



Support Coburn-Cardin Amendment #220 to End the Ethanol Tax Credit

March 29, 2011

Dear Senator:

Taxpayers for Common Sense urges you to **support the Coburn-Cardin Amendment (#220) to end the corn ethanol tax credit, saving taxpayers nearly \$4 billion for the remainder of this year alone.** The Volumetric Ethanol Excise Tax Credit (VEETC) is a \$0.45 tax credit given for every gallon of corn ethanol blended with gasoline, costing taxpayers \$6 billion this year. This wasteful tax credit was supposed to expire last December, but was tacked on to the last minute tax deal. Now Congress has the opportunity to make this right and end this unnecessary tax credit once and for all.

The amendment offered by Senators Coburn and Cardin could be voted on as early as this week as amendment # 220 to S. 493 the SBIR/STTR Reauthorization Act. It would end the wasteful VEETC immediately. **We urge you to support the Coburn-Cardin Amendment (#220) to end the VEETC.**

The Renewable Fuels Standard mandate – not VEETC – drives ethanol consumption. The Congressional Budget Office (CBO) reported in July that:

The scheduled rise in mandated volumes would require the production of biofuels in amounts that are probably beyond what the market would produce even if the effects of the tax credits were included. To the extent that the mandates determine levels of production in the future, the biofuels tax credit would no longer be increasing production.

The Government Accountability Office agrees, concluding in a study released last summer:

The VEETC does not affect the level of ethanol consumption and is a duplicative policy tool for increasing ethanol consumption... removing the VEETC would not adversely affect the demand for corn for ethanol and the income of corn producers, which depend on the total level of ethanol consumption.

VEETC's effect on oil consumption is questionable and costly. CBO says it costs taxpayers between \$1.78 and \$4.00 for each gallon of gasoline that conventional ethanol displaces. More than \$0.75 of every dollar we spend to support all forms of renewable energy go to the corn ethanol industry.

It's time to end VEETC. We urge you to **support the Coburn-Cardin Amendment** to end the VEETC and stop the needless waste of taxpayer dollars. If you have any questions please contact me or Autumn Hanna at 202-546-8500 or autumn@taxpayer.net.

Sincerely,

A handwritten signature in black ink, appearing to read "A. Ry Alexander". The signature is written in a cursive style with a horizontal line through the middle.

Ryan Alexander, President
Taxpayers for Common Sense