

Industry spent millions as Congress weighed fate of subsidies -- report

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The biofuels industry has poured millions of dollars into lobbying as Congress debates whether to end a key ethanol tax credit, according to a report released yesterday by a right-leaning Washington think tank.

The group, Taxpayers for Common Sense, documents some \$31 million spent on lobbying this year alone by companies and groups affiliated with the biofuels industry. The industry has also put more than \$12.5 million into campaign contributions in the past three election cycles toward members of this Congress, the group also found.

Since 2004, Congress has given more than \$30 billion in subsidies to the ethanol industry, TCS writes. The largest ethanol tax credit is set to expire at the end of the year, and ethanol interests are looking for other ways for Congress to boost biofuels, the group says.

"The point that we're conveying that is there are these policies that benefit biofuel production that on their face don't seem to really be in the best interest of taxpayers," said Mike Surrusco, a senior investigator at TCS.

"And what we are saying in the report is that part of the explanation for why Congress continues to support some of these, and has in the past, may have to do with the amount that the industry itself spends trying to get them to support it."

The tax credit set to expire is the Volumetric Ethanol Excise Tax Credit, which gives blenders 45 cents for every gallon of ethanol that is blended with gasoline. The Senate voted 73-27 in June to end that tax credit immediately and eliminate the 54-cent-per-gallon ethanol import tariff, but opponents were not able to attach it to the debt deal passed in August.

Growth Energy, which represents ethanol producers, said the report by TCS lacks common sense because the ethanol industry has already volunteered to give up the blender credit "in exchange for deficit reduction and investment in infrastructure."

"If TCS wants to attack a mature industry that doesn't need any more support," said Growth Energy spokeswoman Stephanie Dryer, "they should be looking at Big Oil, an industry that has enjoyed permanent tax breaks for more than 100 years at the American taxpayers' expense."

TCS says that even if the biofuels industry has given up on the blender credit, it is now pushing to increase federal funding of ethanol infrastructure and expand the Alternative Fuels Tax Credit to secure a new subsidy for E85, a blend comprised of 85 percent ethanol and 15 percent gasoline.

In the report, TCS culled data from the Center for Responsive Politics, which tracks political spending.

According to the report, the top three biofuels lobbying firms between 2008 and 2011 were Chevron Corp. at \$51.8 million, Koch Industries Inc. at \$44.6 million and Royal Dutch Shell PLC at \$32.9 million. Not all of these amounts went toward biofuels; because lobbying disclosure forms do not require companies or groups to itemize, it is impossible to tell what was spent on specific issues.

But, TCS notes, it included these firms on the list because of the presence they have on Capitol Hill.

"Once they have gone on the record and made clear what they want, everybody sort of knows who they are and what level of resources that they can bring to bear on this in terms of contributions, advertising," Surrusco said. "They're among the biggest players on the Hill, so they just have a ton of influence by virtue of their resources that they can spend overall."

Among the groups and firms that focus solely on biofuels, the Biotechnology Industry Organization spent the most on lobbying between 2008 and 2011, according to TCS. Total lobbying expenses for the group were \$27.46 million. The next highest was biomass refiner KL Energy Corp., which spent \$10.1 million.

The National Biodiesel Board spent \$3.8 million during that time period. Growth Energy and the Renewable Fuels Association spent a little more than \$3 million each.

Poet LLC, which just received a \$105 million Department of Energy loan guarantee for a cellulosic ethanol plant in Iowa, spent a shade less than \$2.6 million.

The report comes as members of a congressional supercommittee are looking for ways to reduce the country's federal deficit by more than \$1 trillion. TCS, along with other right-leaning think tanks, this week called on the supercommittee to end the blenders tax credit immediately, along with other biofuels subsidies and federal funding for ethanol infrastructure.

Along with lobbying, the biofuels industry has also given big dollars to mostly Republican members of Congress, according to the report.

The report says that Roy Blunt of Missouri, ranking member on the Senate Agriculture Appropriations Subcommittee, received the most -- \$214,098 -- in the last three election cycles (he was elected to the Senate in 2010, after seven terms in the House, including several years in GOP leadership positions). Coming in second was Sen. Saxby Chambliss of Georgia, who served as the ranking member of the Senate Agriculture, Nutrition and Forestry Committee in the previous Congress. The Republican received \$192,900 in contributions from the industry.

Other big names in agriculture and the recent ethanol debate have also received large donations over the past three election cycles.

Sen. John McCain (R-Ariz.), who has tried this year to end federal funding for ethanol infrastructure, received \$185,048, according to TCS. Sen. Pat Roberts (R-Kan.), current ranking member of the Senate Agriculture Committee, received \$166,900. House Agriculture Committee ranking member Collin Peterson (D-Minn.), who spent two terms as the panel's chairman, received \$163,366. Iowa's Sen. Chuck Grassley (R) received \$119,650.

The industry gave \$113,450 to Sen. John Thune (R-S.D.), a corn ethanol supporter who earlier this year worked with Sens. Amy Klobuchar (D-Minn.) and Dianne Feinstein (D-Calif.) on an agreement that would have ended the \$6-billion-a-year blenders credit.

The biofuels industry has given \$708,000 to the 12 members of the deficit supercommittee over the last three election cycles, according to the report. But none of the supercommittee's members were among the top recipients of the biofuels industry's campaign donations.

Whether the supercommittee touches ethanol credits or not, Surrusco seemed confident that the blender credit's life would be allowed to expire at the end of the year.