Political Footprint of the Corn Ethanol Lobby

March 2013

The federal government has in one form or another provided lucrative subsidies to the corn ethanol industry for more than 30 years, wasting tens of billions of taxpayer dollars in the process. Corn ethanol lobbyists have secured favorable treatment under the tax code, tariff protection from foreign competition, and even a government mandate for its use. From the ethanol tax credit (VEETC) to subsidies for ethanol blender pumps in the Rural Energy for America Program (REAP), corn ethanol continues to feed at the federal trough. Originally sold as a way to achieve energy independence and reduce greenhouse gas emissions, corn ethanol has failed to deliver on all fronts and instead has caused numerous unintended consequences for motorists, taxpayers, the environment, and consumers.

One federal policy from which corn ethanol benefits heartily and is vigorously trying to protect is the federal Renewable Fuel Standard (RFS), which mandates 15 billion gallons of corn ethanol be used in U.S. motor fuel every year from 2015 to 2022, in addition to 21 billion gallons of biofuels produced from non-food sources such as agricultural residues and perennial grasses. Corn ethanol backers are trying to increase their market share by eating away at mandates for other types of biofuels such as ethanol or biodiesel produced from non-food feedstocks such as switchgrass, corn stalks, wood residues, municipal waste, etc. (known as “advanced biofuels”). Currently, corn ethanol is the only biofuel produced in commercial quantities since production of cellulosic ethanol derived from perennial grasses and agricultural residues has yet to move beyond the pilot or demonstration phase. If ethanol backers successfully eat away at mandates for other biofuels, the RFS will simply be a federal mandate for the production and use of corn ethanol while production of other biofuels continues to lag behind government projections.

Thankfully some policymakers heeded our call to end wasteful subsidies for ethanol and successfully defeated attempts to extend the ethanol tax credit and protective tariff allowing it to expire at the end of 2011. This occurred despite a well-funded campaign by corn ethanol lobbyists to either retain their $6 billion-per-year federal tax credit or expand subsidies for ethanol infrastructure projects like dedicated ethanol pipelines and ethanol blender pumps. But the fight does not end there. Lobbyists for the corn ethanol industry are continuing to seek more subsidies for these types of projects with the potential reauthorization of a new farm bill this year.

Several biofuels programs already exist that funnel taxpayer dollars to the mature corn ethanol industry through the farm bill’s energy title. For instance, in 2011, corn ethanol lobbyists convinced the U.S. Department of Agriculture (USDA) to allow gasoline stations to qualify for REAP subsidies that underwrite the cost of purchasing new ethanol blender pumps which dispense higher blends of corn ethanol. Other proposals have suggested that taxpayers should be on the hook to build dedicated ethanol pipelines or back federal loans for new biofuels facilities.
Organizations and companies lobbying for such special treatment of corn ethanol include well-known names such as Archer Daniels Midland, Cargill, POET LLC, and the American Farm Bureau. These groups use their connections, revolving door lobbyists, and huge lobbying expenditures and political contributions to increase the market share of corn ethanol through expanded subsidies and favorable policies in the federal tax code and energy and farm bills. Understanding this complicated nexus is the first step in helping ensure policymaker decisions are based on merit, not muscle.
Lobbying Power

Last year, the corn ethanol industry spent $22.3 million – or over $61,000 per day - lobbying before the U.S. Congress and federal agencies.1 Lobbying expenditures are down slightly from the height of ethanol lobbying in 2010 when the corn ethanol industry was attempting retain their decades-old subsidies. That year, ethanol interests spent $24.8 million lobbying in an attempt to convince Congress to continue federal subsidies for this mature industry. However, some organizations recorded record lobbying expenditures in 2012 despite the expiration of the largest federal support for ethanol. The American Coalition for Ethanol spent a record $286,297 in 2012, and lobbying expenditures by POET LLC, the largest corn ethanol producer in the U.S., surpassed $1 million for the first time.2 Some of the top lobbying expenditures by ethanol companies or trade associations can be found in Table 1. Descriptions of these companies and trade associations are listed in the Appendix.

Table 1: Lobbying Expenditures by Organizations and Companies on Corn Ethanol Issues

<table>
<thead>
<tr>
<th>Lobbying Organization</th>
<th>2012 Lobbying Expenditures</th>
<th>Lobbying Organization</th>
<th>2012 Lobbying Expenditures</th>
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<tbody>
<tr>
<td>Biotechnology Industry Organization</td>
<td>$7,640,000</td>
<td>Illinois Agricultural Assn</td>
<td>$250,000</td>
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<tr>
<td>American Farm Bureau</td>
<td>$5,654,421</td>
<td>Novozymes North America</td>
<td>$220,284</td>
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<tr>
<td>Cargill Inc</td>
<td>$1,420,000</td>
<td>Magellan Midstream Partners</td>
<td>$135,679</td>
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<tr>
<td>Archer Daniels Midland</td>
<td>$1,410,000</td>
<td>AG Processing</td>
<td>$60,000</td>
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<td>Growth Energy</td>
<td>$1,350,000</td>
<td>Illinois Corn Growers Assn</td>
<td>$60,000</td>
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<tr>
<td>National Biodiesel Board</td>
<td>$1,112,896</td>
<td>Andersons Management</td>
<td>$50,000</td>
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<tr>
<td>POET LLC</td>
<td>$1,020,000</td>
<td>National Farmers Union</td>
<td>$46,000</td>
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<tr>
<td>Renewable Fuels Association</td>
<td>$956,419</td>
<td>Coalition for E85</td>
<td>$20,000</td>
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<td>National Corn Growers Assn</td>
<td>$557,000</td>
<td>Patriot Renewable Fuels</td>
<td>$20,000</td>
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<tr>
<td>American Coalition for Ethanol</td>
<td>$286,297</td>
<td>Total</td>
<td>$22,268,996</td>
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Reference: Center for Responsive Politics
Revolving Door Lobbyists

Corn ethanol interests fielded 215 lobbyists, nearly one for every two members of the House of Representatives. Almost 70 percent of these lobbyists were revolving door personnel, meaning they know the ins and outs of Washington, having previously worked or interned on Capitol Hill, at the White House or on a presidential campaign, or for a federal agency. Nearly one out of every two previously worked for a Member of Congress or on a House or Senate Committee. In addition, at least 12 lobbyists were former employees at USDA (where several biofuels subsidy programs are housed), four worked at the U.S. Environmental Protection Agency (EPA) (the agency in charge of administering the federal RFS mandate), and eight worked or interned for either the House or Senate Agriculture Committee. Table 2 includes more information about the former employers of these 215 lobbyists.

<table>
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<tr>
<th>Table 2: Number of Revolving Door Corn Ethanol Lobbyists</th>
<th>Number</th>
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<tbody>
<tr>
<td><strong>Lobbyists Working on Corn Ethanol Issues</strong></td>
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<tr>
<td>Lobbyists working on corn ethanol issues</td>
<td>215</td>
<td>100%</td>
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<tr>
<td><strong>Revolving Door Lobbyists</strong></td>
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<tr>
<td>Lobbyists who previously worked or interned for a Member of Congress, committee, or federal agency</td>
<td>149</td>
<td>69%</td>
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<tr>
<td><strong>U.S. House of Representatives or U.S. Senate</strong></td>
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<td></td>
</tr>
<tr>
<td>Lobbyists who worked or interned for one or more Members of Congress</td>
<td>99</td>
<td>46%</td>
</tr>
<tr>
<td>Lobbyists who were former Members of Congress</td>
<td>3</td>
<td>1%</td>
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<tr>
<td><strong>Committees</strong></td>
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<td></td>
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<tr>
<td>Lobbyists who worked or interned on a House or Senate committee</td>
<td>55</td>
<td>26%</td>
</tr>
<tr>
<td>Lobbyists who worked or interned on the House Agriculture Committee</td>
<td>3</td>
<td>1%</td>
</tr>
<tr>
<td>Lobbyists who worked or interned on the Senate Agriculture Committee</td>
<td>5</td>
<td>2%</td>
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<tr>
<td><strong>Federal Agencies</strong></td>
<td></td>
<td></td>
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<tr>
<td>Lobbyists who worked or interned at the U.S. Dept. of Agriculture</td>
<td>12</td>
<td>6%</td>
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<tr>
<td>Lobbyists who worked or interned at the Environmental Protection Agency</td>
<td>4</td>
<td>2%</td>
</tr>
<tr>
<td>Lobbyists who worked or interned at other federal agencies</td>
<td>23</td>
<td>11%</td>
</tr>
<tr>
<td>References: Center for Responsive Politics, Legistorm, and LinkedIn</td>
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</table>

But the influence peddling doesn’t end there. At least three Members of Congress also lobby on corn ethanol issues, including:

- **Former Representative Bill Paxon (R-NY):** Paxon served on the House Commerce Committee. He now lobbies for Archer Daniels Midland, the owner of nine corn ethanol production facilities and one of the earliest supporters of federal ethanol subsidies.
- **Former Representative Vic Fazio (D-CA):** Fazio served on the powerful Appropriations Committee and now also lobbies for Archer Daniels Midland.
- **Former Representative Vin Weber (R-MN):** Weber served on the powerful House Appropriations Committee and as a member of House Republican Leadership. He has lobbied for Louis Dreyfus, the owner of two corn ethanol production facilities in Nebraska and Iowa.
In addition, several former House and Senate staffers also lobby on corn ethanol issues for well-known agribusinesses and biofuels lobbying organizations:

- **Charles Black**: formerly a Senior Advisor to Presidents Ronald Reagan and George H.W. Bush and the chief public spokesman for President Bush during his 1992 presidential campaign, Black now lobbies for Novozymes North America. Novozymes manufacturers enzymes that purportedly increase the efficiency of corn ethanol production.
- **Charles Knauss**: formerly Minority Counsel on the House Energy and Commerce Committee, Knauss now lobbies on behalf of the Renewable Fuels Association, a lobbying organization that advocates for additional subsidies and favorable government treatment of corn ethanol.
- **Christopher Bliley**: formerly Chief of Staff/Legislative Director for Rep. Jim Nussle (R-IA) and Associate Administrator of Congressional and Intergovernmental Relations at the EPA, Bliley now lobbies on behalf of Growth Energy, the lobbying arm of POET LLC - the largest ethanol producer in the U.S. Bliley’s former boss, Rep. Nussle, is also President and Chief Operating Officer of Growth Energy.
- **John Fuher**: formerly a Budget Analyst for Agriculture and Trade on the Senate Budget Committee, a staff member for Sen. Kent Conrad (D-ND), and Campaign Operations Director for Kent Conrad, Fuher is now also a lobbyist for Growth Energy.
- **Jonathon Lehman**: formerly Counsel for Sen. Tom Daschle (D-SD) and the Senate Agriculture Committee, Lehman now lobbies for the National Corn Growers Association and the American Coalition for Ethanol at the American Capitol Group.
- **Randall M Russell**: formerly Chief of Staff to USDA Secretary John R. Block from 1985 to 1986 and economist on the Senate Agriculture Committee, Russell now lobbies on behalf of Cargill Inc., the owner of two corn ethanol production facilities in Nebraska and Iowa. Russell founded the Russell Group, which describes itself as “the standard bearer for food and agriculture government affairs service in Washington, D.C.”
Campaign Contributions to Members of Congress

The corn ethanol industry also exerts influence by contributing to political campaigns, particularly to members of committees with jurisdiction over corn ethanol subsidy and regulatory issues, including the House and Senate Agriculture, House Energy and Commerce, House Ways and Means, Senate Finance, and Senate Environment and Public Works Committees. During the 2012 election cycle, Political Action Committee (PAC) donations from corn ethanol and associated interests totaled $2.2 million, a large jump from the 2008 and 2010 election cycles of $1.3 million and $1.5 million, respectively.\textsuperscript{14} Table 3 includes a list of the largest corn ethanol-related political contributors to Members of Congress.

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<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>American Farm Bureau Federation &amp; state organizations</td>
<td>$705,438</td>
<td>Louis Dreyfus Corp</td>
<td>$46,500</td>
</tr>
<tr>
<td>National Corn Growers Assn</td>
<td>$254,000</td>
<td>Illinois Corn Growers Assn</td>
<td>$41,750</td>
</tr>
<tr>
<td>Cargill Inc</td>
<td>$247,500</td>
<td>Illinois Agricultural Assn</td>
<td>$28,986</td>
</tr>
<tr>
<td>Archer Daniels Midland</td>
<td>$227,850</td>
<td>Magellan Midstream Partners</td>
<td>$23,000</td>
</tr>
<tr>
<td>POET LLC</td>
<td>$176,000</td>
<td>Golden Grain Energy</td>
<td>$7,750</td>
</tr>
<tr>
<td>Biotechnology Industry Organization</td>
<td>$138,750</td>
<td>Renewable Fuels PAC</td>
<td>$5,750</td>
</tr>
<tr>
<td>Growth Energy</td>
<td>$130,500</td>
<td>Iowa Renewable Fuels Assn</td>
<td>$5,000</td>
</tr>
<tr>
<td>AG Processing</td>
<td>$109,000</td>
<td>Southwest Iowa Renewable Energy</td>
<td>$2,000</td>
</tr>
<tr>
<td>National Farmers Union</td>
<td>$72,750</td>
<td>TOTAL</td>
<td>$2,222,524</td>
</tr>
</tbody>
</table>

Reference: Center for Responsive Politics

Conclusion

After more than 30 years of federal support, it’s time taxpayers stop subsidizing the corn ethanol industry. Corn ethanol lobbyists are working behind the scenes to increase their share of federal subsidies through the tax code, USDA, and Department of Energy and to increase the number of gallons of corn ethanol that can count toward the federal RFS mandate. With a $16.5 trillion national debt, taxpayers cannot afford yet another year of taxpayer subsidies for the mature corn ethanol industry.

For more information, contact Taxpayers for Common Sense at 202-546-8500.
Appendix

Listed in alphabetical order below are descriptions of selected companies and trade associations lobbying for favorable corn ethanol regulations and/or industry subsidies.

**AG Processing (AGP):** AGP, one of the largest agricultural cooperatives in the U.S., is engaged in the procurement, processing, marketing, and transportation of grains and grain products. It owns a corn ethanol production facility in Hastings, Nebraska, in addition to three soy biodiesel facilities in Iowa and Missouri.\(^\text{15}\)

**American Coalition for Ethanol (ACE):** since 1988, ACE has worked to “increase ethanol demand by mobilizing grassroots political support for public policies at state and federal levels.”\(^\text{16}\) According to its website, ACE represents “more than 1,500 members nationwide, including: ethanol producers, farmers, investors, the agriculture community, industry suppliers, rural electric cooperatives, and others supportive of the increased production and use of ethanol across America.”\(^\text{17}\)

**American Farm Bureau Federation:** The American Farm Bureau Federation, through its local, state, and national organizations, lobbies on a wide range of agricultural policy issues, including subsidies and regulatory protections for corn ethanol. Farm Bureau Federations are located in all 50 states. One of its “priority issues” for the 113th Congress is a comprehensive energy policy including support for “the production and use of agricultural-based fuel, including corn and cellulosic ethanol and biodiesel.”\(^\text{18}\)

**The Andersons Inc:** The Andersons Inc. has several subsidiaries and affiliates, including a Grain Group, Ethanol Group, Plant Nutrient Group, Rail Group, Retail Group, and Turf and Specialty Group.\(^\text{19}\) The Andersons Inc. is the largest equity investor and/or operator of three corn ethanol production facilities in Iowa, Michigan, and Indiana; its subsidiary, The Andersons Ethanol Investment LLC, also entered into a joint venture with Marathon Petroleum Company LLC in 2008 to build and operate a 110 million gallon corn ethanol plant in Ohio.\(^\text{20}\)

**Archer Daniels Midland (ADM):** Archer Daniels Midland Company was incorporated in Delaware in 1923, a successor to the Daniels Linseed Co. founded in 1902. It is one of the world’s largest processors of oilseeds, corn, wheat, cocoa, and other agricultural commodities and is a leading manufacturer of protein meal, vegetable oil, corn sweeteners, flour, biodiesel, ethanol, and other value-added food and feed ingredients; ADM also has an extensive global grain elevator and transportation network to procure, store, clean, and transport agricultural commodities, such as oilseeds, corn, wheat, milo, oats, and barley, as well as processed agricultural commodities.\(^\text{21}\) ADM owns nine corn ethanol production facilities in Illinois, Iowa, Nebraska, North Dakota, and Minnesota and was one of the earliest supporters of federal ethanol subsidies.\(^\text{22}\)

**Biotechnology Industry Organization (BIO):** BIO lobbies on behalf of biotechnology companies supplying corn, fertilizer, chemicals, and various bio-based technologies to agricultural producers.\(^\text{23}\)
Cargill Inc: According to its website, “Cargill is an international producer and marketer of food, agricultural, financial and industrial products and services. Founded in 1865, our privately held company employs 142,000 people in 65 countries.” Cargill owns two corn ethanol production facilities in Nebraska and Iowa.

Coalition for E85: According to its website, the coalition is “composed of retailers, producers, equipment manufacturers, automobile manufacturers and other supporters of E85 [85 percent ethanol] fuel. [The] Coalition's mission is to undertake an immediate and targeted effort to secure a tax credit for E85 fuel in response to impending cuts to current incentives.” The organization includes companies such as Propel, Protect Fuel, Pearson Fuels, Amerigreen Energy, Petro Serve USA, Zarco66 (Phillips 66), Mansfield Renewable Fuel, The Andersons, Kum & Go, MFA Oil, Boelman Energy, Thorntons, CarbonGreen Energy, Walton Engineering, Clean Fuels Development Coalition, National Association of Convenience Stores, Petroleum Marketers Association of America, SIGMA, and the Petroleum Equipment Institute.

Growth Energy: Growth Energy is a new lobbying organization that represents some of the largest ethanol companies in the U.S., including POET LLC - the largest corn ethanol producer in the U.S. In total, Growth Energy represents 78 corn ethanol production facilities, in addition to its 79 associate members which range from state corn promotion groups to agribusiness giants such as Syngenta Seeds.

Illinois Agricultural Association: also known as the Illinois Farm Bureau, a state-based organization with ties to the national American Farm Bureau Federation, the Illinois Agricultural Association has lobbied to retain the ethanol tax credit and expand corn ethanol subsidies for ethanol blender pumps.

Illinois Corn Growers Association: a state affiliate of the National Corn Growers Association, the Illinois Corn Growers Association has lobbied to retain ethanol subsidies. In fact, one of its priority policy issues is ensuring continued corn ethanol subsidies such as federal funding for flexible fuel vehicles and ethanol blender pumps. The organization represents approximately 5,000 Illinois corn producers.

Magellan Midstream Partners: Magellan is principally engaged in the transportation, storage and distribution of petroleum products but has also worked with POET, the largest corn ethanol producer in the U.S., to seek federal funding for a dedicated ethanol pipeline running from Iowa to New Jersey. Its asset portfolio consists of: approximately 9,600 miles of pipeline and 49 terminals; petroleum terminals, which includes storage terminal facilities; and 1,100-mile ammonia pipeline and six terminals.

National Biodiesel Board (NBB): NBB is a national trade association representing the biodiesel industry in the United States; it is comprised of state, national, and international feedstock and feedstock processor organizations, biodiesel suppliers, fuel marketers and distributors, and technology providers. NBB’s members include companies such as Archer Daniels Midland Company, Amerigreen Energy, Inc., Beacon Energy (Texas), Cargill, Inc., and
Imperium Renewables, Inc. While most biodiesel is currently produced from soybean or other vegetable oils, corn oil is also increasingly being used as a feedstock in biodiesel production.\textsuperscript{35}

**National Corn Growers Association (NCGA):** Based in St. Louis, Missouri, with a lobbying office in Washington, D.C., NCGA’s mission is to “create and increase opportunities for corn growers.”\textsuperscript{36} Affiliated corn growers associations are located in all but two U.S. states.\textsuperscript{37} NCGA was one of the earliest supporters of corn ethanol subsidies. The organization continues to lobby for investments “in biofuels infrastructure and [an increase in] the number of flexfuel vehicles.”\textsuperscript{38}

**National Farmers Union:** Founded in 1902, the National Farmers Union advocates on behalf of U.S. farms and ranches in Washington, D.C. The organization supports “ambitious mandates for renewable energy production” and counts the 2008 extension and expansion of renewable energy tax credits, including the ethanol tax credit, as major federal policy wins. While the National Farmers Union represents fewer members than the larger American Farm Bureau, affiliates can still be found in 32 U.S. states.\textsuperscript{39}

**Novozymes North America:** Novozymes is a biotech company which manufacturers enzymes that purportedly increase the efficiency of corn ethanol production.\textsuperscript{40} While Novozymes is based in Denmark and employs over 5,800 people worldwide, its North American site is located in North Carolina.\textsuperscript{41}

**Patriot Renewable Fuels:** Patriot owns and operates a 110-million gallon per year corn ethanol production facility in Annawan, Illinois.\textsuperscript{42}

**POET LLC:** From its beginnings over two decades ago, POET has grown to become the largest corn ethanol producer in the U.S. Based in South Dakota, POET owns 25 corn ethanol production facilities scattered throughout seven states.\textsuperscript{43} POET also owns and operates a cellulosic ethanol demonstration facility in Emmetsburg, Iowa, which plans to eventually convert corn stalks, cobs, husks, and leaves into biofuel at a commercial scale.\textsuperscript{44}

**Renewable Fuels Association (RFA):** As a lobbying organization representing 47 ethanol companies, RFA has advocated for additional federal subsidies and favorable treatment of corn ethanol for over 30 years.\textsuperscript{45} Its members range from agribusiness giants and large ethanol producers such as Archer Daniels Midland to smaller producers such as Husker Ag, LLC in Nebraska. On its website, RFA states that it “has been the industry's most forceful advocate for expanding the market for ethanol.”\textsuperscript{46}
1 All lobbying expenditures were obtained from the Center for Responsive Politics at www.opensecrets.org.
2 http://www.opensecrets.org/lobby/clientissues_spec.php?id=D000026574&year=2011&spec=FUE
3 All lobbying/revolving door information was obtained from the Center for Responsive Politics at www.opensecrets.org.
5 http://www.ethanolproducer.com/plants/listplants/US/Existing/Sugar-Starch/
6 http://www.ethanolproducer.com/plants/listplants/US/Existing/Sugar-Starch/
14 All political contributions were obtained from the Center for Responsive Politics at www.opensecrets.org.
15 http://www.biodieselmagazine.com/plants/listplants/USA/
17 https://www.ethanol.org/index.php?id=23&parentid=7
19 http://www.andersonsinc.com/wps/portal/corp/lit/p/c5/04_SB8K8xLLM9MSzPy8xBz9CP0os_jAIlItQSydDRwM
20 http://www.coalitionfore85.org/about
21 FORM 10-K; for period from July 1, 2012 to December 31, 2012
26 http://www.coalitionfor85.org/about-us/
27 http://www.coalitionfor85.org/about-us/
28 http://www.growthenergy.org/structure
29 http://www.ethanolrfa.org/pages/philosophy
30 http://www.ethanolrfa.org/pages/members
31 http://www.ethanolrfa.org/pages/philosophy
32 http://www.ethanolrfa.org/pages/members
33 http://www.ethanolrfa.org/pages/philosophy
34 Form 10-K for the fiscal year ended December 31, 2012
36 http://ncga.com/about-ncga/mission-vision
40 http://nebraskafarmersunion.org/links/
42 http://www.ethanolrfa.org/pages/about/ncga-and-your-state-corn-grower-association
43 http://www.ethanolrfa.org/pages/about/ncga-and-your-state-corn-grower-association
44 http://www.ethanolproducer.com/plants/view/485
45 http://poet.com/plants
46 http://poet.com/cellulosic
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