



Week of June 5, 2006

New Ethanol Standard Treats “Addiction”

In his State of the Union Address this year, President Bush surprised many Americans by declaring it was time to end our “addiction” to foreign oil.

The Missouri legislature listened to this and acted. For several years we have debated utilizing our homegrown energy sources, and this session we sent a bill dealing with the issue to Gov. Blunt’s desk as this issue is one of his priorities as well.

As Chairman of the Senate Agriculture Committee, I was very active in committee and floor debate and the behind-the-scenes action necessary to pass HB 1270.

When signed by the Governor, the Missouri Renewable Fuel Standard will require that, beginning January 1, 2008, most gasoline sold in Missouri contain at least 10 percent agriculturally derived, denatured ethanol.

The only time this would not hold true is in case of exemption by the federal Environmental Protection Agency, by a rule promulgated by the Director of the Department of Agriculture, or by an executive order issued by the Governor.

The provisions of the bill do not apply to premium gasoline, E75-E85 fuel ethanol, bulk transfers between terminals, or gasoline sold for use in aircraft.

The standard also has provisions for pricing and for supply to guarantee that Missourians will not pay a higher price at the pump for ethanol blends than nonethanol gasoline or if supplies should be scarce. Both are unlikely.

Some constituents and friends have expressed concerns about two-stroke engines in saws and mowers not being able to use an ethanol blend. Regular gasoline will still be available for these consumers.

A point to consider is that due to EPA requirements in some areas, more than 50 percent of all gas currently sold in Missouri already contains at least 10 percent ethanol.

Some of our neighbors have already jumped on the flex-fuel engine bandwagon and have seen immediate fuel savings. Recent E-85 pump prices around the state have been in the \$1.85 to \$2.09 a gallon range, a savings of at least 50 cents a gallon!

The passage of this bill brings us in line with other states, including Minnesota, Montana, Hawaii, Iowa, Washington, and Louisiana. Our law is different from many of these states as we did not provide financial incentives to the oil industry to make these changes.

We also strengthened the Missouri-based requirements for our energy producers by changing the definition of a "Missouri qualified biodiesel producer." It is now a facility that has 51 percent ownership by Missouri resident agricultural producers who are actively engaged in agricultural production for commercial purposes or a facility that uses at least 80 percent Missouri feedstock in the production of biodiesel.

This keeps our tax incentives in our state instead of sending them to out-of-state or foreign investors looking to benefit from our local programs.

HB 1270 is a first step in the right direction, and we will be closely monitoring its progress. I ask you to do the same.

Like the President said back in January, we are addicted to oil. If we have to change addictions to fuel in our mobile society, a renewable homegrown energy source is the way to go.

As always, if there are issues you would like to see addressed or if you ever have a problem finding answers from state government, my official Capitol office is open for your conversation. Our toll-free number is 1.866.242.0810 and our email is Dan_Clemens@senate.mo.gov.