

## Governors' Ethanol Coalition

April 6, 2000

Rodney E. Slater, Secretary  
Office of the Secretary  
U.S. Department of Transportation  
400 7th St. SW.  
Washington, D.C. 20590

Dear Secretary Slater:

As Chair and Vice-Chair of the Governors' Ethanol Coalition, we would like to express our support for the continuation of the flexible fuel vehicle credit program. This program is of critical importance not only to the citizens represented by the 24 Governors who serve as members of our coalition, but to the entire nation, as this program seeks to address long term international energy security demands through the increased use of alternative fuels in vehicles.

This Federal program to encourage the manufacture, sale and use of alternative fuel vehicles was established in the Alternative Motor Fuels Act to break through the "chicken and egg" (fuels versus vehicle) availability problem.

About one million alternative fuel vehicles are currently on the road, largely due to the fuel economy credits available to manufacturers to produce these vehicles. We believe this program is necessary to achieve continuing FFV penetration in the marketplace and must be extended. Without such an incentive, replacement fuels, and the supporting infrastructure to make fuels widely available, may not become fully established. Consequently, progress in making alternative fuel vehicle use a viable, cost effective initiative may be jeopardized.

In a recent Congressionally mandated study, the General Accounting Office documented concerns that the current incentive program has not yet met the ambitious goals established at the outset. While our progress has been modest, the extent to which we

have accomplished anything at all is due to the existence of these incentives. Therefore, we believe the FFV incentive must be continued and additional incentives created to encourage fuel availability to achieve a meaningful breakthrough in the motor vehicle fuels market.

We understand that by September 30, you will report to the Congress, after consulting with other agencies, on the success of the flexible fuel incentive provisions. We strongly urge the Administration to extend the current incentive for developing FFVs as established in the Alternative Motor Fuels Act of 1988.

We look forward to working with you on this important issue.

Sincerely,

Thomas J. Vilsack, Chair  
Governor of Iowa

Mike Johanns, Vice Chair  
Governor of Nebraska