



Ohio Ethanol Producers Association
Proponent Testimony for House Bill 400
Ohio House Ways and Means Committee
February 11, 2020

Chairman Merrin, Vice Chair LaRe, Ranking Member John Rogers and Members of the House Ways and Means Committee, thank you for the opportunity to testify on behalf of House Bill 400.

My name is Rick Fox and I am the president of the Ohio Ethanol Producers Association and also the manager of an ethanol plant in Marion. The Ohio Ethanol Producers Association represents the Ohio biofuels industry. Each year Ohio's seven ethanol plants spend nearly \$900 million to buy 233 million bushels of corn which is approximately 40% of the corn supply, from over 5,300 farming families. This corn goes into our plants, where the starch is used to produce ethanol that is blended into the fuel supply, the remaining corn is sold as livestock feed and the carbon dioxide is sold for food processing and water treatment.

The ethanol we produce is blended into gasoline at a traditional rate of 10%, called E10 or more commonly referred to in Ohio as 87 octane gasoline. 97% of our gasoline contains ethanol. If you drove to the statehouse today, you used our product in your car and have done so for years. But, today we are here to talk about a newer fuel called E15.

In 2011, the federal EPA approved E15 for sale, a fuel blend containing 15% ethanol and 85% gasoline. The EPA did more testing on E15 than any other fuel in their history. American drivers have logged approximately 12 billion miles on the fuel without reported cases of engine damage, misfueling, or inferior performance. Almost every car manufacturer, including Honda in Ohio, warranties their vehicles for E15. EPA approved E15 for use in all light duty vehicles from Model Year 2001 and newer and all flex fuel vehicles, which represent more than 90% of cars on the road today.

Gas stations have also started to take notice. The number of U.S. fuel retail locations now offering E15 is over 2,045 and grew 18% last year. But the number of stations in Ohio remains very small at approximately only 31 statewide. Ohio lags far behind similarly populated states, such as Illinois (108), Georgia (86) and Pennsylvania (132), as well as top ethanol-producing states, such as Minnesota (332), Iowa (224) and Wisconsin (240), in consumer access to E15.

When large chains add E15 offerings, they first look at states that provide support for ethanol with market opportunities to grow demand. H.B. 400 will remedy this situation by providing a

limited-time, 5 cent tax credit for fuel retailers that sell E15 and E85. The OEP Association supports it for three key reasons:

First, H.B. 400 will help Ohio's farmers, consumers, fuel retailers and ethanol jobs. Everyone in this room knows it's extremely difficult to be a farmer and that agriculture is facing some of the worst conditions since the 1980s. Ethanol plants in Ohio provide a much-needed demand driver for local corn and we invest hundreds of millions of dollars into rural communities like Marion, Leipsic, Bloomingburg and Greenville. When an ethanol plant faces hardships and idles, like the Three Rivers Energy plant that is located in Speaker Householder's home district, it can mean the loss of up to \$100 million for the local and state grain market. H.B. 400 will lead to greater market stability and demand for Ohio corn. For fuel retailers, this bill means the opportunity to compete with retailers in other states and the ability to continue growing both fuel and convenience store sales with lower-cost fuel blends that are proven to attract customers.

Second, H.B. 400 is good for consumers. **On average a gallon of E15 saves consumers 5 to 10 cents per gallon each time they fill up.** This is welcome news for Ohio consumers who feel the pain from price spikes from global interruptions in the oil market, and will now pay more in state fuel sales taxes. HB 400 will allow Ohioans greater access to enhanced performance and less expensive fuel options.

Lastly, H.B. 400 is good for the environment. Numerous studies have shown that ethanol reduces air pollutants from the tailpipe – including carbon monoxide, hydrocarbons that form ozone, and toxins that endanger public health. In addition, as ethanol is produced from renewable feedstocks, replacing fossil fuels in each gallon of gasoline helps cut greenhouse gas emissions from well to wheel.

H.B. 400 calls for a non-refundable credit of 5 cents per gallon of E15 and E85 sold for a limited time of four years. The state of Ohio doesn't need to incentivize every gas station in the state. Our experience shows when enough retailers in communities choose to use E15 and E85, other fuel retailers soon follow.

E15 is incredibly safe and incredibly important to Ohio farmers, consumers, fuel retailers and ethanol jobs. With your support, more Ohioans will have the opportunity to choose the fuel that's right for them, and at the same time, help grow our rural economy. The Ohio Ethanol Producers Association asks for your support of H.B. 400.

Thank you,

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