

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-25-2001

BILL NO. SB 105

OR

SUBJECT _____

SR

(NAME) Ann's Winery

(Street Address or Route Number) 119 E Main Street

(City and Zip Code) Madison WI 53589

(Representing) WT Agric Business Council

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-25-01

BILL NO. SB 105

OR

SUBJECT _____

(NAME) Mike Carter

(Street Address or Route Number) PO Box 327

(City and Zip Code) Anti-grd WI 54609

(Representing) WI Potato + Veg Growers Ass

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

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DATE: 9/25/01

BILL NO. SB 105

OR

SUBJECT _____

(NAME) Paul Zimmerman

(Street Address or Route Number) 1212 Deming Way

(City and Zip Code) Madison WI 53705

(Representing) Waverly Farm Bureau

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-25-01

BILL NO. S.B. 105

OR
SUBJECT _____

John Manske
(NAME)

131 W. Wisconsin
(Street Address or Route Number)

Madison, WI 53703
(City and Zip Code)

WI Fed. of Leaps
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01

BILL NO. ~~58105~~ 58105

OR
SUBJECT Ethanol

Ron Stutz
(NAME)

PO Box 175
(Street Address or Route Number)

Prarie du Sac WI 53578
(City and Zip Code)

NFS
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

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DATE: 9/25/01

BILL NO. SB 105

OR
SUBJECT _____

Rep. OH
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01
BILL NO. SB 105
OR
SUBJECT _____

Rep. Mike Powers
(NAME)
P.O. Box 8953
(Street Address or Route Number)
Madison 53708
(City and Zip Code)
80th Assembly District
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: Sept 25, 2001
BILL NO. SB 105
OR
SUBJECT Etikanol

Rep. Jerry Petruski
(NAME)
720 N 136th Ave
(Street Address or Route Number)
Madison, WI 53748
(City and Zip Code)
86 District
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01
BILL NO. SB 105
OR
SUBJECT _____

Rep. Steve Freeze
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01

BILL NO. SB 105

OR

SUBJECT Ethanol

(NAME) Sen. Mark Meyer

131 South

(Street Address or Route Number)

(City and Zip Code)

Capitol

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01

BILL NO. SB 105

OR

SUBJECT Ethanol

(NAME) Robert Cook

(Street Address or Route Number)

(City and Zip Code)

WISDOT

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-25-01

BILL NO. SB 105

OR

SUBJECT Ethanol Subsidy

(NAME) Jim Donlin

(Street Address or Route Number) 4802 Shelbogan Ave.

(City and Zip Code) Madison, WIS53707

WIS DOT

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/25

BILL NO. SB 105

OR

SUBJECT _____

(NAME) Joe Tregeving

(Street Address or Route Number) ~~2811 Ag~~ 2811 Ag

(City and Zip Code) Madison, Wis.

(Representing) 2947100

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: Sept. 25 2001

BILL NO. SB 105

OR

SUBJECT _____

(NAME) Bob DeWaar

(Street Address or Route Number) 117 W. Smith St

(City and Zip Code) Chippewa Falls 54729

(Representing) Wisconsin Foremen Union

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: Sept. 25.

BILL NO. S-105

OR

SUBJECT Shared Programs

(NAME) Bob Sather

(Street Address or Route Number) 11010 161st St

(City and Zip Code) Chippewa Falls, WI 54729

(Representing) WI Ethanol Producers Assoc. (See)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9-25-01

BILL NO. SB105

OR
SUBJECT Ethanol

Bob Oleson
(NAME)

1130 Hwy 101
(Street Address or Route Number)

Palmira WI 53156
(City and Zip Code)

Wisconsin Carr Grocers Assoc.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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DATE: 9/25/01

BILL NO. SB 105

OR
SUBJECT Ethanol

Larry Johnson
(NAME)

16675 Market Avenue
(Street Address or Route Number)

Cologne, Minnesota
(City and Zip Code)

Delta T
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/2001

BILL NO. Senate Bill 105

OR
SUBJECT ethanol production

pynts.

Mark Schmidt
(NAME)

S Zurbro Ridge Dr.
(Street Address or Route Number)

Marquette, MN 55555
(City and Zip Code)

AgStar Financial Services
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

Speaking for information only; Neither for nor against:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 9/25/01
BILL NO. SB 105
OR
SUBJECT Ethanol

Alexander Samardzich
(NAME)

815 West Maple St.
(Street Address or Route Number)

STANLEY WI 54718
(City and Zip Code)

Free Ethanol/Ethanol Producers Assoc
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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(Please Print Plainly)

DATE: Sept 25 - 2001
BILL NO. SB 105
OR
SUBJECT Shred

Norval Dwork
(NAME)

116 N. 6th St.
(Street Address or Route Number)

Madison WI 53705
(City and Zip Code)

Paperland Recycling Co. E. Bay
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 09-25-01
BILL NO. SB-105
OR
SUBJECT Ethanol/Payments to producers

Gary Hammer
(NAME)

239 Kathleen St. Ste. 394
(Street Address or Route Number)

Madison WI 53711-5543
(City and Zip Code)

Wis. P&E Trades Assoc.
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: Sept 25

BILL NO. 105

SUBJECT _____

(NAME) Rep Jerry Baker
(Street Address or Route Number) _____

(City and Zip Code) San Bern
(Representing) _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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SENATE HEARING SLIP

(Please Print Plainly)

DATE: _____

BILL NO. SB 105

SUBJECT _____

(NAME) Tom Sykora
(Street Address or Route Number) 10688 St Hwy 128

(City and Zip Code) Appena Falls WI
(Representing) 54725

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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DATE: 9-25-01

BILL NO. SB 105

SUBJECT _____

(NAME) Sen Hassdorf
(Street Address or Route Number) _____

(City and Zip Code) _____

(Representing) _____

Speaking in Favor:

Speaking Against:

Registering in Favor:

but not speaking:

Registering Against:

but not speaking:

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Madison, WI 53707-7882



**WISCONSIN
FARMERS
UNION**



Statement
of the
Wisconsin Farmers Union

To the

Wisconsin State Senate
Committee on Labor and Agriculture

On

SB 105 and AB 44

September 25, 2001

My name is Robert A. Denman and I serve as Assistant to the President of the Wisconsin Farmers Union. The Wisconsin Farmers Union would like to thank the Wisconsin State Senate's Committee on Labor and Agriculture for the opportunity to testify here today on Senate Bill 105 which would provide incentive payments to producers of ethanol in the state and Assembly Bill 44 which seeks to repeal the current Wisconsin law that prohibits persons engaged in the buying of milk from producers from discriminating between producers in the price paid for milk.

I would like to open my testimony by addressing the issue of SB105.

The Farmers Union at both the state and national level long has been a supporter of efforts to promote the development of alternative energy sources, most especially renewable fuels from agriculture-based feedstocks. For that reason, the Farmers Union has been at the forefront in supporting legislation at the state and national level to promote the development of ethanol from a variety of agriculture crops, and especially corn and other grain sources.

The Farmers Union believes that is wise government policy for two reasons. First, it reduces our nation's dependence on non-renewable fuel sources and especially petroleum-based products which increasingly come from foreign-based sources which are subject to uncertain political changes. Second, it provides an alternative market for our agricultural producers who have demonstrated time and again their ability to produce an abundance from our productive land resource.

Those are just two of the reasons why the Wisconsin Farmers Union supports passage of SB 105. There are other reasons as well.

Grain production has been steadily increasing in Wisconsin in recent years and the grain producers of our state need the alternative market ethanol production provides to our state's many grain producers. It also provides us with the opportunity to produce a value-added farm product within our state's borders and provides our state with the many jobs which would come about due to that production. Further, it provides our state with a useful and monetarily valuable fuel supply at a time when we are at the end of pipeline for petroleum products.

Given the important role ethanol production could play in the economic future of our state, the Wisconsin Farmers Union also urges the Senate Committee and the Wisconsin legislature as a whole to also pass a resolution urging the U.S. Congress to establish a renewable energy reserve as a key component of the new farm bill which is up

for consideration in the current Congress and to direct our state's agricultural lobbyist to seek its inclusion as a title in the new farm bill.

The Wisconsin Farmers Union believes such a national renewable energy reserve needs to be established to ensure adequate feedstock commodities to our renewable energy industry when renewable fuels production is at risk of decline due to drought or crop disease and to protect our newly-based ethanol producers from significant commodity price increases which could jeopardize their economic viability.

The National Farmers Union has included a renewable energy reserve as one component in the farm bill proposal it has outlined to the U.S. Congress. Under the Farmers Union proposal the renewable energy reserve would be limited to the type and quantity of commodities necessary to provide approximately one-year's utilization plus additional commodities to provide incentives for research and development of new renewable fuels/bioenergy initiatives. Quantities of the reserve would be sold by the U.S. Secretary of Agriculture to eligible renewable fuels/bioenergy enterprises at the government's procurement price when the market price for those commodities exceed 100% of the farmers' full economic cost of production.

Let me now turn my attention to AB 44.

As members of the committee no doubt are aware, the Wisconsin Farmers Union has long been an advocate for the current Wisconsin law which prohibits the payment of different prices to producers based on the volume of milk they ship to processors. The main basis of the WFU opposition to volume premiums is that all farmers deserve to be paid the same price for the milk they ship to processors, when all other criteria for such milk are equal. The payment of higher premiums for volume simply mean that the higher price paid to large volume milk producers is simply deducted from the price paid smaller producers. It is a case of equity, which the previous state legislature understood and approved.

At the same time, the WFU has come to recognize the problems created when the state of Wisconsin prohibits the payment of volume premiums and other states allow that unfair practice to take place. The WFU also recognizes that the problem was compounded in recent history when the processors outside the state challenged the prohibition of volume premiums paid on milk shipped from the state of Wisconsin to out of state processors and the federal courts ruled the Wisconsin statute on volume premiums could not be enforced on milk being shipped in interstate commerce.

It is for that reason that the Wisconsin Farmers Union has adopted a change in its policy statement on volume premiums, recommending that the prohibition on payment of volume premiums be enacted into law at the federal level and is seeking passage of that legislation at this time.

Indeed, the Wisconsin Farmers Union is opposed to passage of AB 44 because of the signal such passage may send to the U.S. Congress. If the Wisconsin legislature

repeals the prohibition of payment of milk volume premiums at the state level, it will make passage of a federal volume premium statute much harder to enact.

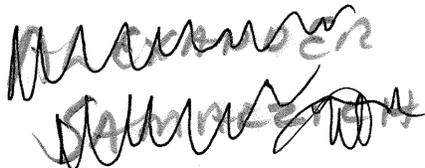
The Wisconsin Farmers Union believes the Wisconsin state legislature should remain proud of the progressive nature of its current volume premium law which shows the federal government how it should address this issue of equity.

Instead of repealing Wisconsin law on volume premiums by passage of AB 44, the Wisconsin Farmers Union believes Wisconsin state legislature should take the lead in seeking to implement the state's current volume premium law at the federal level. The Wisconsin state legislature should pass a resolution directing the state's governor and those individuals charged with lobbying the U.S. Congress on behalf of Wisconsin farmers to seek immediate passage of federal legislation extending the Wisconsin volume premium prohibition to interstate commerce as part of the new farm bill. Such an action would be in keeping with the Wisconsin tradition of leading the way towards enactment of progressive legislation that levels the economic and social playing field for all involved.

TALKING POINTS
WISCONSIN ETHANOL INCENTIVE BILL
S 105

- # Dependency upon Persian Gulf regions for oil costs the U.S. \$ 57 billion dollars a year for security, an additional cost of \$19.19 per barrel of oil used in the U.S. Foreign imported oil is highly subsidized.
- # Wisconsin imports 100% of its ethanol, about 100 million gallons, and exports about 60% of the 400 million bushels of corn it produces. If Wisconsin produced the ethanol it consumes, It would provide an additional \$130 million dollars to Wisconsin farmers because of an added value to corn.
- # For every dollar that the state provides in an ethanol incentive program the state will receive \$2 in taxes. An excellent investment by the state and it will stimulate economic development.
- # If 100 million gallons were produced in Wisconsin per year, it would create 23,600 jobs (Wis. DOA study).
- # Minnesota has 15 ethanol plants that provide each plant with an incentive of \$3 million yearly for 10 years. Wisconsin has two plants under construction and provides only a total of \$3 million dollars for all plants after the plant produces 10 million gallons of ethanol.
- # One-third of all the ethanol consumed in the U.S. is consumed in the Milwaukee and Chicago area.
- # Ethanol will become in greater demand with the phase out of MTBE a competitive blend to gasoline but it contaminates groundwater. With the phase out of MTBE in states such as California, ethanol will be in ever greater demand.
- # Ethanol is environmentally friendly. It reduces auto exhaust pollution by about 45% by reducing emissions of carbon monoxide, carbon dioxide, ozone and other inorganic elements. Ethanol is produced ready refined for immediate use.

Senate Bill 105 will build Wisconsin's economy, provide a cleaner environment, decrease the cost of motor fuel, and lead the state and country into energy independency.





| agstar.com

A Lenders Perspective on Ethanol Plant Economics
By
Mark Schmidt
AgStar Financial Services
Mankato, MN

AgStar Financial Services, ACA is a member-owned financial services provider dedicated to serving agriculture and rural America. We have been delivering our brand of financial leadership and innovation to satisfied clients for over 80 years. AgStar is one of the largest associations in the Farm Credit System. We are headquartered in Mankato, MN, and we serve clients in Minnesota, Wisconsin and 10 other states.

AgStar got its start in the ethanol industry by financing the producer owned equity in the individual plants that were sponsored by The Minnesota Ethanol Program. Sponsorship means that the Minnesota Ethanol Program provided incentives for the production of ethanol; the incentive is \$.20 per gallon for a maximum of 15 million gallons per year for ten years, per plant.

Today, AgStar finances the senior debt of ethanol plants and will also finance producer equity purchases. The equity and senior debt underwriting require an in depth analysis of the ethanol industry and the economics of ethanol production.

The most profound economic challenge in ethanol production is the lack of correlation between the cost of the seed stock (corn) and price of the finished product (ethanol and its co-products). In order to mitigate this risk lenders have recommended several economic conditions for senior debt finance:

- Develop projected cash flows that use ten-year historic averages for the cost of corn and the price of ethanol and its co-products.
- Develop equity that is at least 50% of the total plant and production assets.
- Develop cash as working capital in adequate amounts to support plant operations plus cash reserves.
- Utilize production assumptions that are within industry benchmarks.

As determined by an independent analysis, implementation of the above economic conditions achieves a long-term viable cash flow at the 40 million-gallon production level. Below 40 million gallons of production the economies of scale are incrementally lost which dictates that there be less debt to service (more equity to be raised) in order to have a positive cash flow.

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(507) 529-2000 | (800) 705-6603 & (800) 327-3416 | Fax: (507) 288-2278

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If raising equity is an issue then an alternative to raising more equity is cash flow subsidy. Cash flow subsidy can come from any viable entity or individual as long as it is adequate in amount and over time, preferably over the length of the amortization.

In summary, AgStar's most prevalent experience with cash flow subsidies is in Minnesota. This subsidy has been instrumental in the development of the small plant ethanol industry by providing enough cash flow security over a long enough period of time for the start-up plants to retire debt, increase efficiency and develop co-products. These achievements will enable the plants to survive the industry competition and the price fluctuations in agriculture and the petroleum markets.

In addition to the direct cash flow benefits to the plants, the Minnesota Ethanol Program has facilitated the construction of the 14 plants in Minnesota and the economic activity that was created by that construction. Fourteen percent of the Minnesota corn crop is now made into ethanol and its co-products. Ten percent of Minnesota's gasoline use has been replaced with ethanol and the EPA's carbon monoxide standard has been achieved. Processing corn products instead of exporting raw corn more than doubles the value of each bushel of corn.

Good morning members of the Committee,

My name is Alexander Samardzich, I am with Ace Ethanol, the potential ethanol plant in Stanley Wisconsin.

I am also the president of the newly formed Wisconsin Ethanol Producers association.

The Association currently consists of six potential ethanol plants that circle the state.

These sites are ^{Eiba} Columbus, Monroe, LaCrosse, Menominee, Stanley and Oshkosh.

The direct economic impact these plants ~~will~~ is as follows:

Total capital expenditures of \$222 million

Consuming 60 million bushels of corn

Producing 155 million gallons of ethanol

Having a by product of distillers grain worth \$60 million

And sustaining a payroll of over \$7 million

Wisconsin currently exports ~~60%~~ of the corn produced for grain

These six potential ethanol plants will use ~~25%~~ of that corn

Thereby adding value to the corn here in the state

That value is estimated to be ~~10-30~~ cents per bushel

That equates to ~~\$40-120~~ million direct to the corn producers annually

At present Wisconsin consumes 100 million gallons of ethanol annually. Majority of the ethanol is used in the Milwaukee to the ^{Or} Illinois border corridor. All of this is imported from other states.

These six potential ethanol plants will reverse that trend,

Again adding value here in the state

The by product, distillers grain, is a low cost
substitute feed used for livestock. On an average
diary herd of 60 head, the distillers grain will save the
farmer \$4,000 per year

Again keeping the value here in the state

As you can see, these six potential ethanol plants will
have a substantial impact on the state economy, but at
present there is only funding for one plant at \$3
million dollars. One ethanol plant will not impact
the corn market state wide.

Why is it that \$3 million is needed for one Ethanol
plant?

Based on the Minnesota ethanol program, which we
are trying to emulate with ~~AB 237~~

SB 105

History has proven that with the volatile markets of
corn and ethanol, that without \$3 million producer
payment to each plant, they would not survive.

*the plants are at a
Financial Risk*

With this historical information, these six potential ethanol projects are having a difficulty financing these projects.

~~I keep emphasizing these plants as potential projects.~~

~~The reason being is financing.~~

~~We have approached many financial institutions in Wisconsin for funding. None are interested in funding ethanol plants.~~

~~The financial institutions in Minnesota and other states are interested in funding the projects only if the producer payment of \$3 million per plant per year is guaranteed. Such as it is in Minnesota.~~

in place

~~At present Wisconsin has \$3 million in the budget for the ethanol program. This will only fund one plant, if this ^{were} guaranteed for one plant, but it is not and ^{program} based on proration. Thereby not meeting the needs of the financial institutions and thereby not being able to fund any plants.~~

~~In summary, if the ethanol program is indeed to impact the economy of the state, we need to fund all the ethanol plants such as Minnesota who now have ¹⁴ ethanol plants.~~

This program has proved successful for Minnesota,
let us in Wisconsin be successful also.

Thank You!

Bob Cook Testimony on SB 105
Senate Committee on Labor and Agriculture
September 25, 2001

- Thank you for the opportunity to testify on the impacts of ethanol fuel use on the state's transportation funding.
- The department recognizes that ethanol production is very important to state farmers and the agricultural community and has the potential to create significant employment opportunities.
- We are concerned, however, that SB 105 would eliminate the provision of the Ethanol Production Subsidy Program that gives D-O-T the ability to monitor the program for negative impacts on federal transportation funding and report the findings.
- This provision was included in the program, as created by 1999 Wisconsin Act 55, because the use of ethanol fuel has a significant negative impact on the amount of federal transportation funding the state receives.
- The federal government provides a user subsidy on ethanol fuel in addition to a production subsidy. As a result, the federal fuel tax on ethanol fuel is 5.3 cents per gallon less than the federal fuel tax for gasoline (13.1 cents per gallon versus 18.4 cents per gallon).
- In addition, 2.5 cents per gallon of the federal fuel tax collected on ethanol fuel is dedicated to the federal General Fund for deficit reduction.
- The combination of the tax difference and the general fund diversion, results in a loss of transportation funding of 7.8 cents for every gallon of ethanol fuel used versus a gallon of gasoline, despite the fact that a vehicle fueled with ethanol fuel places the same demands on the transportation system as a vehicle fueled with gasoline.
- Last year, nearly 14 billion gallons of ethanol fuel were consumed in the United States resulting in a \$1.1 billion loss in federal fuel tax receipts.

- For Wisconsin, this meant a \$35.6 million loss in federal transportation funding, according to numbers from the Federal Highway Administration.
- Another factor in the amount of federal transportation funding Wisconsin receives is the amount of fuel consumed in the State.
- The current federal transportation funding authorization includes a provision that, in effect, holds Wisconsin partially harmless for ethanol fuel used in the State.
- There is a possibility this provision will be changed or eliminated with the next federal reauthorization in 2003.
- If this occurs, Wisconsin would lose an additional \$60 – 80 million in federal transportation funding each year for a total loss of \$80 – 120 million each year at current consumption levels.
- Presumably, the ethanol production subsidy would promote an increase in the consumption of ethanol fuel in the state, which would further increase the loss of federal transportation funding the state receives.
- The Wisconsin Department of Transportation has made ethanol one of its priorities for the federal transportation reauthorization.
- We are working in cooperation with other state agencies and agricultural, environmental and transportation stakeholder groups to work toward solutions that are mutually acceptable.
- The department is also active at the national level on this issue.
- We are working with other states to build coalitions and have taken the lead in developing analysis of the issue for federal reauthorization groups.
- At the federal level, Senator Max Baucus of Montana, chair of the Senate Finance Committee, has introduced Senate Bill 1306, the Highway Trust Fund Recovery Act of 2001.

- A companion bill, H.R. 2808, has been introduced in the House by Representative Rob Portman of Ohio.
- The bills would redirect the 2.5 cents per gallon of the ethanol fuel tax, which is currently diverted to the General Fund for deficit reduction, back to the Highway Trust Fund.
- The General Fund diversion accounted for \$400 million of the \$1.1 billion loss to the Highway Trust Fund last year.
- These bills have received strong support from Midwestern states, the Governors' Ethanol Coalition, the agricultural community, ethanol producers and the Renewable Fuels Association.
- In fact, the Wisconsin Ethanol Producers Association has written a letter to our Congressional Delegation supporting the bills. *Appreciate support.*
- I want to reassure you that the Department of Transportation supports Wisconsin's agricultural community and recognizes the importance of ethanol production to the state.
- However, we all must be aware of the significant negative impact the use of ethanol fuel has on the federal transportation funding the state receives.
- We ask that the D-O-T's authority to monitor this impact not be repealed as suggested by Section 6 of SB 105.
- Thank you.

***The Economic Impacts
of Ethanol Production
in Wisconsin***

**Don Wichert, Chief
Energy Resources Section**

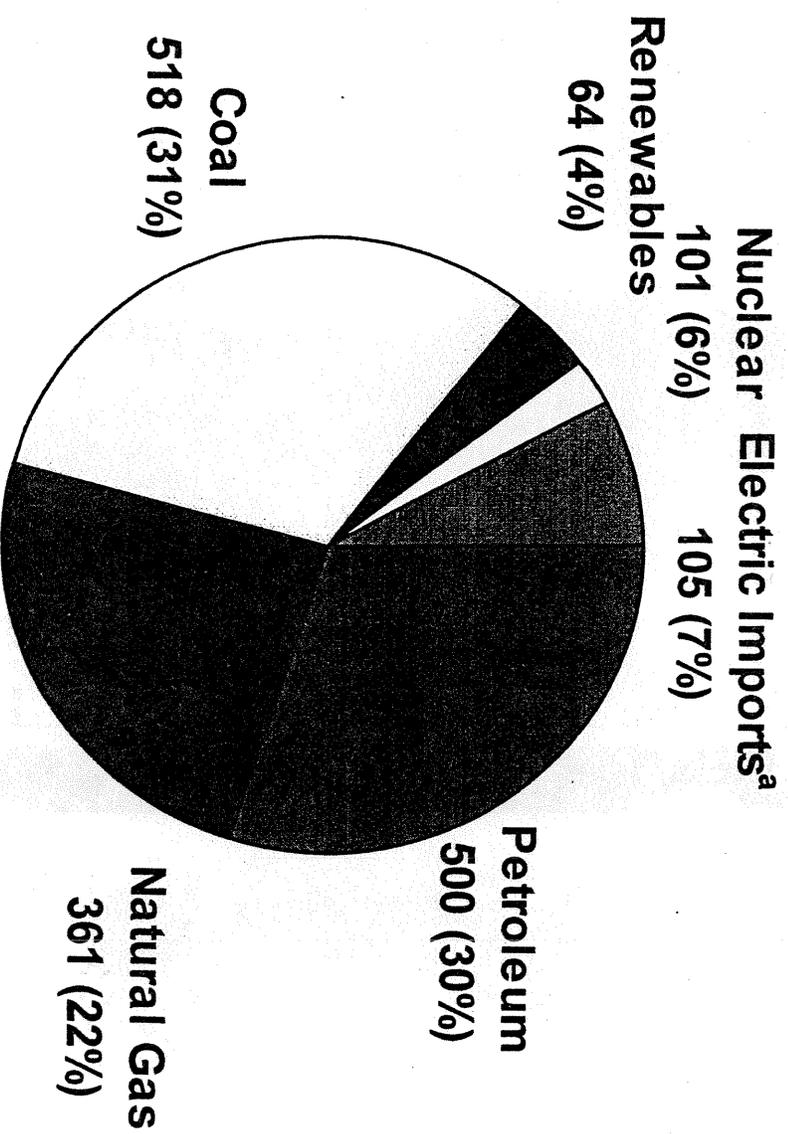
**Wisconsin Energy Markets Bureau
Department of Administration**

September 2000

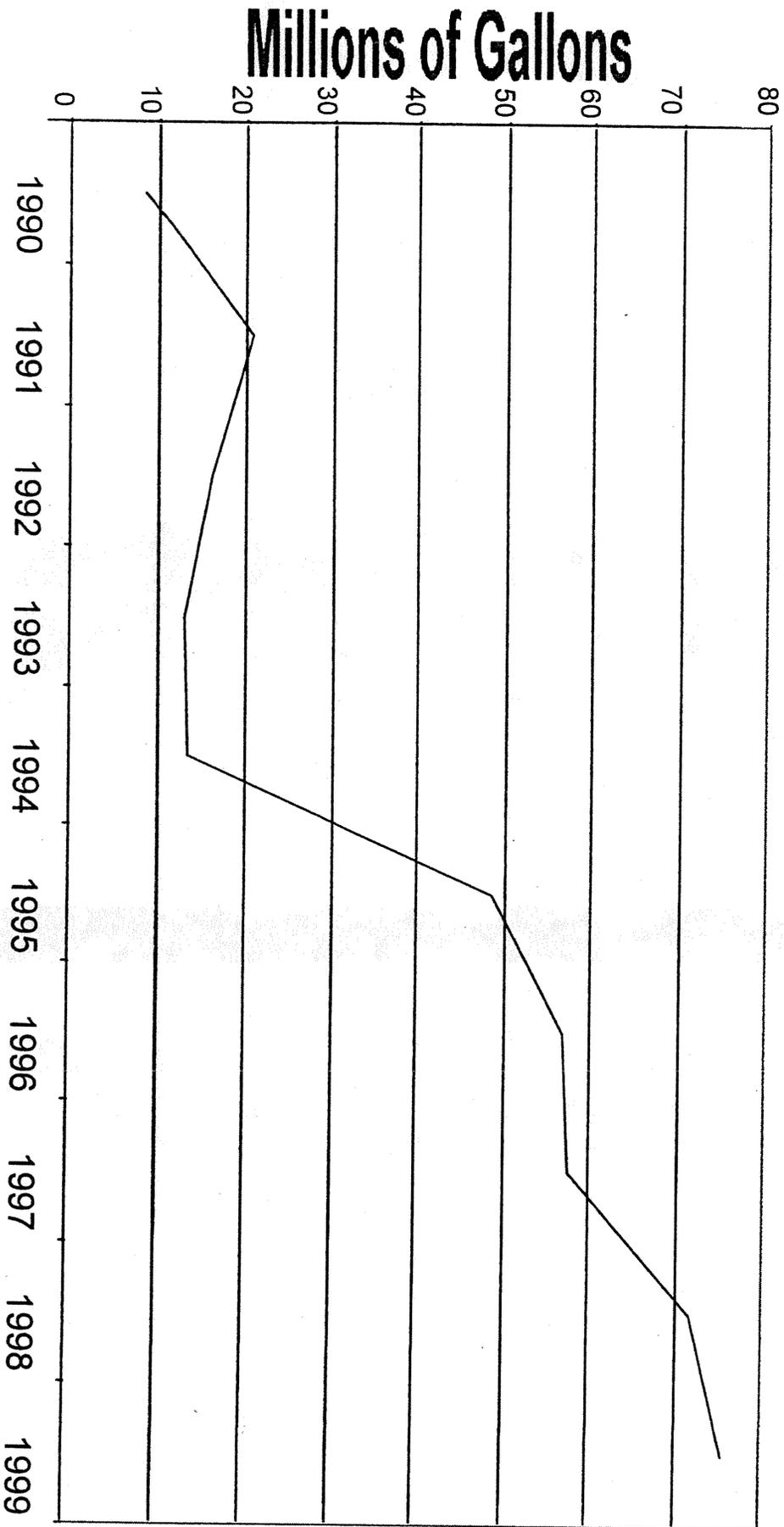
Ethanol Impacts

- ◆ **100 Million Gallons per Year Produced in Wisconsin Creates:**
 - ✱ **23,600 Jobs**
 - ✱ **\$2 Billion in Output**
 - ✱ **\$450 Million in Earnings**
 - ✱ **\$32 Million in State Taxes**
- ◆ **Displaces \$1.3 Billion in Imported Oil Costs**
- ◆ **Increased Farm Income**

1999 Wisconsin Energy Use

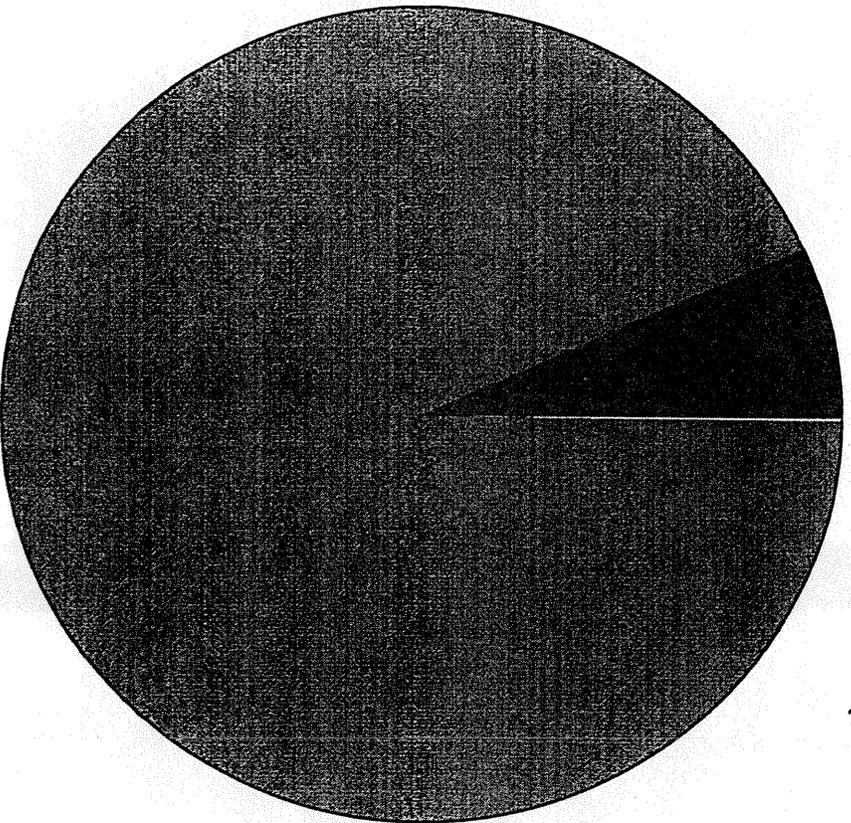


WISCONSIN ETHANOL USE



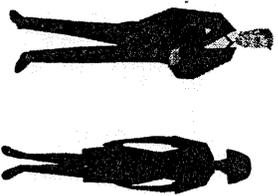
WISCONSIN'S 1999 ETHANOL USE IN RFG AND GASOHOL

Ethanol in Gasohol (8 million gallons)



Ethanol in RFG
(67 million gallons)

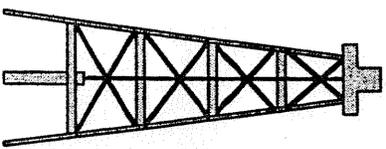
Wisconsin's Energy Dollar and Job Drain



All Energy Imports

\$7 Billion

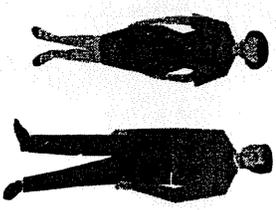
200,000 Jobs



Oil Imports

\$4 Billion

114,000 Jobs

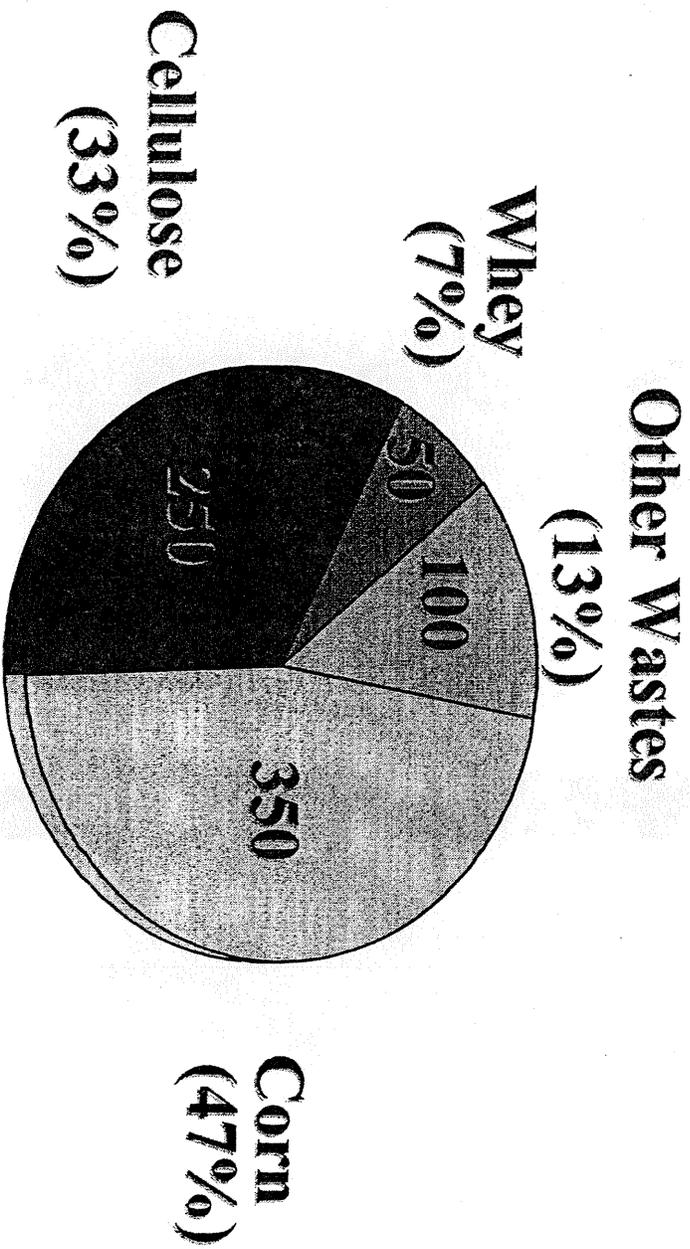


\$2 Billion

Economic Impact Methodology

- ◆ **Project Wisconsin Ethanol Production**
- ◆ **Identify Ethanol Production Costs**
- ◆ **Apply Wisconsin Job, Earnings and Output Multipliers to Affected Industries**

Wisconsin's Ethanol Production Potential



Totals: 750 Million Gallons per Year

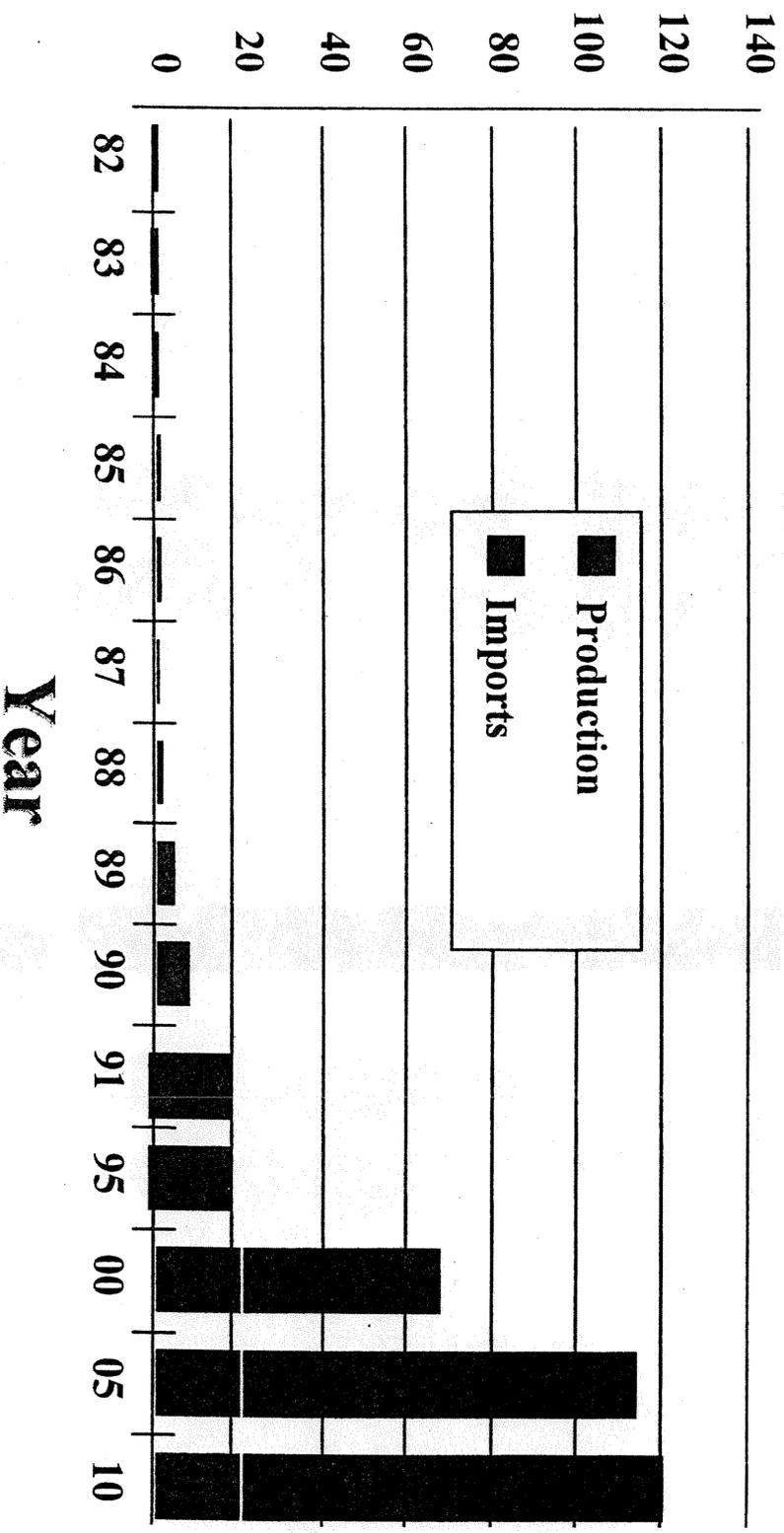
Ethanol Production

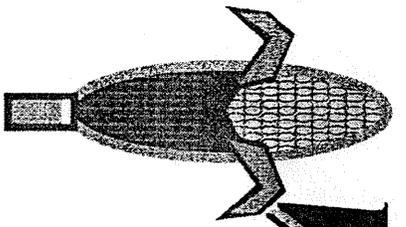
Assumptions

- ◆ **Two 40 Million Gallon per Year Corn Wet Milling Plants**
- ◆ **Ten 2 Million Gallon per Year Whey to Ethanol Plants**
- ◆ **Total = 100 Million Gal. per Year**

WI Ethanol Imports and Projected Production

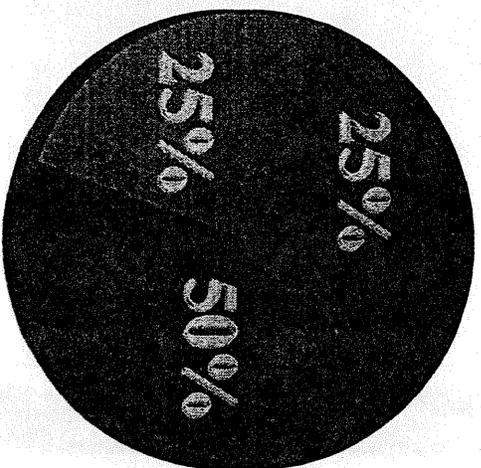
Millions of Gallons





Where would corn come from?

Crop Substitution
(Soybeans)



Idle
Cropland

Corn Exports
and Surplus

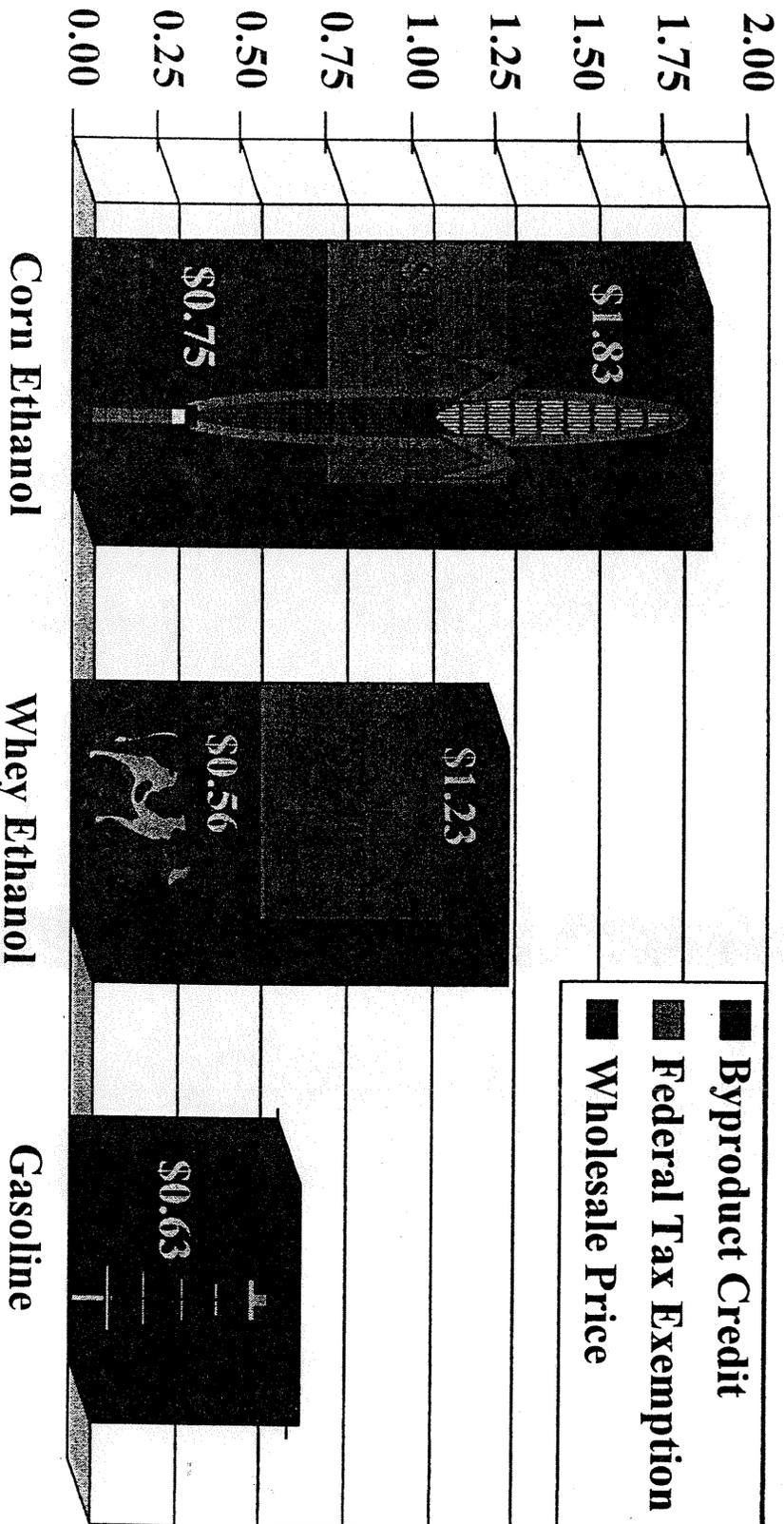
80 Million Gallons of Ethanol

32 Million Bushels of Corn

270,000 Acres

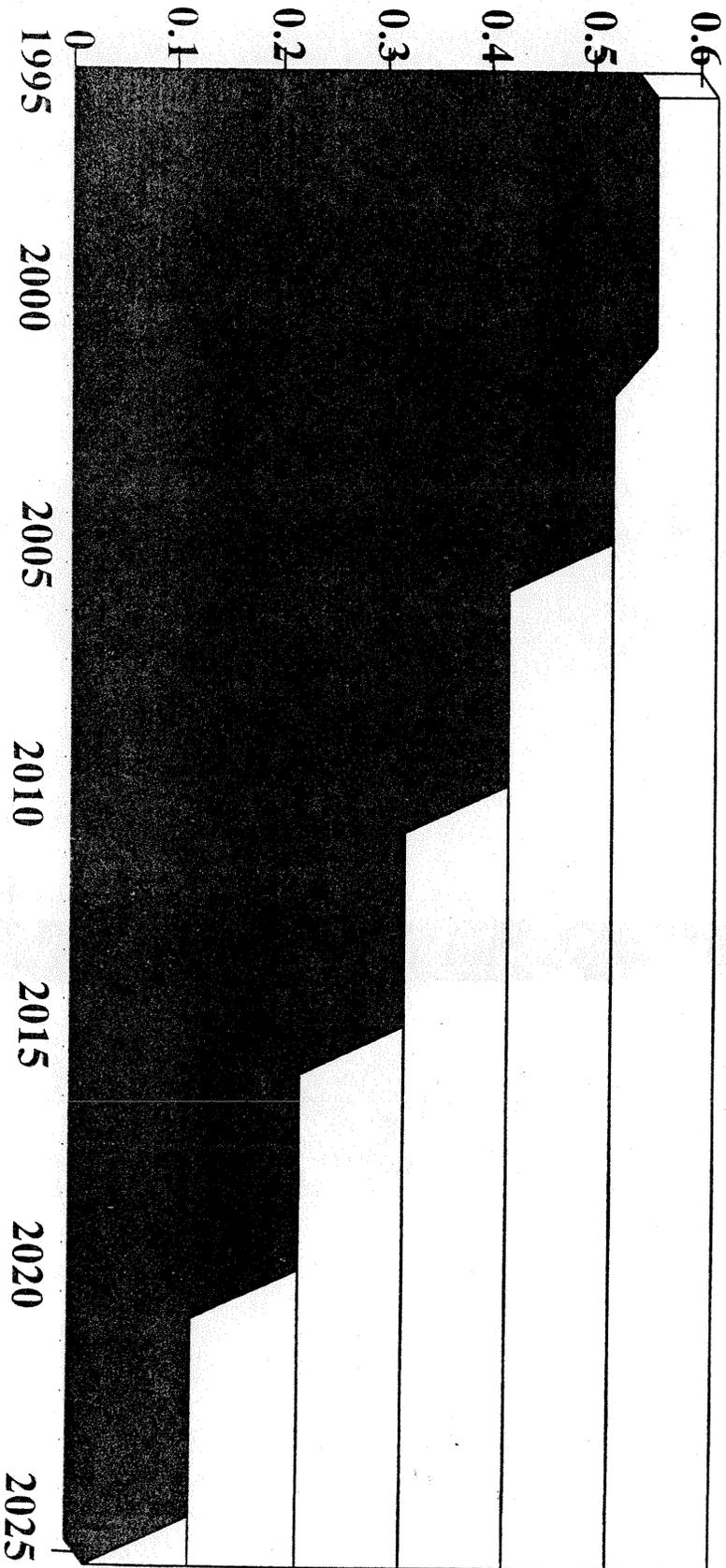
The Cost of Producing Ethanol and Gasoline

Dollars per Gallon



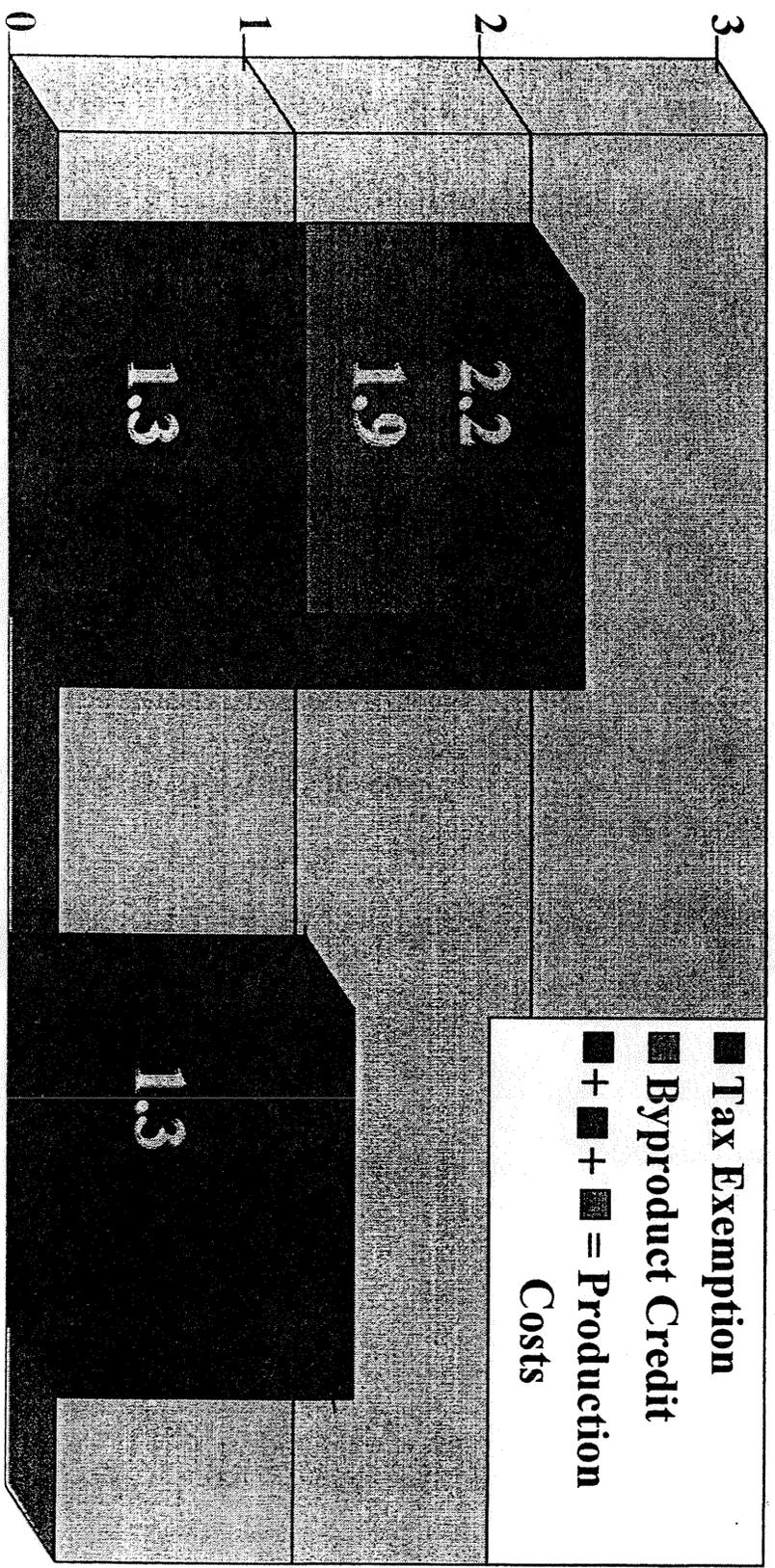
Assumed Phase-out of Ethanol Subsidy

\$ per Gallon



Lifecycle Costs

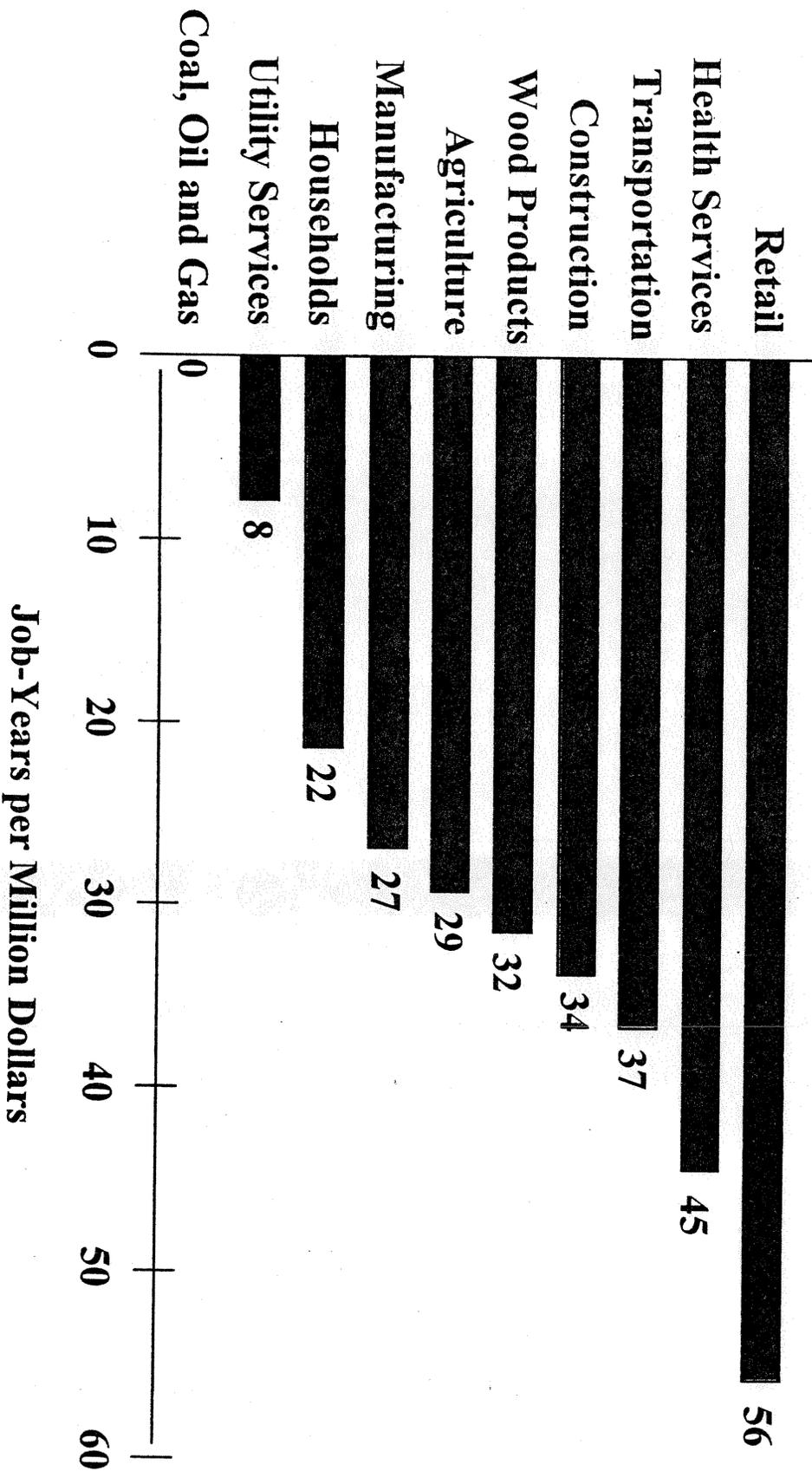
Billion (Constant) Dollars



Ethanol

Oil

Wisconsin Job Multipliers (Job-Years per Million Dollars)



Scope of Jobs Created

◆ *Direct* ----- **On-Site**

◆ *Indirect* ----- **Supplier**

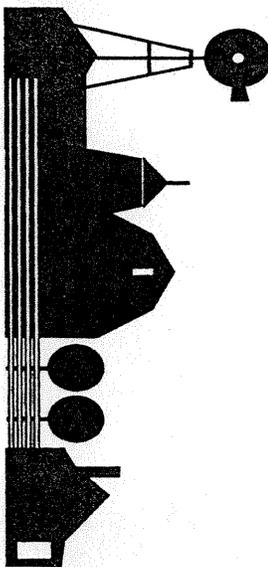
◆ *Induced* ----- **Responding of
Personal Income**

Ethanol Impacts

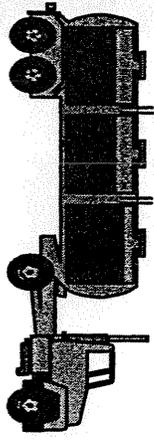
- ◆ **23,600 Jobs**
- ◆ **\$2 Billion in Output**
- ◆ **\$450 Million in Earnings**
- ◆ **\$32 Million in State Taxes**
- ◆ **Displaces \$1.3 Billion in Imported Oil Costs**

Wisconsin Ethanol Jobs

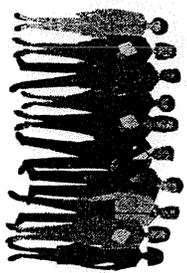
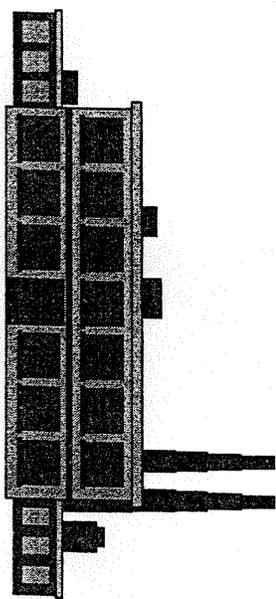
Agriculture



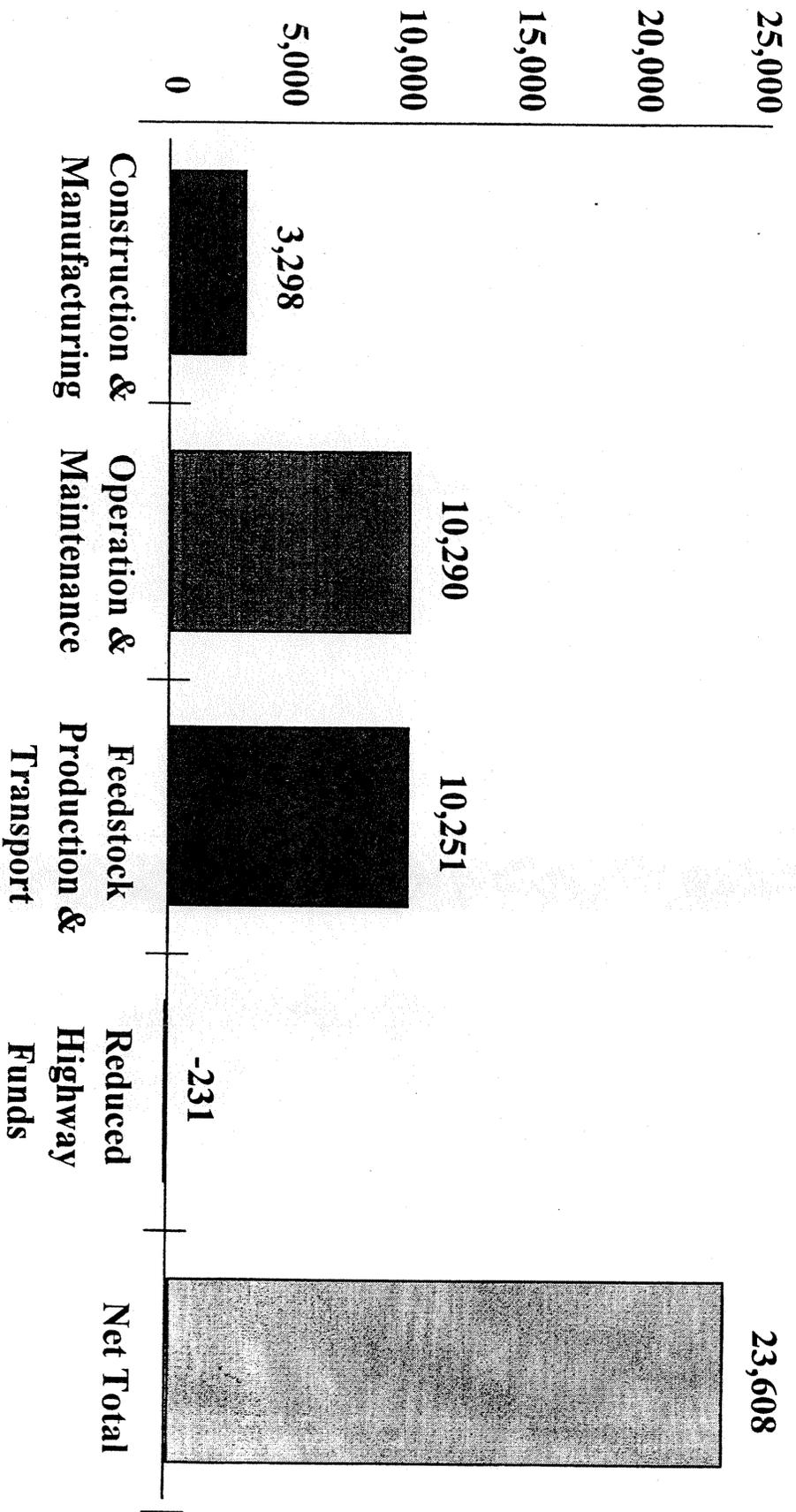
Feedstock and Ethanol Transport



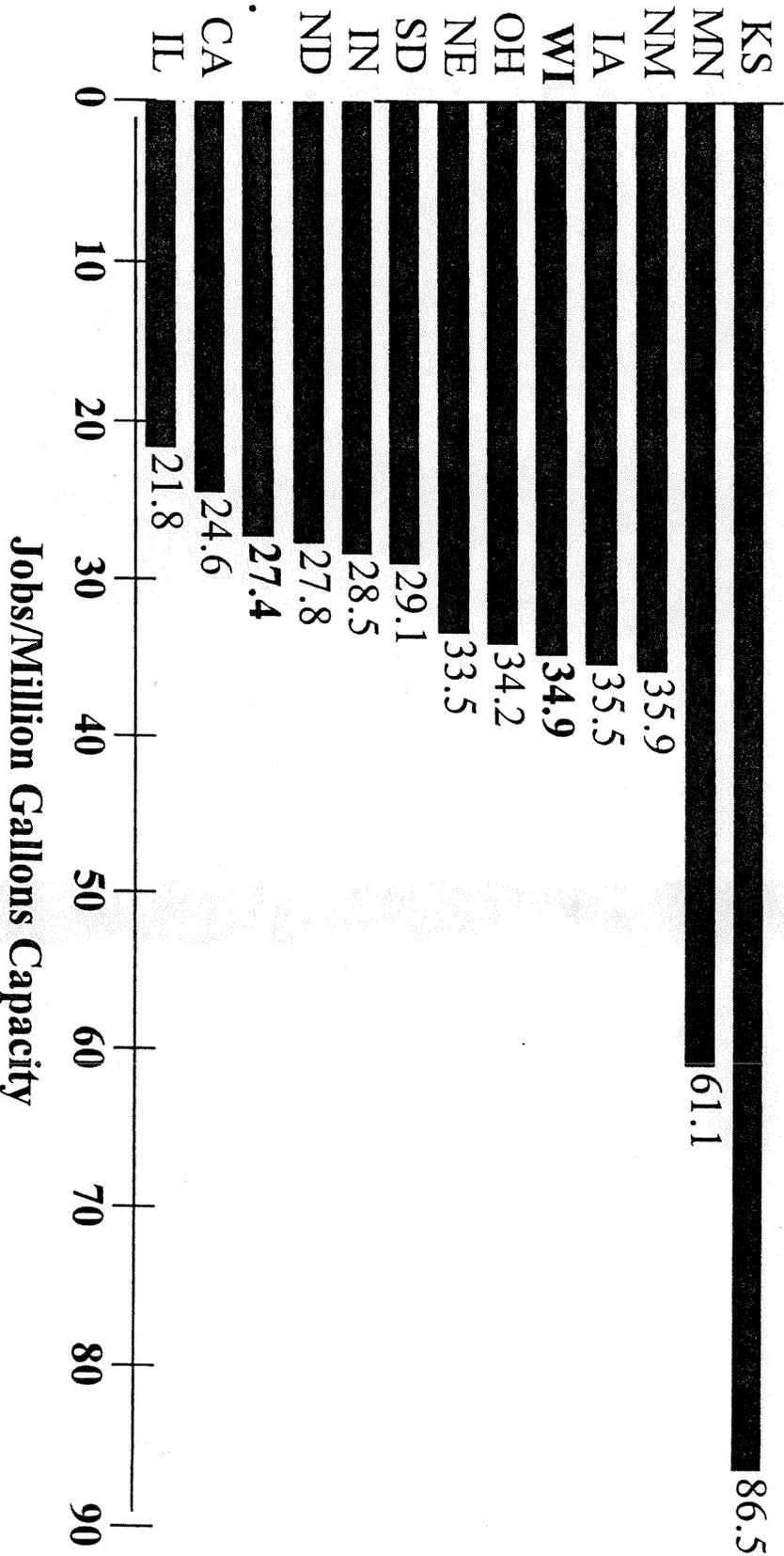
**Plant Construction,
Manufacturing and Operation**



Ethanol Job Impacts (Lifetime Job-Years)



Full-Time Jobs Created from Operating Ethanol Plants, by State



Limitations

- ◆ **Impact on Other Crops and Livestock**
- ◆ **New Technologies and Resources**
- ◆ **Future of Federal Tax Exemption**
- ◆ **Guaranteed Markets**

Ethanol Policy Issues

- ◆ **Capturing Benefits of Ethanol**
- ◆ **Seizing Windows of Opportunity**
- ◆ **Overcoming Market Barriers**
- ◆ **Resolving Environmental Conflicts**

Policy Action

◆ Multifaceted Approach

◆ Options

- ✱ Information
- ✱ Regulation/Legislation
- ✱ Research
- ✱ Incentives
- ✱ Government Leadership
- ✱ Public/Private Partnerships

Wisconsin's Ethanol Bill

◆ Signed by Gov. Thompson on April 11, 2000

◆ Key Elements

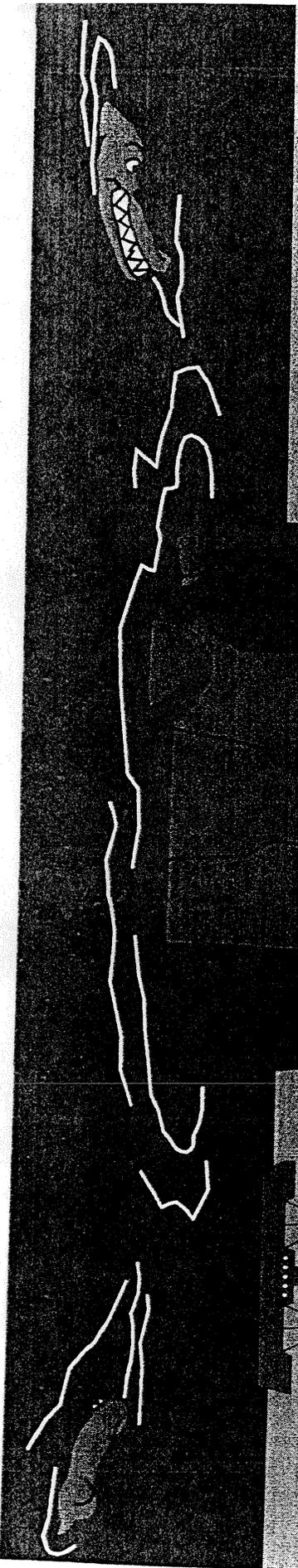
- ✱ \$3 million per year available
- ✱ 20 cents a gallon per year production incentive
- ✱ Plant must produce 10 million gallons per year
- ✱ Maximum per plant is \$3 million
- ✱ Funds may be prorated to multiple plants
- ✱ Sunsets in 5 years

The Ethanol Tug of War

Externalities
Jobs
Environment



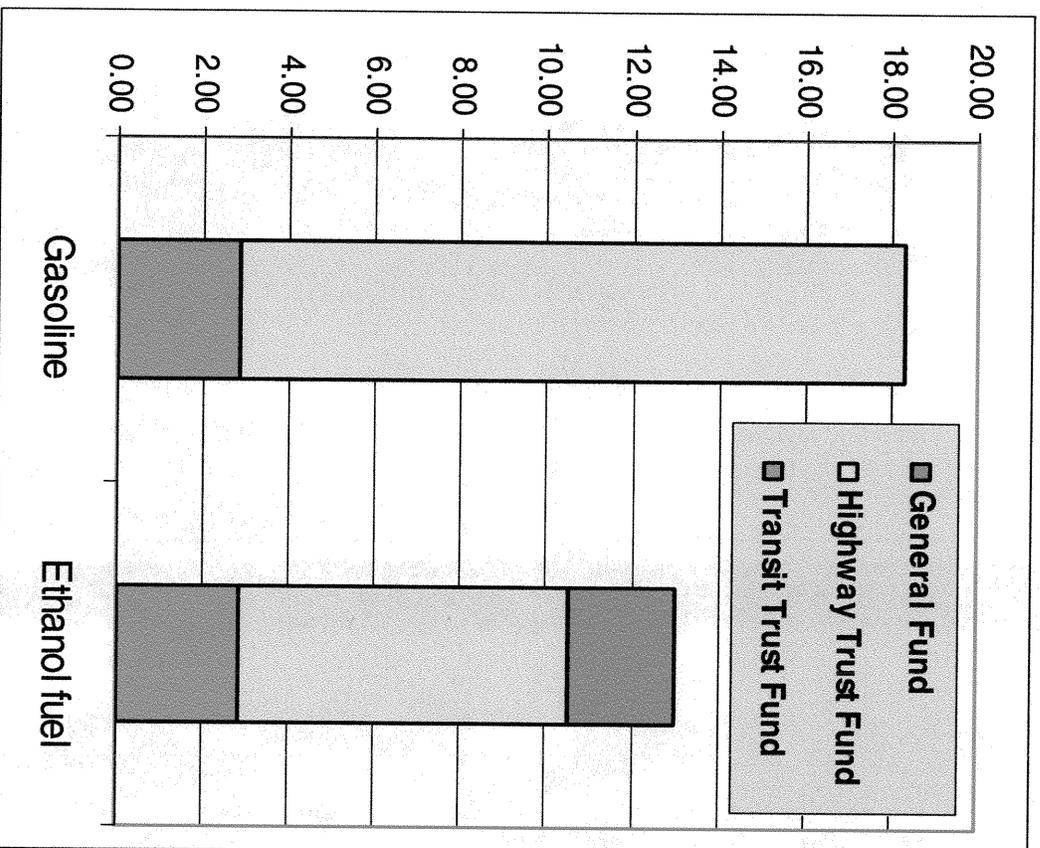
Highway Funds
Subsidies
Food v. Fuel



Different federal tax rates on fuel

Gasoline:

- 0.1¢ to storage tank fund
- 2.86¢ to Transit fund
- 15.44¢ to Highway fund
- Total = 18.4¢



Ethanol:

- 0.1¢ to storage tank fund
- 2.86¢ to Transit fund
- 7.64¢ to Highway fund
- 2.5¢ to general fund
- Total = 13.1¢

Date: Sept. 25, 2001

To: Members, Senate Committee on Labor and Agriculture

From: Coalition Supporting Ethanol Production in Wisconsin

RE: Support of Senate Bill 105

The undersigned Wisconsin agricultural organizations urge positive action on SB 105 to encourage development of an ethanol industry in Wisconsin. More and more of our Wisconsin corn is sold out of state with no value added processing in Wisconsin. We then haul the ethanol and high protein livestock feed back into Wisconsin, adding to the cost for Wisconsin consumers. An ethanol industry would provide jobs in the plants and many jobs in the related businesses.

National Farmers Organization
Wisconsin Agribusiness Council
Wisconsin Agri Service Association
Wisconsin Cattlemen's Association
Wisconsin Corn Growers Association
Wisconsin Farm Bureau Federation
Wisconsin Farmers Union
Wisconsin Federation of Cooperatives
Wisconsin Fertilizer and Chemical Association
Wisconsin Pork Producers Association
Wisconsin Potato and Vegetable Growers Association
Wisconsin Soybean Association
Wisconsin State Cranberry Association

THE ECONOMIC CASE FOR FULL FUNDING OF THE WISCONSIN PRODUCER PAYMENT FOR ETHANOL

NATIONAL ETHANOL ISSUES

1. Our dependence on imported oil is at record levels; currently more than 58% of our usage, while our domestic oil production is at a 40 year low. The USDA reports that each gallon of domestically produced ethanol can replace 7 gallons of imported oil.
2. The production of ethanol combines surplus corn with renewable sunlight and domestic natural gas and/or coal to create a clean burning, high octane, replacement for imported crude oil, gasoline and MTBE.
3. The domestic ethanol industry adds jobs in rural America while it more than doubles the value of each bushel of corn processed.
4. Ethanol production provides nearly a 2 for 1 energy gain while the production of gasoline is only 70% efficient and a net energy loss

WISCONSIN ETHANOL ISSUES

1. Wisconsin currently exports more than 150 million bushels of unprocessed corn each year and receives one of the lowest on-farm prices in the country. By converting the corn to ethanol, CO2 and Wet or Dried Distillers Grains with Solubles (WDG or DDG/S), the value of corn is more than doubled.
2. There is a consensus that National ethanol demand and production will double in the next five years. Wisconsin ethanol production can lower gasoline costs to Wisconsin consumers.
3. Wisconsin dairy farmers will greatly benefit from an increased and dependable supply of competitively priced WDG for their feeding operations.
4. **Minnesota has 14 operating ethanol plants** with a combined production capacity of **250 million gallons**, to which the state has provided **-\$155 million** in Producer Payments as an incentive to build plants. Minnesota currently pays **\$35 million** per year from the General Fund and legislation has been introduced to encourage additional plant construction.
5. **The 2000 Wisconsin Legislature** passed enabling legislation to provide a 20-cent per gallon, Producer Payment incentive to develop a state ethanol industry. Eight separate investment groups have responded to this legislation with plans to develop ethanol plants. **All that is now needed to make these projects a reality is full funding of existing legislation.**
6. The Minnesota Legislative Auditor analyzed the Minnesota ethanol program in 1997 and reported that an annual payment of \$27 million in state investment results in an "estimated \$341 to \$549 million in annual statewide economic benefits." **This is a range of \$12.6 to \$20 return for each dollar invested!** In addition, the Auditor's Report estimates "a one-time benefit of \$174 to \$261 million from plant construction.
7. Full Funding of the Producer Payment legislation will: enhance rural development, double the value of the corn processed **and create a new industry!** As in Minnesota, economic returns to the state should be several times the initial costs. **Remember that The State pays nothing until the plants are built, the jobs are created and the ethanol is produced!**

* * * * *

The Minnesota Ethanol Program.

A. Background:

The 20-cent ethanol producer payment legislation initially provided the security required by lenders to invest in these small farmer owned ethanol facilities. In addition to opposition from the petroleum industry, bankers were concerned that these plants could not compete in the market with large agribusiness processors. At that time most ethanol production occurred in large corporate mills outside the state. But Minnesota corn prices were among the lowest in the country, which might be an advantage for local processing by farmers.

Although these ventures have been successful to date, margins have been squeezed by periods of record high corn prices and low ethanol prices. It is hoped that ten years of payments will allow plants to retire debt, increase efficiency and to develop new products so they can survive the competition and price fluctuations in agricultural and petroleum markets. Unique aspects of the ethanol industry made these incentive payments necessary, but our ethanol industry will contribute over \$350 million in net annual benefit to the state.

Since low farm commodity prices are common, these new corn plants may represent a new strategy for the long-range profitability of farmers and farm communities. Vertical integration from the bottom up could allow farmers to participate in the more profitable end of agriculture. Promoting farmer investments in the processing and marketing of other crop or livestock enterprises may not require the high level of state funding as did ethanol. It is hoped that such initiatives can reduce the need for continual funding of farm financial crisis measures and allow farmers to make it on their own.

B. The main components of the Minnesota Ethanol Program are:

1. Oxygenated fuel statute that requires state-wide oxy-fuel (ethanol blend) use,
2. The ethanol producer incentive provides payment for ethanol produced,
3. \$550 million in total corn/ethanol plant project spending for construction and startup costs.
 - ◆\$370 million in private sector financing was contingent on local equity capitol.
 - ◆\$180 million in local equity capitol raised by over 8,000 farmers and local businesses.
4. Over \$400 million worth of corn is committed for processing annually by local farmers.

C. The goals of the program include:

1. To build a new market for the state's largest crop (corn).
2. To develop corn processing/ethanol production facilities in Minnesota.
3. To increase the number of New Generation Farmer Coops (NGCs). These businesses were designed to provide farmer members greater direct cash return for their crops.
4. To replace 10% of imported petroleum we use for gasoline. (\$100 million annual savings)
5. To help the Twin City Area meet U.S. EPA standards for carbon monoxide.

D. Results to date:

1. 145 million bu. of corn (14% of MN. crop) is made into ethanol and other products.
2. Minnesota's 14 plants can produce over 280 million gallons of ethanol /yr.
3. Twelve of Minnesota's 14 ethanol plants are NGCs**. (see C. 3. above)
4. Nearly 10% of our gasoline is being replaced by ethanol each year.
5. The Twin Cities Area met EPA's carbon monoxide standard and has recently achieved "attainment" status. The continued use of ethanol was required to keep emissions low.

The Minnesota Ethanol Program

Ethanol Production -vs- Market Penetration

<u>Year</u>	<u>(mm = million) Production</u>	<u>Estimated Consumption</u>	<u>% MN Ethanol Produced Here</u>
1986	1 mm gal.	25 mm gal	0.4% of total
1994	24 mm gal.	125 mm gal.	20% of total
2000	220 mm gal.	200+ mm gal.	100% of total

Ethanol Plants & Capacities.

<u>City & (plant name)</u>	<u>Capacity Gallons/year</u>	<u>mm. bushel corn/year</u>	<u>Start-up year</u>	<u>New Generation Co-op** Members</u>
Marshall (MCP)	40 million	15 *	1988	4,000
Morris (DENCO)	17 million	6.5	1991	359
Winnebago (Corn Plus)	40 million	15.0	1994	750
Winthrop (Heartland)	30 million	11	1995	692
Benson (CVEC)	21 million	7.8	1996	650
Claremont (Al-Corn)	18 million	6.7	1996	354
Bingham Lake (Ethanol2000)	28 million	10.3	1997	241
Buffalo Lake (MN. Energy)	13 million	5.0	1997	325
Melrose (Protein Products)	2.6 million	cheese whey	1986	(private)
Preston (Pro-Corn)	21 million	8.0	1998	163
Luverne (Corn-er Stone)	20 million	7.4	1998	197
Little Falls (CMEC)	20 million	7.4	1999	718
Albert Lea (Exol/Agri Resources)	20 million	7.4	1999	496
St. Paul (Gopher State Ethanol)	13 million	5.0	1999	(private)
TOTAL	303.6 mm gal.	112 mm bus.		8,945 memb.

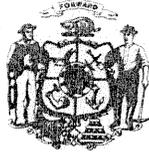
Processing corn products instead of exporting raw corn more than doubles the value of each bushel. In addition to fuel ethanol, corn plants produce 1,000,000 tons of high protein livestock feed plus other products including; industrial ethanol, starch, sweeteners and carbon dioxide.

Results to date:

1. 145 million bu. of corn (14% of MN. crop) is made into ethanol and other products.
2. Minnesota's 14 plants can produce over 280 million gallons of ethanol /yr.
3. Twelve of Minnesota's 14 ethanol plants are "New Generation Farmer Coops". These businesses are designed to provide greater direct cash payments to farmer members.
4. Nearly 10% of our gasoline is being replaced by ethanol each year.
5. The Twin Cities Area met EPA's carbon monoxide standard and has recently achieved "attainment" status. The continued use of ethanol was required to keep emissions low.
6. Producer incentive payments were necessary to establish production in Minnesota, but our ethanol industry will contribute over \$350 million in net annual benefit to the state.

DIRECT ECONOMIC IMPACT OF ETHANOL PLANTS IN MINNESOTA (AS OF JUNE 15, 2000)

Plant Location	Project Cost	Jobs	Average Salary	Annual Payroll	Annual Taxes Paid	Annual Purchases	Annual Energy Use	No. of Members	Products Produced
Buffalo Lake	\$19.4MM	26	\$32K	\$840K	\$245,720	\$17MM	\$2,100K	325	12MM/gly Ethanol 35,000 Ton DDG/s
Little Falls	\$32.7MM	27	\$33K	\$986K	\$485,000	\$18.0MM	\$2,372K	718	18MM/gly Ethanol 57,000 Ton DDG/s
Luverne	\$20.8MM	28	\$30K	\$840K	\$400,000	\$18.5MM	\$1,414K	201	15.5MM/gly Ethanol 47,000 Ton DDG/s
Bingham Lake	\$34MM	35	\$30	\$1,050K	\$450,000	\$36MM	\$3,300K	241	30MM/gly Ethanol 90,000 Ton DDG/s
Winnabago	\$24MM	30	\$31,6K	\$950K	\$237,200	\$26.1MM	\$2,173K	650	18MM/gly Ethanol 45,000 Ton DDG 9,000 Ton DWG 30,000 Ton Syrup
Marshall	\$290MM	265	\$38.5K	\$10,200K	\$4,000K	\$250MM	\$8,700K	4,000	34MM g/y Ethanol 144MM lbs. Cornstarch 430MM lbs. Feed 1,500MM lbs corn syrup 850MM lbs. Fructose
Claremont	\$20.5MM	28	\$40K	\$1,120K	\$576,000	\$22MM	\$2,122K	354	17.5MM g/y Ethanol 51,500 Ton DDG/s
Benson	\$27.3MM	31	\$37.8K	\$1,173K	\$159,000	\$21.5MM	\$2,800K	650	18MM g/y Ethanol 54000 T DDG/s
Morris	\$18.5MM	29	\$29.5K	\$850K	\$398,500	\$16.5MM	\$2,902K	292	16.5MM g/y Ethanol 50,000 Ton DDG 9,000 Ton syrup
Winthrop	\$18.0MM	23	\$40K	\$950K	\$400,000	\$23MM	\$1,800K	502	15MM g/y Ethanol 37,990 Ton DDG 2,884 Ton Syrup
Preston	\$20.5MM	26	\$31.2K	\$810K	\$220K	\$23.7MM	\$2,900K	163	19MM g/y Ethanol 60,000 Ton DDG/s
Albert Lea	\$21MM	26	\$29.5K	\$765K	\$400,000	\$24MM	\$2,400K	505	15MM g/y Ethanol 46,000 ton DDG/s
St Paul *Includes Brewery	\$18MM	*176	*\$30.2	*\$5,319K	*\$7,338K	*\$38.9MM	*\$4,474K	Public	15MM g/y Ethanol 48,000 Ton DDG/s Includes beverage beer
Totals	\$565MM	750	\$33,330	\$26MM	\$15MM	\$335MM	\$39.5MM	8,601	244MM Gal. Ethanol



Mark Meyer

State Senator • 32nd Senate District

September 25, 2001

Members of the Senate Labor & Agriculture Committee:

Thank you for allowing me the opportunity to express my support for Senate Bill 105, a bill to support ethanol producers and encourage them to create and maintain this new fuel source in and for Wisconsin.

This bill is a good step towards getting ethanol plants in Wisconsin up and running. There currently are no plants in our state even though we have the capacity to produce 4 million gallons every year. Our neighboring states, Minnesota, Iowa and Illinois have production capacities ranging from 290 million to 490 million gallons per year.

It is estimated that our current needs could be met by six ethanol plants. These plants would create 3,800 high paying jobs, boost field crop revenues by \$130 million per year and generate \$500 million in economic growth for our state.

A brewery in my district, City Brewery, which is employee-owned, has been considering the possibility of ethanol production for quite some time. I feel that one of the major things preventing them from making that decision is whether they have the support, encouragement and commitment from the State that is needed to secure investors.

This bill is a commitment to those people who invest in and produce ethanol, such as the ones I mentioned from La Crosse. There are people like this all across the state. Investor confidence in these plants will be greatly improved with our support of this ethanol subsidy. This bill is needed in order to show them that we support the production of this efficient energy source, which is environmentally, agriculturally and economically beneficial for Wisconsin's businesses, farmers and consumers.

I urge the Committee to support this bill and to take action on this legislation at the Committee's earliest convenience.

Thank you for taking the time to take my testimony into consideration.

Sincerely,

Mark Meyer

Mark Meyer
State Senator
32nd Senate District





State Senator
Kevin Shibilski

DATE: Tuesday, September 25, 2001
TO: Senate Committee on Labor and Agriculture
FROM: Senator Kevin Shibilski
RE: SB 105, relating to payments to ethanol producers and making an appropriation

Dear Chairman Hansen and Committee Members:

Thank you for holding a public hearing on this important piece of legislation. It is my hope that after careful consideration, this Committee will unanimously pass Senate Bill 105 and send it to the full Senate and Assembly for debate. I apologize for not being able to make it to today's hearing, but Senator Harsdorf has graciously agreed to read this letter on my behalf.

As the nation explores the possibilities of developing motor fuel from corn and other farm products, the State of Wisconsin is in a key position to cultivate a strong and successful ethanol industry. Wisconsin ranks seventh in the nation in corn production, yet there are *no* operating ethanol plants in our state. We export a large percentage of our corn to other states that have booming ethanol industries. Nearly 60 percent of the 408 million bushels we produce each year help make the ethanol industry successful *in other states*.

While we are debating whether to increase state support to ethanol producers, we are missing out on an industry that could be the key to the state's energy future. Our neighbor, Minnesota, has already jumped full force into the ethanol industry, providing incentives to ethanol producers and requiring that gasoline sold in the state contain 10 percent ethanol. Other Midwestern states are implementing similar incentive programs.

Here in Wisconsin, we should be doing everything we can to foster the growth of not only the ethanol industry, but also the economy of the state. The economic advantages of developing this industry are considerable. According to the Wisconsin Energy Markets Bureau, producing 100 million gallons of ethanol per year would result in 23,600 new jobs, \$2 billion in output, \$450 million in earnings, and \$32 million in state taxes. The production of ethanol would also increase the price of corn by at least 10 cents per bushel and create a new market for farmers who harvest corn. This is simply an industry that Wisconsin cannot afford to miss out on, especially during our current economic slowdown.

Not only would ethanol production help bolster our state's economy, it also has environmental advantages. Gasoline blended with ethanol produces cleaner gas emissions and helps reduce smog. And when the world has run out of places to drill for oil, we will always be able to grow corn and still produce motor fuel.

The State of Wisconsin took the first step to help ethanol plants get off the ground last year with the approval of legislation that would provide incentives of up to \$3 million a year. Under this five-year program, ethanol producers could receive 20 cents a gallon for up to 15 million gallons a year. Senate Bill 105 would extend the state subsidies currently available to ethanol producers to *10 years*, and would give more support to individuals willing to invest in this young industry.

Throughout this last budget cycle, we heard over and over again that the state's dire financial situation meant that sacrifices had to be made and priorities had to be recognized. Let's *do* something to improve and enrich our state's economy by embracing this opportunity to support and foster the ethanol industry. Please vote for passage of SB 105.



State Senator Sheila Harsdorf

Date: September 25, 2001
To: Senate Committee on Labor and Agriculture
From: Senator Sheila Harsdorf
Re: Support for Senate Bill 105, relating to payments to ethanol producers and making an appropriation

Dear Chairman Hansen and Committee Members:

I would like to thank you for the opportunity to speak in support of Senate Bill 105. As you know, SB 105 would provide financial incentives to ethanol producers in Wisconsin. The bill enjoys bipartisan support and its companion, AB237, has already passed the Assembly Agriculture Committee on a unanimous vote.

In this time of a slowing economy, it is crucial that as lawmakers, we promote and encourage opportunities to kick start economic development. This bill provides a stimulus to Wisconsin's economy that will be felt for years to come. Now is the time for government and business to develop partnerships that are beneficial for the economy, environment and the livelihoods of Wisconsin citizens.

There are three direct winners of developing ethanol production in Wisconsin:

Farmers: Ethanol plants within Wisconsin would spur demand for our local corn growers. It is estimated that ethanol production could add up to 30 cents to the value of each bushel of corn. Not only will increased demand help prices; it will also add financial stability to an often-volatile market.

Economic Development: New production plants create jobs here in Wisconsin. In addition to supplying jobs, it would also offset the state's investment indirectly through acquired corporate and payroll taxes. Just as importantly, Wisconsin will be able to reduce its 67 million gallons of imported ethanol, reducing its imbalance of trade.

Environment: Ethanol, an alternative fuel, has been attributed to producing cleaner gas emissions, thereby reducing smog and improving the quality of our air. In fact, the Environmental Protection Agency essentially requires six counties in Wisconsin to blend gasoline with ethanol, in accordance with fuel requirements under the federal Clean Air Act.

In Wisconsin, there are currently no ethanol production plants in operation. While there are a number of plants either in the planning stage or being considered, our state must be willing to provide the financial incentives to investors if we hope to have ethanol production here in Wisconsin.

By comparison, Minnesota has 14 ethanol plants currently in production mode. Ethanol blended gasoline accounts for 98% of all gasoline sold in the State of Minnesota, and in a

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recent report issued by the Minnesota Department of Agriculture, it is estimated that Minnesota, when self sufficient, would realize a total positive economic impact of between \$403-437 million dollars. Minnesota has an extensive subsidy program that allows for up to a 20 cent per gallon subsidy for a period of ten years with an annual appropriation of \$34 million dollars and up to \$3 million per year for each plant.

Concerns were raised by the Assembly Agriculture Committee regarding the effect of ethanol production on the amount of federal revenue collected by Wisconsin. To address these concerns, AB237 was amended to allow the Department of Agriculture, Trade, and Consumer Protection to study these revenue effects to provide a safeguard against a loss in federal revenue. I am offering an identical amendment to SB105 in the spirit of uniformity.

The success of Minnesota and other Midwestern states with ethanol production is clear. It is time for Wisconsin to act. Encouraging ethanol production here is a win for farmers, it is a win for consumers and it is a win for our environment.

Today you will hear more detailed testimony on the economic and scientific benefits of ethanol production.

Thank you again for the opportunity to speak in support of Senate Bill 105. Mr. Chair, I appreciate your scheduling a hearing on this legislation and it is my hope that SB 105 can receive quick action by this committee and be brought before the State Senate for a vote.