



Thomas A. Schatz
President

March 24, 2011

U.S. Senate
Washington, D.C. 20510

Dear Senator,

Senator Tom Coburn (R-Okla.) and Ben Cardin (D-Md.) recently introduced S. 520, the Volumetric Ethanol Excise Tax Credit (VEETC) Repeal Act, to repeal the \$0.45 per gallon subsidy to blenders of ethanol. On behalf of the more than one million members and supporters of the Council for Citizens Against Government Waste (CCAGW), I urge you to support this important legislation.

The VEETC is a targeted tax benefit to blenders who already receive federal incentives from the Renewable Fuels Standard, which requires fuel to be blended with ethanol. Not only is this tax credit expensive and unnecessary, it has produced many unfavorable consequences including higher food prices, lower fuel efficiency, and increased incidences of engine damage in motor vehicles.

While the House and Senate have agreed to earmark moratoriums for the 112th Congress, lawmakers should now be eliminating corporate welfare programs and repealing fiscally irresponsible targeted tax benefits. According to a March 2011 Government Accountability Office report, the VEETC is “largely unneeded today to ensure demand for domestic ethanol production” and “can be duplicative in stimulating domestic production and use of ethanol, and can result in substantial loss of revenue to the Treasury.” Eliminating the VEETC would save taxpayers at least \$6 billion annually.

A November 27, 2010, *Wall Street Journal* article noted that former Vice President Al Gore, ethanol cheerleader and spiritual leader of the climate change movement, has backtracked on his support for the program, saying it was a “mistake,” and that he only supported it because he had a “certain fondness for the farmers in the state of Iowa” during his presidential run. Gore conceded, “It’s hard once such a program is put in place to deal with the lobbies that keep it going.”

At a time when the nation’s debt has ballooned to more than \$14.2 trillion, members of Congress should be looking for every viable way to cut wasteful, unnecessary and duplicative spending. I strongly urge you to support the Volumetric Ethanol Excise Tax Credit Repeal Act. All votes on S. 520 will be among those considered in CCAGW’s *2011 Congressional Ratings*.

Sincerely,

A handwritten signature in black ink that reads "Thomas Schatz". The signature is written in a cursive, slightly slanted style.