



WISCONSIN STATE SENATOR

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Hand Delivered

Senator Russ Decker
Senate Majority Leader

Representative Michael Huebsch
Assembly Speaker

Dear Speaker Huebsch and Majority Leader Decker:

As you continue your negotiations for the budget repair bill, I believe that events in our state and country are accelerating to the point that we must take the opportunity to encourage a re-evaluation of state fiscal support – whether through subsidies or tax credits or other state tax dollars – for the production of corn-based ethanol. We should also consider a moratorium of five years on the construction on new corn-based ethanol plants in Wisconsin.

Corn ethanol was originally assumed to be a win-win situation that would lessen dependence on foreign oil while being environmentally superior to fossil-based fuel. In response, government at both the state and federal level has heavily subsidized corn ethanol production. These assumptions appear to have been overly optimistic.

It appears that politics got ahead of science, and the negative and unintended consequences of such subsidies require a reassessment of continued taxpayer support.

The price of corn and corn-based products has skyrocketed and global shortages of food are reported. The U.S. Department of Agriculture states that due to subsidies and government incentives, over a quarter of the corn grown in the U.S. is now diverted from food and livestock feed to ethanol distilleries. And the increasing reports of the net negative environmental impacts of corn ethanol production are becoming more disturbing.

Scientists may not yet uniformly agree as to whether the amount of fossil-fuel taken to produce ethanol justifies the energy gained in the end product. Scientists may also not yet agree to the extent that the use of ethanol fuel can compensate for the net environmental impact associated with ethanol production. But what cannot be denied is that in a world where there are sharply rising food prices, rationing of food, and even riots over availability of food, our state is encouraging the burning of corn for fuel.

The U.S. Department of Agriculture reports that almost 20% of the increase in food prices at our grocery stores is due to ethanol production. It is not unnoticed that for the first time in recent memory, food at some grocery stores in the U.S. is being rationed. The situation would obviously be different if food was plentiful and we had the ability to grow infinitely

more corn without causing serious damage to the environment. But after years of research and production, a clear net benefit for the environment or for energy conservation can not be plainly shown, and must be weighed against the sharply rising price of our food.

I support the goal of increasing our reliance on renewable energy and therefore I do not take lightly this challenge to the convention that hopes our energy and environmental problems can be solved by corn-based ethanol, and hopes to enjoy major profits in the process. My record in the legislature shows that I have an outstanding record of 25 years as a legislator in working to preserve our environment; I have earned several "Clean 16 Awards" and consistently rank as voting to protect the environment. **I enthusiastically support our research in biofuels and biotechnology to reach for a goal to meet our energy needs, protect our environment and keep the economy working at the best sustainable level.** But like many others I am becoming greatly concerned that the current production technology for corn-based ethanol does not support these goals, and our focus should be on using non-grain sources such as paper mill waste, corn stalks, wood chips and switchgrass.

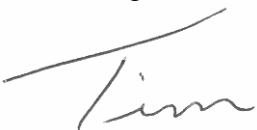
I believe that there can be legitimate needs for government to intervene into agriculture and energy markets to protect the interests of the people that government serves. I also believe that if after years of such government taxpayer support the policy has not produced the desired public policy effects, or that the intervention has produced substantial negative unforeseen consequences, then government must reassess its policy. The state sponsored taxpayer support and encouragement of the production of corn-based ethanol appears to require such a reassessment.

Knowing the enormous profits that large agribusiness have made on the production of corn-based ethanol, I know that such a position would be politically challenging, but as the budget repair bill is expected to be a non-amendable conference committee report, I must ask that you consider the matter in your negotiations before it is brought to the floor of the Senate.

Last week, I requested that the Legislative Council gather information from both the State Office of Energy Independence and the Legislative Fiscal Bureau regarding the details of Wisconsin's fiscal support for the production of corn-based ethanol, and will share that with you when I receive it. I am aware that there will be a Legislative Council Committee studying biofuels in the near future, and look forward their findings, but from a fiscal standpoint, we can at least begin to put a hold on state incentives until we can be sure that the unintended consequences of corn ethanol production are not unnecessarily adding to the problem.

Thank you for your consideration of this issue

Regards,



Tim Carpenter
State Senator