



Tom Harkin, U.S. Senator



MEMORANDUM

TO: Interested Parties
FROM: Senator Tom Harkin (D-IA)
RE: **Analysis of House Budget Cuts to Biofuels Development in Iowa**
DATE: March 1, 2011

Recently, the U.S House of Representatives approved a budget for the rest of Fiscal Year 2011 that includes several provisions that attack biofuel production and use, just as gasoline prices are rising rapidly in response to increasing threats to oil supplies from the Middle East. **If enacted, these provisions would hurt Iowa's economy and threaten jobs.**

The House-passed bill would block funds for the Environmental Protection Agency (EPA) to implement a waiver to increase the ethanol content of gasoline from 10 to 15 percent. It would also prohibit funds from being used to construct ethanol blender pumps and ethanol storage facilities, both of which are critical to the future of the Iowa biofuels economy. In addition, the budget eliminates funding for the Loan Guarantee Program for clean energy at the Department of Energy (DOE).

There is no question that the time has come for tough budget decisions, but **the smart way to bring down the deficit is for Congress to pursue a balanced approach of major spending cuts and necessary revenue increases, while continuing to make investments in infrastructure and biofuels research.** That is the only way our country will remain competitive in the global economy and create good jobs that provide a sustained economic expansion in the years ahead.

Miniscule Budget Savings Threaten Current and Future Jobs in Iowa:

Implementation of E15 Waiver

EPA implementation of the E15 waiver is essential to **continue the growth of the biofuels economy in Iowa and for increasing energy security by displacing foreign oil with energy produced in America.** Without the waiver, we can use no more than 10 percent ethanol in most vehicles, even though the biofuels industry is able to meet the growing demand for higher blends. Blocking EPA from further action on allowing the use of E15 saves very little money even as it threatens Iowa jobs.

Building Biofuels Infrastructure

Building a biofuels infrastructure is critical to the economy in Iowa. Manufacturing more flex-fuel vehicles and building ethanol storage facilities are key components of this infrastructure. Here too, the House budget blocks Iowa's economic progress while saving almost no money. The planned expenditures for these installations are very small, making budget savings miniscule.

Loan Guarantees for Clean Energy

Eliminating DOE loan guarantees for clean energy directly attacks the advanced biofuels industry. Advanced biofuel technologies are expected to enable us to more than double our biofuel use in just the next 10 years, but first-of-a-kind production plants will not be financed and built without federal guarantees. Every plant that is blocked due to these cuts means the loss of about 100 good paying, full time biorefinery operating jobs in the future, and twice that many during plant construction. It also means farmers would forego about \$12 million in annual income for biomass feedstock production.

These cuts would be especially hard on Iowa because of the many firms wanting to build their first advanced biofuel facilities in the state.

Harkin's full statement on the budget proposals before Congress can be found [here](#).

For a compilation of all outreach pieces on this issue, please click [here](#)