

Governor's Ethanol Coalition

April 21, 1997

The Honorable Newt Gingrich  
Speaker of the House  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Richard Gephardt  
Democratic Leader  
U.S. House of Representatives  
Washington, D.C. 20515

Dear Messrs. Gingrich and Gephardt:

On behalf of the members of the Governors' Ethanol Coalition, I am writing to express strong opposition to proposals being considered by the Ways and Means Committee to eliminate the ethanol tax incentive. I respectfully urge you to consider the devastating impact these proposals will have on American agriculture, the ethanol industry, rural economies and the Federal Treasury, and ask for your assistance in maintaining this important domestic renewable energy resource.

The federal ethanol program is truly a success story, reducing oil imports and air pollution while increasing our nation's energy security and creating jobs. The industry is responsible for 192,000 domestic jobs and increases farm income by \$4.5 billion a year, stimulating rural America. The industry adds over \$450 million to state tax receipts and improves the U.S. trade imbalance by \$2 billion annually. This all done at a net savings of \$3.6 billion to the federal budget.

Any attempt to eliminate the ethanol tax incentive will jeopardize jobs and household farm income in rural America, as well as billions of dollars in new plant investments that have been based on Congress' commitment to the ethanol tax incentive through the year 2000.

In a time of fiscal budgetary constraints, we appreciate your efforts to reduce the budget deficit. However, we believe the ethanol tax incentive has provided tremendous benefits by generating domestic economic activity, reducing the budget deficit by expanding agricultural markets, reducing our trade imbalance, and reducing imports of oil. Please oppose any efforts to eliminate this valuable domestic fuel market.

Sincerely,

/s/ Terry E. Branstad

Terry E. Branstad, Chair

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