



# Governors' Ethanol Coalition

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• International alliances with Brazil, Canada, Mexico and Sweden •

April 5, 2002

The Honorable Tom Daschle  
Majority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Max Baucus  
Chairman  
Committee on Finance  
United States Senate  
219 Dirksen Building  
Washington, D.C. 20510

The Honorable Trent Lott  
Minority Leader  
United States Senate  
Washington, D.C. 20510

The Honorable Chuck Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
219 Dirksen Building  
Washington, D.C. 20510

Dear Senator Daschle, Senator Lott, Senator Baucus, and Senator Grassley:

On behalf of the Governors' Ethanol Coalition, we are writing to express our support for a provision contained in the Energy Tax Incentives Act of 2002. This special provision will ensure that taxes collected on ethanol-blended fuels are deposited in the Highway Trust Fund instead of the general fund for deficit reduction.

Currently, 2.5 cents a gallon of the excise tax collected on ethanol blended fuel is sent to the general fund for deficit reduction rather than the Highway Trust Fund. As such, the current policy effectively penalizes states for promoting greater ethanol use in the form of reduced revenues for highway projects. Redirecting the 2.5 cents to the Highway Trust Fund will provide an additional \$400 million for state highway projects. In fact, in 1995, Congress redirected the 2.5 cent a gallon deficit reduction excise tax to the Highway Trust Fund for all fuels except ethanol.

Congress has long recognized the significant economic, environmental and energy security benefits ethanol provides. A sound highway program and a sound energy policy that promotes domestic, renewable fuels like ethanol should not be mutually exclusive. Redirecting the 2.5 cents is a simple and appropriate resolution to this issue.

We respectfully urge you to support correction of this oversight during consideration of energy legislation.

Sincerely,

Bob Holden  
Governor of Missouri  
Chair

John Hoeven  
Governor of North Dakota  
Vice Chair

Mike Johanns  
Governor of Nebraska  
Past Chair