

July 23, 2013

Dear Representatives:

We, the undersigned diverse array of agriculture, business, environment, hunger, taxpayer, and public interest groups, commend the Energy and Commerce Committee for taking up the important task of holding hearings on the Renewable Fuels Standard (RFS) and its impacts on the economy. The comprehensive approach of the hearings is what is needed in order to fix the significantly flawed policy. The mandate on corn-based ethanol in particular has had a devastating effect on the entire food economy from livestock and poultry producers facing record feed costs to consumers' struggling to balance food budgets in tough economic times. For the past several years we have been asking Congress to act and we appreciate the process that you have undertaken.

As you may know, in April, our groups supported an effort of U.S. Representatives Bob Goodlatte (R-VA), Jim Costa (D-CA), Steve Womack (R-AR), and Peter Welch (D-VT) as they introduced H. R. 1462, the Renewable Fuel Standard Reform Act, which would mitigate the negative impact of the RFS has had on Americans. While certainly not the only approach to reform, we encourage you to consider this option as you move forward with the hearing process that hopefully arrives at meaningful reform on this harmful, rigid government mandate.

This bipartisan legislation would eliminate the corn based ethanol mandate currently required by the RFS, reduce the overall requirements of cellulosic ethanol not filled by other advanced biofuels, and rescind the Environmental Protection Agency (EPA) waivers allowing gasoline blends containing up to 15-percent of ethanol.

Congress created the RFS program in 2005 to promote the ethanol industry and enable it to ultimately compete in the open market. This was done by setting the minimum amount of renewable fuel—almost exclusively corn-based ethanol that must be blended into motor fuels annually. In 2007, Congress increased the RFS significantly and added biodiesel and other advanced biofuels, while permitting the U.S. EPA to govern implementation of the Congressional mandate. The corn ethanol industry has expanded significantly since then, in part due to the RFS mandate and over 30 years of federal subsidies. The time to reform this rigid, inflexible mandate is now.

The U.S. experienced one of the worst droughts in the U.S. in half a century in 2012, resulting in a significant spike in corn prices. The corn and soybean production in 35 states reached historic lows with over 1,821 counties being declared disaster areas by the USDA. This latest price shock in the corn markets has strained the agriculture economy, resulting in reductions for the meat and poultry sector of approximately ten percent.

Some of these impacts could have been mitigated through a temporary waiver of the RFS. However, although a significant percentage of the Congress, a bipartisan group of governors and numerous concerned interests submitted comments to the EPA asking for emergency relief from the RFS due to the drought, the agency still refused to waive even a small portion of the mandate. In our view, this proves that the current RFS waiver process is inherently flawed and unworkable.

We strongly believe that it is time for Congress to reexamine the corn-based ethanol mandate and allow the market—not the government—to determine the best use of our valuable food supply. Although it has come at a significant cost, the mandate has resulted in a larger corn ethanol industry that has already benefitted from over three decades of federal support. This bipartisan bill would require that industry to now compete on a level playing field, and we ask that you take into consideration H.R. 1462 as a starting point for reform.

Finally, below we have provided quotes from the associations and interest groups at the time the legislation was introduced. We look forward to continuing to work with the Energy and Commerce Committee as you move this process forward. It is time to overhaul the RFS with reform that will bring commonsense back to federal policy on ethanol and the RFS.

Sincerely,

ActionAid USA  
American Frozen Food Institute  
American Meat Institute  
Competitive Enterprise Institute  
Milk Producers Council  
National Chicken Council  
National Marine Manufacturers Association  
National Restaurant Association  
National Taxpayers Union  
National Turkey Federation  
North American Meat Association  
Specialty Equipment Market Association  
Taxpayers for Common Sense

**Katie Campbell, Senior Policy Analyst, ActionAid USA**

“The Renewable Fuel Standard Reform Act will alleviate some of the pressure that US biofuel mandates are putting on food prices and agricultural land around the world. We urgently need to rebalance our food and energy policies to make sure that people eat before cars.”

**Kraig R. Naasz, President and CEO, American Frozen Food Institute**

“Frozen food producers and their suppliers believe the RFS is unworkable and must be revisited by Congress. Our position is very simple: food should be used to fuel bodies not vehicle engines.”

**J. Patrick Boyle, President and CEO American Meat Institute (AMI)**

“It is clear that the Renewable Fuel Standard is a failed policy that has driven up the price of corn to record levels and put a strain on the entire meat and poultry production chain. For years, AMI has called for a renewable fuels policy that doesn’t pit energy against food production, and we appreciate the leadership of Representatives Goodlatte, Costa, Womack, and Welch in introducing this crucial legislation.”

**Marlo Lewis, Senior Fellow, Competitive Enterprise Institute**

“If ethanol is such a great deal, why do we need a law to make us buy it? Although ethanol is cheaper than gasoline by volume, ethanol has about one-third less energy than gasoline and does not make up the difference in price. Consequently, the higher the ethanol blend, the worse mileage your car gets, and the more you have to spend for fuel. For example, at current prices, the average motorist would have to spend an extra \$500 to \$700 a year to switch from gasoline to E85 (the highest commercial ethanol blend). Congress should stop forcing Americans to make a “fuel choice” that increases our pain at the pump.”

**Erich Pica, President, Friends of the Earth**

"It is simply unconscionable to mandate the use of corn ethanol when it pollutes the water we drink and creates more smog-forming pollution than gasoline. It is past time to reexamine our support of corn ethanol."

**Rob Vandenheuvel, General Manager, Milk Producers Council**

“On behalf of the dairy families represented by Milk Producers Council, we applaud the introduction of the RFS Reform Act. It’s time for Congress to reexamine the corn-based ethanol mandate and allow the market—not the government—to determine the best use of our valuable food supply. This bipartisan bill does exactly that, and we urge Congress to act quickly on this important issue.”

**Mike Brown, President, National Chicken Council**

“Chicken producers are certainly not anti-corn; and we’re not even anti-ethanol. What we are against is a government mandate that artificially inflates the price of corn, picks winners, and punishes losers among those who depend on it. The Renewable Fuel Standard Reform Act seeks to level this playing field by embracing free-market principles.”

**Thomas J. Dammrich, President, National Marine Manufacturers Association (NMMA)**

“NMMA opposes the introduction of E15 fuel into the marketplace and has serious concerns regarding its damaging effects on marine engines. We are committed to working together with

the many, many other industries whose goods and services would be put in jeopardy without a serious reform of the Renewable Fuel Standard.”

**Scott DeFife, Executive Vice President, National Restaurant Association**

“Food costs are a top business challenge for the restaurant industry, which operates on razor-thin margins. The Renewable Fuel Standard Reform Act would benefit consumers, businesses, and the overall economy by helping to lower those costs, and we applaud Congressmen Goodlatte, Costa, Womack, and Welch for seeking needed reforms to the RFS.”

**Nan Swift, Federal Affairs Manager, National Taxpayers Union**

“American consumers and taxpayers need a break from failed federal ethanol mandates that drive up fuel and food prices. The "Renewable Fuel Standard Reform Act" would immediately open up the corn market, creating a level playing field and relieving the pressure on everyone from food producers to families.”

**Joel Brandenberger, President, National Turkey Federation**

“The RFS cost the turkey industry \$1.9 billion in increased feed expenses last year. For this and many reasons, the National Turkey Federation believes the RFS Reform Act (H.R. 1462) is a strong step in the right direction. We appreciate our champions for standing up against this misguided ethanol policy that has caused severe economic harm numerous times, to a multitude of industries and this country.”

**Barry Carpenter, CEO, North American Meat Association**

“Continuing to mandate the use of corn for non-food purposes doesn't make sense. Food prices are being impacted and there are other, better alternatives. It's time to reform the Renewable Fuel Standard.”

**Steve McDonald, Vice President, Government Affairs, Specialty Equipment Market Association (SEMA)**

“For vintage, classic and collector vehicles, ethanol is a recipe for disaster. Ethanol can cause metal corrosion and dissolve certain plastics and rubbers, leaving older vehicles that were not constructed with materials to counteract E15's harmful effects at increased risk. The EPA's solution is to simply require a gas pump warning label and make it “illegal” for the consumer to fuel the vehicle with E15. This label will not prevent misfueling, nor will it solve the problem of motorists unable to obtain unblended gasoline for cars that may be damaged by ethanol. It's time to put the brakes on E15.”

**Ryan Alexander, President, Taxpayers for Common Sense**

“We commend Representatives Goodlatte, Costa, Womack, and Welch for taking long overdue steps toward reforming the broken Renewable Fuel Standard, which has primarily benefited the already heavily subsidized corn ethanol industry. It's time to address this inflexible mandate that is currently causing consumers and taxpayers more harm than good.”