

Renewable Fuels and the Agriculture Economy

Written by administrator
Wednesday, 25 July 2007 02:32

Corn producers of this state and others in the Corn Belt have had cheap corn for far too many years. Everyone has made money from cheap corn except the farmers that raised it. Government subsidies and Loan Deficiency Payments kept the producers in business.

Farmer-investor-owned ethanol and bio-diesel plants have been important for rural economic development, and we need to continue to encourage this activity. This is true even if it takes state tax credits and other economic incentives by local and state government. The importance of these initiatives is contained in 2007 data from Iowa Workforce Development. Iowa is the number-one producer of ethanol in the country accounting for 32 percent of production. We have 28 ethanol refineries with the capacity to produce over 1.9 billion gallons annually. Five of these plants are expanding, and 15 new plants are under construction. That activity will boost output to 3.3 billion gallons annually. We also lead the country in the production of bio-diesel with eight operating refineries producing nearly 115 million gallons annually.

We need to be more aggressive in the promotion of ethanol and its use as a replacement for foreign oil. Our neighbor to the north, Minnesota, has a 10-percent ethanol mandate in every gallon sold. While that's a good start, I would favor working toward an E-20 minimum standard for the country. We are slowly increasing the number of E85 pumps in the state and now have 60. We need more.

Unfortunately, the oil and auto industries have lagged in promoting these new fuels. Very few passenger-car models are flex-fuel-compatible. It is in the national interest to demand that as part of our overall energy strategy, flex-fuel-compatible vehicles become an ever-increasing part of all automobiles produced.

Whether it be part of the 2007 Farm Bill or legislation on energy policy, when Congress considers blending credits and other incentives for renewable fuels, they should compare those costs to the cost of crude-oil tax credits, offshore and other subsidies, and taxpayer costs for imported oil.

In my opinion, the rural economic development section of the 2007 Farm Bill should include a strong energy section. This would include grants and loans for renewable-energy initiatives including the new cellulosic process for ethanol and bio-diesel as well as farmer-owned wind generators to assist in the production of power where economically feasible. There must also

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be incentives for municipal utilities, Rural Electric Cooperatives, and private utilities to sign power-purchase agreements.

We cannot and should not sacrifice the quality of our environment as we move forward with new and expanding alternative-fuel facilities. Environmental standards need to be met with these new plants. I believe these new plants are getting much more efficient as far as the amount of water and other energy needs for production purposes. Federal and state laws need to be complementary to ensure no environmental harm.

Lastly, the 2007 Federal Farm Bill should contain a section on competition to ensure large corporations don't control our food chain. The *Des Moines Register's* July 15 story stated that companies like Tyson Foods and Coca-Cola are concerned about the price of corn and soybeans. These concerns are not about family farmers but about the bottom-line profit for stockholders. The National Chicken Council as well as the American Meat Institute represent the large grocery chains, not individual producers. We did pass a competition bill in the Iowa Senate this session on a bipartisan vote. Not surprisingly, Tyson Foods was the largest organization against it. Tyson and similar lobby interests kept the Senate bill from being debated in the Iowa House.

Agriculture continues to be a mainstay of Iowa's economy, whether it is in the direct production of food or in the new initiatives related to alternative fuel or renewable energy. More of our young people will stay interested in farming if they have a stake in the future. We need more crop-shares leases that allow landlords and tenants to share in the risks as well as the rewards, and we need to ensure that government, both state and federal, promotes incentives for our family farmers. If done, the future of agriculture will remain bright.

Senator Jack Kibbie

President of Iowa Senate

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