NCGA Hails Progress Toward Renewable Fuels Standard

WASHINGTON, D.C. — The National Corn Growers Association (NCGA) moved two steps closer to attaining a renewable fuels standard (RFS) recently when the House and Senate took major action on related bills.

In a 32-14 vote April 3, the House Energy and Commerce Committee approved an energy bill that includes an RFS.

Additionally, the Senate Finance Committee passed an energy tax incentive bill that promotes the use of ethanol with its inclusion of the Highway Trust Fund (HTF) fix and the Small Producer Tax Credit upgrade. Both achievements are being hailed a victory by the NCGA.

Under the House bill, the current oxygenate standard for reformulated gasoline would be removed, air quality and anti-backsliding provisions would be enhanced and an RFS reaching 5 billion gallons in 2015 would be established. The committee defeated several amendments that sought to eliminate or modify the fuels section. For example, an amendment by Rep. Rick Boucher (D-Va.) to eliminate the RFS was soundly defeated 34-14.

"While there are some aspects NCGA would like to see improved in the House energy bill to reflect the rapid growth of the ethanol industry, mainly the RFS schedule, this was a positive step forward," said NCGA President Fred Yoder. "The House Energy Committee should be commended for its action, but the work is not done yet. We have a long way to go in this important process."

Yoder noted the House last year did not include an RFS in its energy bill. "It is a huge step for growers to have an RFS reported out of committee yesterday in the House energy bill," said Yoder.

The Senate success is also important for growers. The bipartisan supported tax incentive legislation corrects the gap in the ethanol excise tax exemption so that ethanol and gasoline make the same contribution to the HTF. Within the current gasoline excise tax, 18.4 cents is paid into the general fund (GF) for gasoline. For ethanol, only 13.2 cents is paid into the GF. The 5.2 cents deduction is the ethanol excise tax exemption.

More specifically, refiners and gasoline marketers using 10 percent ethanol blends receive a 5.2-cents-per-gallon reduction from the tax paid on straight gasoline. Since federal motor fuel taxes are a primary source of funding for highway programs, the issue has arisen as to the revenue impact of ethanol-blended fuels on the HTF. The Senate Finance Committee fixed this gap yesterday.

The Senate package also includes modifications to the small ethanol producer tax credit by allocating the 10-cents-per-gallon production income alcohol fuels credit to the members of a farmer cooperative (this credit is in addition to the 53-cents-per-gallon tax incentive generally available for ethanol). It also changes the definition of a "small ethanol producer" from 30 million gallons per year to 60 million gallons per year.

"Getting both of these bills passed out of committee was a huge undertaking," continued Yoder. "Many people don't realize how complex the process is with several committees in each chamber working on related provisions.

Dairy Farmers Lobby Congress On MPC

WASHINGTON, D.C. — About 60 dairy farmers from across the country spent three days recently working with lawmakers to close trade loopholes allowing imported milk protein concentrate (MPC) and casein to flood domestic markets.

"Imported MPC and casein are displacing our domestic dairy supply at a time when U.S. dairy farmers are getting the lowest prices for their products since 1979," said NFU President Dave Frederickson. "While some imported powdered milk products are subject to tariff-rate quotas, MPC and casein are not. This loophole must be closed."

The farmers visited more than 160 congressional offices advocating the Milk Import Tariff Equity Act, S. 560 and H.R. 1160, which Frederickson said would "level the playing field" by limiting MPC and casein imports by imposing effective tariffs. The legislation is sponsored by Sens. Larry Craig, R-Idaho, and Mark Dayton, D-Min., in the Senate and Reps. Don Sherwood, R-Pa., and David Obey, D-Wis., in the House.

Sens. Craig and Dayton and Rep. Sherwood participated in a "MPC-free" ice cream social Tuesday evening during which each of the lawmakers commended the farmers for their efforts to gain cosponsors for the Milk Import Tariff Equity Act. The leaders reported that, while in Washington, the dairy farmers had helped increase the list of cosponsors to 92 in the House and 22 in the Senate.

USDA Amends Central Milk Marketing Order

WASHINGTON, D.C.— Earlier this year, the USDA issued an interim order amending the pooling provisions of the Central milk marketing order. The tentative final decision for the Central order, issued Nov. 8, 2002, was approved by dairy farmers.

This interim order amends pooling standards to prevent the inappropriate pooling of milk on the Central order. The approved amendments eliminate the ability to simultaneously pool milk on the Central milk order and on a state-operated order that has marketwide pooling. The interim order also will establish lower but year-round supply plant performance standards; not consider the volume of milk shipments to distributing plants regulated by another Federal milk order as a qualifying shipment on the Central order; exclude from receipts diverted milk made by a pool plant to another pool plant in determining pool plant diversion limits; and, establish a "net shipments" provision for milk deliveries to distributing plants.

The interim order became effective March 1. For additional information about the decision, contact: Donald R. Nicholson, USDA/AMS/Dairy Programs, P.O. Box 14650, Shawnee Mission, KS 66285-4650; Tel. (913) 495-9300; email: donald.nicholson@fmmacentral.com.