

CAPITOL REPORT

Senator Luann Ridgeway

January 30, 2006

Summary for the busy reader: A very busy week in the Missouri Senate includes activity on:

1. A mandate that all gasoline sold in Missouri contain 10% ethanol;
2. Revisions to Missouri's eminent domain laws;
3. A bill that would reduce or eliminate project labor agreements.

Details follow.

Rarely is there a week loaded with so much activity, and controversy, as the week of January 23 in Missouri's Capitol. I hardly know where to begin.

We would all like to reduce our dependence on foreign oil, have cleaner air and pay less at the pump. We might be living in a dream world to get all three, but the possibility is there. The Senate Agriculture Committee heard a bill this week that would mandate all gas stations in Missouri to carry at least 10% ethanol in their products. Ethanol is fuel made from corn. Ethanol plants located in Missouri convert raw corn (also produced in Missouri) into fuel. When it leaves the plant, it is 100% ethanol. The plant transports the pure ethanol to a distributor that carries petroleum-based fuel. When the tanker trucks come to supply your local gas stations, the distributor has the tanker filled with whatever fuel is desired. No automobiles can yet use pure ethanol but almost every auto can use at least a 10% ethanol blend with no problem. Some autos that are appropriately manufactured can run on 85% ethanol. Up to this point, it has largely been up to the buyer to determine whether to use an ethanol blend. I say it has "largely" been up to the consumer, because some gas stations simply do not offer an ethanol blend. When it is offered, it is usually a higher octane for a slightly lower price. This may come as a surprise to some of you. This is because corn producers have not done a very good job of promoting ethanol and educating customers as to its benefits. But that's a topic for a later day.

I will be closely watching the progress of this ethanol bill. Under no circumstances should the Missouri Senate take action on a mandate that would result in people paying more money for gasoline at the pump. Why could an ethanol mandate result in higher prices? Government may impose a mandate overnight, but the law of "supply and demand" doesn't go away overnight. When great demand is created overnight by a government mandate, the supplies do not usually go up commensurate with the mandate.

When demand skyrockets but supply stays the same, prices must escalate. I have been told that all of Missouri's ethanol plants are functioning at peak capacity and that most of our ethanol is sold to California. Assuming this is correct, Missouri will be bidding against California for our own ethanol – made from plants supported with Missouri tax dollars by the way.

I'm not ready to say that the ethanol mandate is a good thing or a bad thing at this point. If you are interested in more information, let me know and I will send more information about how you can follow this issue. And I will, no doubt, write more about this in future capitol reports.

Revisions to Missouri's eminent domain laws were also at the forefront this past week. A significant group of people traveled to Jefferson City to visit with their legislators about this issue. To review, eminent domain is the power of the government to take personal property away from private individuals. Until recently, this power was only used when the property would be used by the public – for a road, police station, schools or railroads, for example. Recently, this awesome power of the state has been used to take private property away from certain individuals, only to give it to other private individuals for their private use – purely because the latter private use would produce more tax revenues to the local political subdivision. In other words, our private property rights mean nothing. The only thing that matters is income to the state. This is the way it will be unless the Missouri Legislature takes action to reform our eminent domain laws to clarify and protect our private property rights. Again, there is too much to cover in this report. A task force appointed by Governor Blunt issued final recommendations for legislation pertaining to the exercise of eminent domain power in Missouri. The task force's complete report and recommendations are available at <http://www.mo.gov/mo/eminentdomain/index/htm>.

Also heard this week was a bill to restrict the use of project labor agreements on public works projects. A project labor agreement is basically a statement by a political subdivision that only union labor will be allowed to work on a project up for bid. In other words, non-union businesses and workers need not apply. Non-union businesses have felt discriminated against for years by the application of project labor agreements. The issue is this: When the taxpayer's money is involved, shouldn't we have the opportunity to review all bids (both union and non-union) to determine who can give the taxpayer the most for their dollar? This bill has received a hearing but has not yet been voted out of committee.

Lots of other events crowded the calendar last week. I was pleased to have high school students from schools including Smithville, Excelsior Springs, Lawson, Southeast and Life Christian Academy visit me in the Capitol this past week. It's always a pleasure to have you stop by when you are in the Capitol.

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