

Illinois Corn and Ethanol Industry Priorities

Administration Priorities

1. Letter from the Governor Supporting the Production of More Flex Fuel Vehicles (FFVs):

FFVs are designed to use up to 83% ethanol. In a letter to the USEPA, the auto industry requested that credits for FFVs be reinstated. The letter asks for USEPA guidance on a use factor to determine Corporate Average Fuel Economy (CAFE) benefits for producing FFVs. Corn farmers, the ethanol industry and other stakeholders have supported the automobile manufacturers on this request. We request Governor Pritzker submit a letter to USEPA in support of this request for guidance.

**We are attaching a letter from National Corn Growers as an example.*

2. Governors' Biofuels Coalition Membership and Representation by Illinois Director of Agriculture:

The Governors' Biofuels Coalition was established in 1992 with nine member states. Illinois Governor Jim Edgar served as the second chairman of the Coalition in 1993. There are now over 30 members. Like many other members, Illinois has not been very active in this Coalition for the last six years. Illinois is the third largest state in ethanol production in the U.S. and is also one of the largest bio-diesel producing states. Participation in the discussion of issues in the Governors' Biofuels Coalition would be beneficial to Illinois. Further, we believe that the Director of the Illinois Department of Agriculture should serve as the Governor's representative due to the agency's responsibility and expertise in biofuels, corn production and utilization.

**The Biofuels Coalition website is: <https://www.governorsbiofuelscoalition.org>*

3. Letter to USEPA Requesting Approval for a Fleet Testing Program Using Blends Higher than E15:

The Nebraska Ethanol Board has requested USEPA grant the State of Nebraska a waiver for a testing program using state vehicles operating on E30. We are trying to get more documentation on this request and will share it shortly. We ask that Illinois consider seeking a waiver from USEPA to allow our state to create a similar E25 blend program. Illinois Corn Growers Association offers assistance to the IDOA in seeking such approval and in creation of the program.

Legislative Policy Priorities

1. Remove Ethanol Plants from SB 1407:

The number one legislative priority for the Illinois Corn Growers Association and the Illinois Renewable Fuels Association is to remove Ethanol Plants from SB 1407.

According to Christianson & Associates, an auditing and accounting company used by most of the Illinois ethanol plants, SB 1407 would add 20 to 30 percent to the costs of construction, maintenance or expansions for the ethanol industry in Illinois. This would

reduce return on investment by up to 40 percent and, according to Co-Bank and Farm Credit Corporation who finance many of the ethanol projects throughout the country, this would make the project almost impossible to finance. Plants in other states would have a huge competitive advantage over projects in Illinois. We seek support from the Pritzker Administration (in collaboration with the Illinois Department of Agriculture) and the General Assembly to remove ethanol plants from SB 1407.

Budget Priorities

1. Preparing for a Possible Animal Epidemic, an FY 2021 Budget Initiative:

An animal pandemic – like the human coronavirus global pandemic we are currently facing – is possible. Illinois is not prepared to protect our livestock industry should this occur. The Illinois Department of Agriculture has only one veterinarian on its staff. In comparison, our neighboring state of Indiana which is half the size agriculturally of Illinois, employs 30 full time veterinarians. IL Corn proposes an increase in the IDOA budget of \$550,000 to address the shortfall in veterinarian staffing to increase our ability to handle animal agriculture health issues and to respond to future challenges in production animal agriculture health programming. This is an IDOA budget initiative.

2. Consumer Fuel Choice- Sales Tax Incentive for E15 and Higher Blends:

Illinois Corn Growers Association and Illinois Renewable Fuels Association have proposed legislation for the past several years to establish a sales tax incentive for both E15 and legal blends higher than E15. In 2019, these legislative proposals were HB 3619 (Costello) and SB 1817 (Bennett).

In 2018, the General Assembly eliminated the sales tax incentive for E10 which was originally enacted in the early 90's and was instrumental in 10 percent ethanol being added into almost 100 percent of the gasoline sold in Illinois. Eliminating this sales tax incentive added more than \$95 million back to the General Revenue Fund. They did not include establishing a sales tax incentive for E15 and higher blends as describe in the original legislation.

In the document, "Growing our Agricultural Economy," prepared for the Governor by the transition team, a recommendation was made to support a sales tax incentive for higher blends. On page 5, under Near Term Actions, "The committee recommends that the new administration support a sales tax credit for ethanol fuel blends greater than 10 percent but less than 50 percent, like E15".

We hope you will encourage the Administration to strongly support a tax incentive for E-15 and higher blends.

3. Creating New Value-Added Products from Illinois Agricultural Feedstocks, an FY22 Budget Initiative:

Illinois must invest in new value-added products utilizing Illinois agricultural feedstocks to increase value and profitability for farmers and related Illinois ag industries. Illinois can fill the demand for more sustainable, bio-based products to replace petroleum-based products using our cash crops and our research centers (National Corn to Ethanol Research Center, University of Illinois, USDA Laboratory).

IL Corn is considering a comprehensive package to support research, technical assistance and development, marketing, job training as well as incentives for start-up companies to locate in Illinois.

Legislation introduced in 2018, SB 1656 (Manar and Rose) provided the initial discussion of this initiative. A new package is being developed for 2021 session introduction, with input from numerous stakeholders in Illinois. Iowa and Minnesota have passed similar legislation, with Nebraska currently considering an initiative.