



Biodiesel Measure Pumps Up the Rhetoric

JEFFERSON CITY — A biodiesel standard that would require diesel fuel sold in Missouri to contain a 5 percent biodiesel blend stirred a lot of heated debate in the Senate last week before it was approved by a 20-11 vote and forwarded to the House for similar consideration. The legislation is much like last year's ethanol standard that went into effect at the beginning of this year that requires gasoline to contain a 10 percent ethanol blend.

As with any matter that comes before and is debated by the Senate, there are two sides to the issue. Interestingly, in this case there were no distinct party lines drawn — just two schools of very different thought about how the proposed biodiesel standard would affect Missouri business and consumers. On the positive side, supporters endorsed it as good for the state's agricultural soy and grain industries. (Biodiesel is made from soybeans; its counterpart ethanol is made from corn.) They promoted it as a way to improve the environment and reduce dependency on foreign oil. They also advocated that mixing biodiesel with diesel fuel will lower the price at the pump and keep American energy dollars at home and in our local communities. In addition, they touted the measure as an economy-building move that will put wealth back into Missourian's pockets and allow them to participate in a campaign for renewable fuels.

An amendment to the legislation added a qualification that the measure cannot go into effect until the average price of biodiesel has been equal to or less than the average price of traditional diesel for a full year. The biodiesel standard could not begin before June 1, 2010. If enacted, the measure would make Missouri the sixth state to endorse a biodiesel standard.

On the flip side of this controversial issue, opponents insisted the standard would allow the state to tamper or interfere with the free market economic system. They indicated increased demand for the state's soy and grain products used for fuel production also contributes to higher food prices and increases the price for livestock feed and finished consumer goods, including a wide variety of soy and grain byproducts such as oils, inks, paper, vitamins and body care products. They noted that by creating a demand for soybeans, we inflate their price. Increased demand for soybeans also means fewer acres for other crops, creating an overall rise in the price of food during a time when food prices are already inflated. In 2007, the nation experienced the biggest jump in food prices in 17 years. The average retail price of a dozen eggs increased 38 percent from November 2006 to November 2007, with milk prices rising 30 percent.

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As you know, I don't take government involvement in the marketplace lightly. However, with fuel prices approaching the \$4 mark and production costs soaring by the minute, it's important for Missouri to recognize and take the lead in providing solutions to lower the costs of fuel. Ultimately, the economic advantages of using renewable bio fuels will positively impact both the urban and rural sectors of our state (and the nation) and will make it possible for us to sustain our economic viability and free us from an unnecessary reliance on foreign oil.

If you have comments or questions about this week's column or any other matter involving state government, please do not hesitate to contact me. You can reach my office by phone at (866) 271-2844.

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