



September 17, 2008

The Honorable Harry Reid  
528 Hart Senate Office Bldg  
Washington, DC 20510

The Honorable Mitch McConnell  
361-A Russell Senate Office Building  
Washington, DC 20510

Dear Senator Reid and Senator McConnell:

**The Clean Air Task Force, Environmental Working Group, and Friends of the Earth strongly oppose the extension of the Volumetric Ethanol Excise Tax Credit that has been proposed as part of the Energy Independence and Investment Act of 2008.**

**It is increasingly clear that biofuels are not providing the environmental benefits touted** by those who are profiting from the tax credit; rather, mounting research demonstrates that the biofuel production incentivized by the subsidy will cause substantial net increases in greenhouse gas emissions, habitat loss, and water pollution.

Biofuel-related investment and biofuel production in the United States have increased dramatically in recent years, fueled in part by claims that ethanol will reduce emissions of greenhouse gases and other harmful air pollutants. The actual track record, however, is troubling. Policies that subsidize the production and consumption of biofuels have been tied to increased competition for water, land, fertilizers, and other resources.

**The ethanol tax credit is undermining efforts to address serious environmental problems.**

One obvious problem is climate change: an important body of new research demonstrates that the biofuels being subsidized by the tax credit are, on net, exacerbating global warming. Biofuel production harms climate stability directly, by increasing the use of climate-forcing nitrogen-based fertilizers, and indirectly, by encouraging the conversion of forests and other carbon-rich ecosystems into farmland. Studies have shown that the global warming associated with biofuel-driven land use conversion vastly overwhelms the climate benefit that would otherwise come from displacing petroleum-based fuels.

Land use changes also contribute to habitat loss and species extinction. A key ingredient in producing the ethanol being subsidized by the tax credit is farmland. In order to keep up with demand for biofuel feedstocks *and* sustain current food production levels, the agricultural sector is cultivating millions of hectares of new farmland around the world – a process that often

involves the destruction of forests, wetlands, and grasslands that are home to various rare and important species.

**The ethanol tax credit contributes to the already severe degradation of the United States' waterways** by encouraging the production of fertilizer-intensive feedstocks, especially corn. One-third of the corn grown in the United States in 2008 will be used to make ethanol. The soil erosion and fertilizer runoff attributable to corn-for-ethanol cultivation are major contributors to the rapid growth of the Gulf of Mexico's "Dead Zone," an oxygen-starved, nearly lifeless expanse of ocean covering more than 8,000 square miles off the coast of Louisiana, Mississippi, and Texas.

**The ethanol tax credit is granted without preference to ethanol blended in the U.S.** (including imports), regardless of the price of oil. This is in direct contrast to the structure of many subsidies offered to oil and gas. It is currently the largest subsidy to ethanol, and as a result contributes directly to a policy bias that disadvantages alternative options to wean our transport sector from oil, such as plug-in hybrids or even better fleet management on the demand side. During a period of rising food prices (in part linked to overproduction of biofuels) and growing federal deficits, the billions of dollars spent each year on the ethanol tax credit would be much better invested in conservation or other renewable energy alternatives. Extending the tax credit makes little sense.

We respectfully urge you to oppose the extension of the Volumetric Ethanol Excise Tax Credit.

Sincerely,

**Clean Air Task Force**

Jonathan Lewis  
Staff Attorney and Climate Specialist

**Environmental Working Group**

Sandra Schubert  
Director of Government Affairs

**Friends of the Earth**

Kate McMahan  
Energy and Transportation Policy Campaigner