

Testimony of Joe Kakesh, General Counsel, Growth Energy

Chairman Daley and Members of the Agriculture Committee:

My name is Joe Kakesh and I am the General Counsel for Growth Energy.

Growth Energy is the world's largest association of biofuel producers, representing 89 U.S. plants that each year produce more than 8 billion gallons of cleaner-burning, low carbon renewable fuel – including 2 of Michigan's 5 biorefineries which account for nearly 60% of Michigan's ethanol production. We remain committed to bring better and more affordable choices at the fuel pump to consumers, help our country diversify our energy portfolio in order to grow more energy jobs, sustain family farms, and drive down the costs of transportation fuels for consumers.

Ethanol is a low-carbon biofuel as has been confirmed by the U.S. Department of Energy's Argonne National Lab, US EPA, and many other researchers, with the latest science showing ethanol reducing greenhouse gas emissions by nearly 50 percent compared to gasoline. Today, 98 percent of all gasoline sold in the U.S. contains 10 percent ethanol; E15 is now available at more than 2,600 retail locations in 31 states, and even higher ethanol blends such as E85 are available at more than 5,000 sites around the country.

In Michigan, there are 10 retail locations selling E15 and 244 locations selling E85. E15 is approved for all 2001 and newer vehicles representing more than 98% of the vehicle miles traveled on the road today. Consumers have now driven more than 30 billion miles on E15, and there have been no adverse reports with E15 since first being approved by the U.S. EPA 11 years ago.

Despite these documented benefits, some continue to spread false claims about ethanol and the environment with questionable science. The facts are clear: ethanol significantly reduces greenhouse gas emissions by nearly 50 percent compared to gasoline and we continue to push towards net-zero emissions with readily available technologies. In fact, moving to E15 across the state would reduce greenhouse gas emissions by 580,000 tons per year in Michigan alone.

Additionally, our industry simply takes the starch from the kernel of corn, while the rest of the fat, fiber, and protein continue to go into animal feed. We're producing more and more corn today on less acres than we did more than a century ago thanks to farmer innovation and precision agriculture which continue to increase crop yields.

Growth Energy greatly appreciates this opportunity to support Senate Bill 814 which would provide an important tax credit for retailers selling higher ethanol blends. Specifically, this legislation would provide a non-refundable 5 cent per gallon tax credit to fuel retailers who offer E15 and 8 and ½ cents for E85. This credit is important as retailers in Michigan continue to build out the market and invest in additional infrastructure to install these ethanol blends. Ethanol blends such as E15 and E85 provide environmental benefits, boost Michigan's farmers and biofuel producers, and give consumers more affordable choices at the pump. With today's record high gas prices, we're seeing E15 sell for nearly 60 cents less per gallon than regular gasoline and E85 at a discount of 2 to 3 dollars per gallon.

Given our experience with retailers around the country offering ethanol blends, we are happy to answer any questions and assist the committee as they consider this important legislation. We look forward to working with you to finalize this important benefit for Michigan fuel retailers and drivers. Thank you in advance for your consideration.