

## Bipartisan ethanol agreement

Written by Grassley Press  
Friday, 08 July 2011 12:12

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Here is a comment from Sen. Grassley about the ethanol agreement announced today by Sens. Thune and Klobuchar:

“All things considered, it’s good news that an agreement was reached that salvages some of the effort to reduce America’s dependence on foreign oil. I wish it would have included a more robust investment in alternative fuel infrastructure and cellulosic ethanol. Overall, the fact that this happened in a vacuum, rather than in an even-handed debate over all energy tax incentives, will always be a raw deal, especially for taxpayers and renewable fuel producers,” Grassley said.

**Jul 07 2011**

### [Thune, Klobuchar Announce Bipartisan Compromise on Renewable Energy](#)

#### **Agreement would put savings toward deficit reduction, infrastructure**

**WASHINGTON, D.C.**—U.S. Senators John Thune (R-S.D.) and Amy Klobuchar (D-Minn.) today announced that a bipartisan agreement has been reached that allows for a transition to a more sustainable model of incentives for domestic renewable fuel production while reducing the nation’s deficit by \$1.3 billion. The agreement, based on Thune and Klobuchar’s bipartisan

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### *Ethanol Reform and Deficit Reduction Act*

, would end the existing 45 cent per gallon Volumetric Ethanol Excise Tax Credit on July 31, 2011, instead of the current expiration date of December 31, 2011. The bipartisan agreement would dedicate two-thirds of the savings from existing money—\$1.3 billion—to debt reduction and the remaining \$668 million in savings to renewable fuel incentives, helping provide consumers with lower gas prices. The compromise can now be considered by the full Senate.

“After productive discussions with industry stakeholders over the past several weeks, we have reached a bipartisan solution that reduces the federal deficit and modifies current biofuels policy without pulling the rug out from under American renewable energy producers,” **said Thune**. “Domestic biofuels production in South Dakota and throughout the country continues to play an important role in reducing our nation’s dependence on foreign oil and creating American jobs. I look forward to moving our bipartisan plan through both the Senate and the House of Representatives.”

“This bipartisan agreement is a major step toward providing our businesses a clear path forward and keeping the biofuels industry competitive while reducing our debt by over a billion dollars this year,” **said Klobuchar**. “With this agreement we can not only continue to support homegrown energy, we can also demonstrate that members with different viewpoints can come together to find common ground to reduce the debt. It is a model for reducing government subsidies going forward.”

“I thank Senator Thune for his work in crafting a bipartisan path forward for the ethanol industry,” **said Lisa Richardson, Executive Director of South Dakota Corn**. “Senator Thune continues to fight for rural America. With the significant budgetary challenges facing our country, it is important that the ethanol industry in South Dakota have common sense policies in place to keep the biofuels industry moving forward. The enhanced blender pump tax credit will help give access to the market place, and the extended small producer tax credit will help our farmer-owned plants compete against foreign oil imports. We appreciate the work of Senator Thune and thank him for his continued support of agriculture producers in South Dakota.”

“ACE thanks both Senators John Thune and Amy Klobuchar for their support and leadership in negotiating this compromise, which represents the art of the possible given the fiscal mood in Congress,” **said Brian Jennings, Executive Vice President of the American Coalition for Ethanol**. “We are pleased with the three-year blender pump tax credit and will work with marketers to try and take full advantage of these increased incentives to convert to blender pumps. ACE is also grateful that the Small Ethanol Producer Tax Credit, which is crucial for many of our independent and farmer-owned members, was extended for one year as well as

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key cellulosic biofuel provisions. ACE will work with Senators Thune and Klobuchar to support enactment of this legislation by the end of July.”

“Senators Thune and Klobuchar worked tirelessly to help shape a compromise that will benefit all Americans,” **said Growth Energy CEO Tom Buis**. “This proposal will benefit consumers at the pump, reduce our dependence on foreign oil by investing in next generation biofuels, and make a significant contribution to reducing our nation’s budget deficit.”

“This bipartisan effort to find common ground is the kind of sensible policy making American voters desperately want from their elected leaders,” **said Bob Dinneen, President and CEO of the Renewable Fuels Association**. “We greatly appreciate the leadership of Senators Klobuchar and Thune in doggedly pursuing a solution to this impasse. Walking away from investments made in America’s ethanol industry cold turkey would jeopardize the future of biofuel production in America, including stifling the progress of advanced and cellulosic ethanol technologies. We look forward to seeing the details of the agreement and working with all renewable fuel advocates in Congress to move this industry forward.”

“The final compromise reflects both the importance of the ethanol industry to achieve energy independence and the need for fiscal responsibility,” **said Bart Schott, President of the National Corn Growers Association**.

Recent votes in the Senate on this issue have sought to end the current Volumetric Ethanol Excise Tax Credit while still continuing to fund blender pumps. This agreement is consistent with those votes and would end the existing 45 cent per gallon Volumetric Ethanol Excise Tax Credit, provide funding for homegrown energy infrastructure and reduce the nation’s deficit, based only on remaining 2011 funding.

Additional details of the compromise include:

### Deficit Reduction

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Immediately allocate \$1.3 billion toward deficit reduction.

### **Blender Pump and Alternative Fueling Infrastructure Tax Credit**

Extends the existing alternative fuel station tax credit to include blender pumps and extend the credit through 2014 by using 2011 funding only; modify the tax credit to allow for ethanol blends between E15 and E85; and clarify that entire cost of dual-use blender pumps qualify for the credit rather than the incremental cost.

A taxpayer may take a 20 percent tax credit for the installation of alternative fuel infrastructure, up to \$30,000, including E85 (85 percent ethanol and 15 percent gasoline) infrastructure. This credit is currently scheduled to expire on December 31, 2011. Other fuels that are eligible for the credit include electric charging stations and natural gas refueling stations.

### **Small Producer Ethanol Credit**

Extend through 2012 the small producer ethanol credit by using 2011 funding only. This credit is currently scheduled to expire December 31, 2011. The small ethanol producer credit is valued at 7 cents per gallon of ethanol produced. The credit may be claimed on the first 15 million gallons of ethanol produced by a small producer in a given year. It applies to any ethanol producer with production capacity below 60 million gallons per year.

### **Credit for Production of Cellulosic Biofuels and Special Depreciation Allowance for Cellulosic Biofuels Plants**

Modify and extend through 2015 the existing \$1.01 per gallon tax credit for cellulosic biofuels that would otherwise expire on December 31, 2012. This is done by using 2011 funding only.

Includes a depreciation allowance for cellulosic plants, and the definition of cellulosic biofuels will include fuels made from algae.

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