



Testimony from Dallas Gerber on Behalf of Growth Energy In Support of House Bill 324

Before the Senate Ways and Means Committee
Senator Louis Blessing, III, Chairman

Chairman Blessing, Vice Chair Roegner, Ranking Member Smith, and members of the Committee: Thank you for the opportunity to provide testimony in support of House Bill 324 on behalf of Growth Energy.

My name is Dallas Gerber, Director of State Government Affairs for Growth Energy. We are the world's largest association of bioethanol producers, representing 97 producer plants, including 5 plants here in Ohio, and 119 businesses associated with bioethanol production. Collectively, our members produce more than 9.5 billion gallons of cleaner-burning, affordable fuel. Together, we are committed to bringing better and more affordable choices at the pump for consumers, helping our country diversify our energy portfolio, creating more energy jobs, and sustaining family farms.

Producing ethanol provides a nearly threefold increase from the energy put into production with increasing plant efficiency and a growing suite of coproducts. Our industry simply takes the starch from the kernel of corn turning it into bioethanol, while the rest of the fat, fiber, and protein continues into nutrient-rich animal feed, corn oil which is used for additional biofuel production, and carbon dioxide, which is captured for commercial food and beverage use.

Today, 98 percent of all gasoline sold in the United States contains 10 percent bioethanol. E15—a fuel containing up to 15% bioethanol—is approved for use in all vehicles model year 2001 and newer. 96% of the vehicles on the road today can run on E15. Consumers across the country have now driven 100 billion miles on E15. There have been no adverse reports on fuel quality experienced with E15 since first being approved in 2011.

While E15 is available at more than 3,400 retail locations in 33 states, Ohio is falling behind. There are only 144 retail locations selling E15 in the state. That is around 2 percent of all stations in Ohio are selling E15. Compare that to Minnesota which has nearly 500 locations selling E15 or Wisconsin which has at least 350 locations.

We believe this legislation would provide an important, and temporary, tax credit to incentivize E15. Specifically, the bill's non-refundable 5 cent per gallon tax credit for fuel retailers who offer E15 helps Ohio compete with other Midwest states that are expanding E15 offerings through similar means.

While Ohio ranks 7th in bioethanol production in the United States, recent data shows it is second to last in term of statewide bioethanol blend rates. The only state with a lower blend rate is Alaska, which has zero bioethanol. Simply put, Ohio is not utilizing an Ohio-grown product that will help reduce fuel costs for drivers. For instance, at the relatively few retailers offering E15 in the state, Ohio drivers saved an average of 16 cents per gallon during the summer of 2023. In some instances, drivers even saved as much as 40 cents per gallon.

This temporary credit is important to ensure retailers that Ohio's E15 market will continue to build out and invest in additional infrastructure, helping position Ohio for the future. It provides an opportunity to increase the domestic market for Ohio's corn growers, who face the prospect of a

25% decline in farm income according USDA forecasts. Incentivizing E15 allows Ohio-grown corn to become affordable fuel for Ohio drivers, who would be saving several multiples of the temporary 5 cent incentive for every gallon of E15 they purchase.

The increased usage of ethanol also results in the availability of more nutrient-rich animal feed, an important co-product in the bioethanol production process, to the benefit of Ohio livestock farmers.

When the economic benefits to the consumer, and downstream benefits to the agriculture and bioethanol industries are considered in combination with there being no negative impact on Ohio's fuel tax revenue, this proposal does not impact the state's bottom line. As more states implement or consider similar incentives, we believe it is important Ohio does the same, thus ensuring a product made in Ohio using corn grown in Ohio can benefit Ohio consumers with lower prices at the pump for many years to come.

Thank you for your time, and I will be happy to answer any questions the committee may have.