

A PROMISING START - A FORMULA FOR THE FUTURE  
NATIONAL GASOHOL COMMISSION

MARCH 4, 1980

AMERICA IS IN DIRE NEED OF AN ALTERNATIVE, RENEWABLE SOURCE OF FUEL. THAT MUCH WE ALL AGREE UPON. AND YOU AND I CAN, I THINK, ALSO AGREE THAT ALCOHOL FUEL PRODUCTION CAN PROVIDE A SIGNIFICANT PART OF THE SOLUTION TO THE NATION'S ENERGY PROBLEMS. GASOHOL HAS ARRIVED -- IT IS NO PIPE DREAM. BUT, WHAT'S MORE IMPORTANT IS THAT GASOHOL HAS A LOT OF POLITICAL CLOUT BEHIND IT! AND IT'S THIS CLOUT THAT CAN INSURE THE POTENTIAL OF GASOHOL IN THE FORSEEABLE FUTURE.

WHERE NEXT?

OUR NATIONAL ENERGY NEEDS MUST BE MET BY DEVELOPING CONTRIBUTIONS FROM A VARIETY OF ENERGY SOURCES: ALCOHOL FUELS REPRESENT ONE IMPORTANT SOURCE BASED ON A HAPPY MARRIAGE BETWEEN AMERICAN AGRICULTURE AND THE AMERICAN DRIVER. THE POTENTIAL FOR GASOHOL PRODUCTION AND MARKETING BEYOND 1985 IS IMMENSE - BUT IT WILL REMAIN UNREALISTIC UNLESS WE FURTHER DEVELOP EXISTING FACILITIES AND MOVE ON TO BUILD NEW ONES.

THE TREND IS CLEAR: IN LESS THAN A YEAR, THIS NATION HAS WITNESSED AN EXPLOSION OF INTEREST AND INVOLVEMENT IN THE ALCOHOL FUEL INDUSTRY. THE NUMBER OF RETAIL OUTLETS HAVE INCREASED TO MORE THAN 2000 AND U.S. PRODUCTION OF ALCOHOL FUEL FROM FARM PRODUCTS NOW EXCEEDS 25 MILLION GALLONS A YEAR.

POLITICALLY, GASOHOL IS AN IDEA WHOSE TIME HAS COME - AND IT'S EVERY-MAN FOR HIMSELF IN BROADENING THE BANDWAGON. IN THE SENATE, I, ALONG WITH MY COLLEAGUES WHO HAVE ADDRESSED YOU EARLIER HAVE WITNESSED OVERWHELMING BIPARTISAN SUPPORT FOR NUMEROUS ALCOHOL FUEL PROPOSALS.

BUT TALK IS CHEAP - UNLIKE ENERGY OR ANYTHING ELSE THESE DAYS. WHAT'S BEING DONE TO PROMOTE ACTUAL PRODUCTION OF GASOHOL? AND WHAT CAN YOU DO TO MAXIMIZE YOUR NEW FOUND CLOUT ON CAPITOL HILL?

#### A LEGISLATIVE PROPOSAL

IN EARLY DECEMBER, DURING CONSIDERATION IN THE SENATE OF THE WINDFALL PROFITS BILL, H.R. 3919, I INTRODUCED A SUBSTITUTE AMENDMENT WHICH WOULD PROVIDE FOR EXEMPTION OF THE 4 CENT PER GALLON EXCISE TAX UNTIL THE YEAR 2000. IN ADDITION, IT WOULD PROVIDE A 40 CENT PER GALLON PRODUCTION CREDIT FOR THOSE NOT ELIGIBLE FOR THE EXEMPTION, AND SIMPLIFY THE BUREAU OF ALCOHOL, TOBACCO, AND FIREARM REGULATIONS CURRENTLY GOVERNING PRODUCTION.



ON FEBRUARY 20TH, THE CONFERENCE COMMITTEE ON THE WINDFALL BILL CAME TO AN AGREEMENT ON MY PROPOSAL. AND WHY NOT? PAST EVIDENCE SUGGESTS THAT WHEN FACED WITH THE END OF THE EXEMPTION IN 1984, MANY PRIVATE SECTOR INVESTORS CONSIDERING CAPITAL INVESTMENTS IN ALCOHOL FUEL PRODUCTION FACILITIES BECAME HESITANT ABOUT MAKING COMMITMENTS OF THE SCALE NEEDED TO COMMERCIALIZE ALCOHOL FUELS. LENDING INSTITUTIONS HAVE ALSO BEEN RELUCTANT TO PROVIDE LONG-TERM FINANCING WHICH WOULD OUTLIVE THE DURATION OF THE FEDERAL TAX BENEFIT. EXTENDING THIS TAX EXEMPTION THROUGH DECEMBER 31, 1992 GIVES A CLEAR SIGNAL TO POTENTIAL INVESTORS AND LENDERS OF STABILITY IN FEDERAL TAX POLICY.

THE CONFEREES WERE ALSO CONCERNED WITH THE REDUCTION IN ESTIMATED TAX RECEIPTS EARMARKED FOR THE HIGHWAY TRUST FUND AND THEY HAVE AGREED TO REVIEW THE FINANCING OF THE FUND AT AN EARLY DATE WITH AN IDEA TOWARD PROVIDING ADDITIONAL REVENUES FOR IT. THE CONFEREES HAVE ALSO AGREED THAT THE GASOHOL EXEMPTION SHOULD NOT APPLY TO ANY FUTURE INCREASES IN GASOLINE TAXES.

NEVERTHELESS, AND EXEMPTION IS AN EXEMPTION - AND I URGE EVERY ONE OF YOU TO TAKE ADVANTAGE OF THE INCENTIVE WASHINGTON IS DETERMINED TO OFFER. IT IS, IN ANY VIEW, A PRACTICAL WAY OF INSURING THAT THE BENEFITS OF FEDERAL INCENTIVES WILL BE FELT DIRECTLY BY THOSE PRODUCING - AND CONSUMING - GASOHOL.

THIS EXEMPTION, IN MY VIEW, IS THE MOST PRACTICAL WAY TO ASSURE THAT THE BENEFITS OF THESE FEDERAL INCENTIVES ARE FELT DIRECTLY BY THOSE PURCHASING GASOHOL AT THE RETAIL LEVEL.

#### A NON-REFUNDABLE TAX CREDIT

IN ADDITION TO THE EXTENSION OF THE 4 CENT PER GALLON EXCISE TAX, MY PROPOSAL IN THE WINDFALL BILL WILL PROVIDE A NON-REFUNDABLE TAX CREDIT FOR BLENTERS AND USERS NOT ELIGIBLE FOR THE EXCISE TAX EXEMPTION. THIS WILL BE GRANTED AT 40 CENTS PER GALLON FOR ALCOHOL FUEL ABOVE 190 PROOF, 30 CENTS PER GALLON FOR ALCOHOL FUEL BETWEEN 150 AND 190 PROOF, AND 10 CENTS PER GALLON FOR ALCOHOL MADE FROM COAL. WE WILL ALSO STREAMLINE REGULATIONS OF THE BUREAU AND REMOVE SOME OF THE STUMBLING BLOCKS FOR ALCOHOL FUEL MANUFACTURERS. ALSO INCLUDED IN THIS COMPROMISE, WHICH I BELIEVE WILL GO FAR TOWARD THE CREATION OF A VIABLE DOMESTIC ALCOHOL FUEL PROGRAM, IS THE REQUIREMENT THAT THE TREASURY SECRETARY MAKE RECOMMENDATIONS WITHIN 180 DAYS OF ENACTMENT AS TO WHAT METHODS, IF ANY, MAY BE USED TO LIMIT THE IMPORTATION OF ALCOHOL FOR FUEL PURPOSES.



## A LEGITIMATE ALTERNATIVE

TOGETHER, WE MUST ALL ENCOURAGE THE AMERICAN PEOPLE TO VIEW GASOHOL AND OTHER ALCOHOL FUELS AS A VIABLE ALTERNATIVE TO MOTOR FUEL.

~~THE AMERICAN PEOPLE IS COUNTER-PRODUCTIVE TO THIS GOAL.~~ TODAY, WE HAVE A GROWING GASOHOL MARKET. WE HAVE DISTRIBUTORS ANXIOUS TO MARKET GASOHOL. WE HAVE GASOHOL FEEDSTOCKS TO SUPPLY A MAJOR NATIONAL EFFORT. YET, PROJECTED GASOHOL SALES ARE LIMITED BY PRODUCTION CAPABILITY AND CAPACITY EVEN THOUGH WE HAVE ENGINEERING FIRMS THAT CAN PROVIDE THE DESIGN AND CONSTRUCTION WORK.

AS A MEMBER OF THE NATIONAL ALCOHOL FUELS COMMISSION, I TRAVELED LAST NOVEMBER TO KANSAS TO SERVE AS CHAIRMAN FOR ONE OF OUR FIELD HEARINGS ON PROBLEMS AS WELL AS PROSPECTS IN THE ALCOHOL FUEL FIELD. THE NUMEROUS TESTIMONIES RECEIVED DURING THE DAY-LONG HEARING REVEALED THAT THE MARKET IS THERE, THE FEEDSTOCK IS THERE, THE TECHNOLOGY IS THERE, BUT THE ROADBLOCKS TO NATIONWIDE DEVELOPMENT AND CONSUMPTION IS INVESTMENT SECURITY.

### INVESTMENT SECURITY

THE PROPOSALS I HAVE FOUGHT FOR IN THE SENATE AND IN THE WINDFALL PROFITS TAX CONFERENCE, WILL PROVIDE THAT INVESTMENT SECURITY AND ELIMINATE THAT ROADBLOCK.

THE FACT THAT ALCOHOL FUELS ARE PRODUCED FROM RENEWABLE FARM AND FOREST PRODUCTS MAKES THEM ALMOST UNIQUE IN BEING IMMEDIATELY AVAILABLE TO REDUCE OUR CRIPPLING DEPENDENCE ON IMPORTED ENERGY FROM THE OPEC CARTEL.

I BELIEVE THAT ONE-FOURTH OF THE NATION'S CURRENT ENERGY NEEDS COULD BE MET FROM AGRICULTURE AND FORESTRY PRODUCTS. AND, AS I'VE INDICATED TODAY, I'M BY NO MEANS ALONE IN MY ATTITUDE. THIS PAST SESSION OF THE 96TH CONGRESS HAS SEEN MANY MEASURES PASSED ON TO THE HOUSE PROVIDING INCREASED LOAN PROGRAMS, ADDITIONAL RESEARCH, AND THE ESTABLISHMENT OF MORE PILOT PROJECTS TO TEST NEW FEEDSTOCKS AND PRODUCTION TECHNOLOGY. FOR MY OWN PART, I HAVE CO-SPONSORED ALMOST EVERY ONE OF THESE PROPOSALS AND I WILL CONTINUE TO PROMOTE GASOHOL AS PERHAPS THE BEST IMMEDIATE SOLUTION TO AMERICA'S ENERGY SHORT FALL.

### GETTING INVOLVED

THE NEED IS GREAT. THE TIME IS LATE. BUT WE HAVE WITHIN OUR GRASP A DECLARATION OF ENERGY INDEPENDENCE. THAT DECLARATION COMES IN THE FORM OF GASOHOL. SO LET ME SUGGEST, THAT INSTEAD OF THROWING BILLIONS OF TAX DOLLARS AT FEDERALLY FUNDED SYN FUEL PROGRAMS, INSTEAD OF HIRING THOUSANDS OF BUREAUCRATS TO STUFF AN ALREADY OVERSTUFFED DEPARTMENT OF ENERGY, TO SWAMP AMERICAN BUSINESSMEN AND CONSUMERS IN MORE RED TAPE, WE PURSUE THE COURSE I HAVE BRIEFLY OUTLINED FOR YOU TODAY.

LET'S UNLEISH THE NATURAL GENIUS OF AMERICAN TECHNOLOGY. LET'S PROVIDE INVESTORS IN A NEW AND RISKY FIELD WITH SOME ENCOURAGEMENT. AND LET'S STOP BEHAVING AS IF WORDS LIKE INCENTIVE AND PROFIT ARE UNMENTIONABLE IN POLITE CONVERSATION. IT WAS PROFIT AND INCENTIVE THAT BUILT THIS COUNTRY, THAT CREATED AN ECONOMY ENVIED THE WORLD OVER. IT'S PROFIT AND INCENTIVE THAT CAN RESTORE OUR EDGE, AND SET US ONCE AND FOR ALL FREE OF THE ENERGY BLACKMAIL OF THOSE WHO WOULD ONLY BE OUR FRIENDS FOR A PRICE.



GET INVOLVED, MY FRIENDS - NOT ONLY IN THE TECHNOLOGY OF GASOHOL, BUT IN THE POLITICS OF GASOHOL. I PLEDGE YOU MY CONTINUED SUPPORT. BUT I REQUEST YOU MAKE YOUR VOICES HEARD SO LOUD ON CAPITOL HILL THAT A FICKLE CONGRESS AND A HOSTILE ADMINISTRATION CAN NEVER OVERLOOK THE RIGHTNESS OF OUR CAUSE - NOR THE POWER OF OUR BALLOTS.