Governors’ Ethanol Coalition

• North Dakota Gov. John Hoeven, Chair • Illinois Gov. Rod Blagojevich, Vice Chair • Missouri Gov. Bob Holden, Past Chair

Arizona Gov. Janet Napolitano
Arkansas Gov. Mike Huckabee
Colorado Gov. Bill Owens
Hawaii Gov. Linda Lingle
Idaho Gov. Dirk Kempthorne
Indiana Gov. Frank O’Bannon
Iowa Gov. Thomas Vilsack
Kansas Gov. Kathleen Sebelius
Kentucky Gov. Paul Patton
Michigan Gov. Jennifer Granholm
Minnesota Gov. Tim Pawlenty
Mississippi Gov. Ronnie Musgrove
Montana Gov. Judy Martz
International alliances with Brazil, Canada, Mexico and Sweden •
Nebraska Gov. Mike Johanns
New Mexico Gov. Bill Richardson
North Carolina Gov. Mike Easley
Ohio Gov. Bob Taft
Oklahoma Gov. Brad Henry
Oregon Gov. Ted Kulongoski
Puerto Rico Gov. Sila María Calderón
South Carolina Gov. Mark Sanford
South Dakota Gov. Mike Rounds
Texas Gov. Rick Perry
Washington Gov. Gary Locke
Wisconsin Gov. Jim Doyle
Wyoming Gov. Dave Freudenthal

May 27, 2003

The Honorable Chuck Grassley
Chairman
Senate Finance Committee
135 Hart Senate Office Building
Washington, DC 20510-1501

The Honorable Max Baucus
Ranking Member
Senate Finance Committee
511 Hart Senate Office Building
Washington, DC 20510

Dear Senators Grassley and Baucus:

On behalf of the twenty-nine Governors who are members of the Governors’ Ethanol Coalition, we strongly support your efforts to 1) Revamp the Ethanol Excise Tax Exemption by creating a new volumetric ethanol excise tax credit; 2) Restore 2.5 cents in excise tax to the Highway Trust Fund; and 3) Fix the Small Ethanol Producer Tax Credit so farmer owned cooperative ethanol plants can participate in the Small Ethanol Producer Tax Credit Program as originally intended.

The Governors’ Ethanol Coalition has always supported the federal tax incentive for ethanol fuel realizing its critical importance in growing the ethanol industry, reducing our dependence on oil, improving our rural economies and cleaning our air.

We have also been very concerned when some states are penalized in the allocation of Highway Trust Funds as we work to increase ethanol utilization.

As you know, these Highway Trust Funds are critical to the development and maintenance of our highway transportation systems. A strong national ethanol program and adequate funds for highway transportation should not be mutually exclusive. Your legislation, “Energy Tax Incentive Act of 2003,” as passed by the Senate Finance Committee by 18-2, completely resolves this previous dilemma.

Please let us know how the Governors’ Ethanol Coalition can help with the passage of this very important change in the tax law. Both the expansion of our nation’s ethanol industry and the protection of our highway trust funds are of the highest priority to member states.

Thank you for your strong support and innovative ideas in addressing these complicated problems in the existing tax law.

Sincerely,

John Hoeven, Chairman
Governor of North Dakota

Rod Blagojevich, Vice Chairman
Governor of Illinois

P.O. Box 95085, Lincoln, NE 68509-5085, Phone 402-471-2867, Fax 402-471-3064, Internet www.ethanol-gec.org