

SENATE BILL 343
Testimony of LaVerne Ausman, Executive Director
Western Wisconsin Renewable Energy Cooperative
January 13, 2004

Mr. Chairman and Members of the Agriculture, Financial Institutions & Insurance Committee

The benefits of ethanol to the environment and the ethanol industry to the state have been well established. I will not dwell on that but to say that at a time when we are concerned about manufacturing moving off shore this not only builds manufacturing here but also reduces what we are now importing.

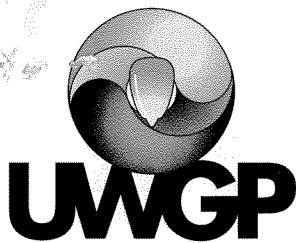
Now to the specifics of SB 343. The Western Wisconsin Renewable Energy Co-op (WWREC) goes on record in support of Senate Bill 343 in principle and wishes to express our appreciation for this initiative. We would like to share some comments on some specific provisions.

The change to a sum sufficient appropriation is very helpful in financial forecasting and financing the debt portion of a new plant. We regard that as a very important provision.

The basic public policy is to encourage ethanol production. Front loading the payments by declining levels every two years is good public policy and good for the developers. The startup costs are significant and help on the front end is most important.

Reducing the current payment eligibility from 15,000,000 gallons annual production to 12,500,000 seems to be going in the wrong way. Almost all ethanol plants under construction today are much larger than this and existing plants are expanding. It seems to be counterproductive to encourage small plants given the economics of the industry. If the issue were to control the potential budget exposure then I would ask that you look at the rate per gallon but increase the gallons. Limiting the out years could also be considered in over all budget exposure if that becomes an issue.

Thank you for your consideration and I look forward to working with you on this issue.



UNITED WISCONSIN GRAIN PRODUCERS, LLC

P.O. Box 247 • Friesland, WI 53935-0247
Phone: 920-348-5016 • Toll-Free: 877-679-6788 • Fax: 920-348-5009

Thank you for the opportunity to testify in support of AB699. There are many reasons to have incentives for ethanol production. The positive effects of this domestic renewable energy source have been highlighted by others here today.

I will touch on the number of Wisconsin people who are owners of ethanol plants, the incentives to young industries, and the time line of the Bill.

Our company, United Wisconsin Grain Producers of Friesland, Wisconsin has approximately 800 Wisconsin people as owners. The incentives in this bill help this new Wisconsin resident owned company. It is not a big outside corporation ownership. It is 800 Wisconsin residents.

Second, incentives to help prioritize and jump-start certain sectors of our economy that we, as a society feel is needed. (i.e. domestic renewable energy) is at the very heart of Keynesian macro economics. It's been proven in the past that incentives work. It is, indeed time for our state to progressively pursue promoting in-state, renewable energy.

Third, as a businessman with a macro economics background, I feel very strongly that incentives must not evolve into long term subsidies. That would not be good for industry or society. This bill has an end point; that's important.

In summary, in about 20 years this young ethanol industry has progressed from producing a gallon of ethanol for over \$3 to producing it for within about \$.25 more than the price of gasoline. We are beginning to get competitive. There's a reason why we are the "poster child" of the U.S. energy bill. Ethanol is a factor in fuel production now and will continue to be in the future. This state has an opportunity to be an important player in domestic renewable energy production.

Please support AB699. Thank you.

Bob Lange,
UWGP Secretary



UWGP United Wisconsin Grain Producers LLC

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To Whom It May Concern:

This letter is in support of bill AB 699 which modifies the ethanol incentive program. There are new energy factories springing up across Wisconsin's countryside—and what they're producing is opportunity. As Wisconsin gets serious about developing its energy plan new ethanol production plants are being built or planned.

The legislators of Wisconsin should support this bill for three reasons; ethanol it is part of Wisconsin energy plan, rural economic development, and it is good for the environment.

Ethanol is an important part of Wisconsin energy plan. Since ethanol is a high-octane, clean-burning gasoline extender, increased use of ethanol will actually increase the fuel supply in Wisconsin—and larger supplies of transportation fuel will help push prices down, not up. According to the U.S. Department of Energy and the U.S. Department of Agriculture, every 100 btus of energy used to make ethanol results in 135 btus of ethanol. That's a positive net energy balance. A recent study at Michigan State University found that ethanol produced from corn provides 56% more energy than is consumed during production

Wisconsin needs to continue to support rural development. Ethanol production directly helps Wisconsin's dairy, livestock, poultry, grain and pork producers. The ethanol industry is creating large end users of grain right here in Wisconsin. This translates directly to less transportation costs for grain producers to their product to market. The livestock industry benefits greatly from a new high protein feed source produced in Wisconsin. This will help keep the livestock industry active. The ethanol industry is bridging the gap between the rural community and the urban community. United Wisconsin Grain Producers has 830 investors from the communities surrounding Friesland. By supporting bill AB 699 there will be a ripple effect from a vibrant ethanol industry. The incentive payments will be multiplied many times over in Wisconsin because the projects involve so many local individuals and families.

The environmental benefits of ethanol in gasoline have been proven time and time again. As a clean-burning, renewable, organic compound, ethanol improves the overall quality and safety of gasoline—and the overall quality of our environment. Ethanol adds oxygen to gasoline—helping it burn more completely, thus significantly reducing tailpipe emissions. Ethanol has helped cities such as Denver, Las Vegas, and Phoenix clean up their air by reducing emissions of carbon monoxide and smog-forming volatile organic compounds. And it's not just about our air. It's about our water, too. That's why the gasoline additive MTBE is being phased out—because it pollutes groundwater supplies. Ethanol, on the other hand, is the preferred

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Friesland, WI 53935-0247



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replacement for MTBE because it adds oxygen to gasoline without the worry of water pollution—and because it's made from Wisconsin corn, not imported oil

The incentive payments have proven to pay for themselves many times over in the state of Minnesota. We ask you to support AB 699 as part of Wisconsin's energy plan for the future.

Thank you for your continued support,

Kevin Roche

President
United Wisconsin Grain Producers, LLC



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Please support AB699. Thank you.

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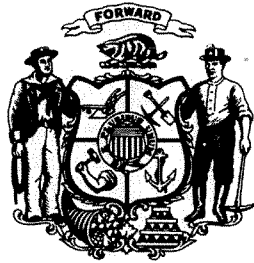
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Thank you for your continued support,

Kevin Roche

President
United Wisconsin Grain Producers, LLC



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman

Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Dave Hansen
Room # 319 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Hansen,

On Tuesday January 13th, 2004, the Senate Committee on Agriculture, Financial Institutions and Insurance held a public hearing on Senate Bill 343, relating to: payments to ethanol producers and making an appropriation.

During the hearing, on a motion by Senator Hansen with a Second by Senator Kedzie Senate Amendment 1, (LRB 1931/1) was introduced. (Attached.)

Based on the testimony received by the committee during the public hearing on Senate Bill 343 and Senate Amendment 1, the Chairman requests your vote on adoption of the amendment and on passage as amended.

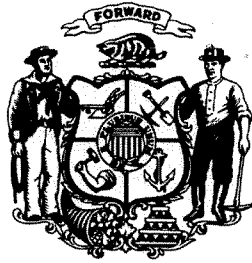
PLEASE RETURN THIS BALLOT TO OUR OFFICE BY FRIDAY JANUARY 16TH, 2004

Adoption of Senate Amendment 1 (LRB 1931/1). Aye ✓ Nay _____

Passage of Senate Bill 343 as Amended. Aye ✓ Nay _____

Dave Hansen
State Senator Dave Hansen

01 20 04
Date



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman
Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Dale Schultz
Room # 18 South
State Capitol
Madison, WI 53707-7882

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Senator Dale Schultz, Chairman

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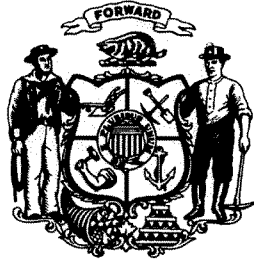
PLEASE RETURN THIS BALLOT TO OUR OFFICE BY FRIDAY JANUARY 16TH, 2004

Adoption of Senate Amendment 1 (LRB 1931/1). Aye Nay

Passage of Senate Bill 343 as Amended. Aye Nay


State Senator Dale Schultz

 / /
Date



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
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Senator Dale W. Schultz, Chairman
Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Neal Kedzie
Room # 313 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Kedzie,

On Tuesday January 13th, 2004, the Senate Committee on Agriculture, Financial Institutions and Insurance held a public hearing on Senate Bill 343, relating to: payments to ethanol producers and making an appropriation.

During the hearing, on a motion by Senator Hansen with a Second by Senator Kedzie Senate Amendment 1, (LRB 1931/1) was introduced. (Attached.)

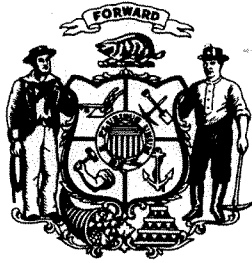
Based on the testimony received by the committee during the public hearing on Senate Bill 343 and Senate Amendment 1, the Chairman requests your vote on adoption of the amendment and on passage as amended.

PLEASE RETURN THIS BALLOT TO OUR OFFICE BY FRIDAY JANUARY 16TH, 2004

Adoption of Senate Amendment 1 (LRB 1931/1). Aye *JK* Nay _____
Passage of Senate Bill 343 as Amended. Aye *JK* Nay _____

Neal J. Kedzie
State Senator Neal Kedzie

 1/14/04
Date



**Senate Committee on Agriculture, Financial Institutions
and Insurance**

Room 18 South State Capitol, PO Box 7882, Madison WI 53707-7882
(608) 266-0703

Senator Dale W. Schultz, Chairman

Committee Clerk. John O'Brien

COMMITTEE BALLOT

January 14, 2004

Senator Ron Brown
Room # 104 South
State Capitol
Madison, WI 53707-7882

From;
Senator Dale Schultz, Chairman

Dear Senator Brown,

On Tuesday January 13th, 2004, the Senate Committee on Agriculture, Financial Institutions and Insurance held a public hearing on Senate Bill 343, relating to: payments to ethanol producers and making an appropriation.

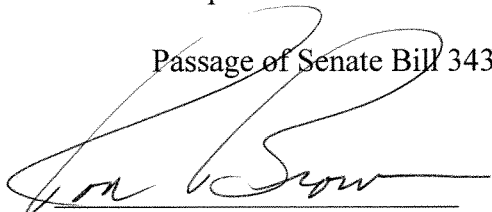
During the hearing, on a motion by Senator Hansen with a Second by Senator Kedzie Senate Amendment 1, (LRB 1931/1) was introduced. (Attached.)

Based on the testimony received by the committee during the public hearing on Senate Bill 243 and Senate Amendment 1, the Chairman requests your vote on adoption of the amendment and on passage as amended.

PLEASE RETURN THIS BALLOT TO OUR OFFICE BY FRIDAY JANUARY 16TH, 2004

Adoption of Senate Amendment 1 (LRB 1931/1). Aye X Nay

Passage of Senate Bill 343 as Amended. Aye X Nay



State Senator Ron Brown

 1/14/04
Date