the U.S. market.

Today my colleagues and I are introducing legislation that does it the right way, and I urge every member of this body to support it.

Right now our biofuels industry is hitting a wall because of the national 10 percent ethanol blend limit we had on the books. It also is hamstrung by the inability of most cars and gas pumps to use blends higher than 10 percent ethanol. That means that cellulosic ethanol and other advanced biofuels have no market access or market to grow into. This isn't an industry problem – it's a public policy problem.

The EPA's E15 waiver was a step in the right direction to address this very problem. But without pumps that can blend higher ethanol blends, American consumers have no way to access additional ethanol that would and should be on the market. What our legislation does is reform our ethanol tax policy by ending the ethanol tax credit at the end of the month, as Sen. Coburn has proposed. It then invests part of the savings into biofuels infrastructure, part toward extending the cellulosic ethanol credit, and puts a billion dollars toward reducing our deficit.

Reducing America's dependence on oil is going to require a national strategy, and biofuels are just one part of that strategy. We also need to do things like deploy more electric vehicles and make our entire economy more energy efficient. But we have to recognize that if we don't fix our national policies to allow the biofuels industry to grow, we're actively choosing foreign oil and dirty fossil fuels over domestic homegrown renewable fuels.

Because let me tell you something – you’re never going to see a massive ethanol spill in the Gulf of Mexico that kills eleven workers, destroys thousands and thousands of livelihoods and does irreparable harm to vital ecosystems. You’re never going to see foreign countries collude to restrict supply of ethanol and drive up gas prices for American families. And as we transition to advanced biofuels and expand this industry, you’re not going to see these jobs go overseas. This is an American industry. It’s American jobs, and it’s American energy independence. I urge my colleagues to make the responsible choice that will keep this industry moving forward. Thank you, and I yield the floor.