



# Fact Sheet

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## Ethanol

*Revised June 28, 2011*

Cattlemen and women are committed to energy independence and the development of renewable fuels. However, this energy commitment continues to create challenges for cattle producers. U.S. ethanol policies have caused grain and other commodity prices to increase by reducing the supply of grains available for food production. Furthermore, federal mandates for ethanol production have exempted corn prices from the deflationary trend felt elsewhere across the entire economy.

More corn diverted to ethanol has meant higher prices for feed and ultimately much lower prices offered to cow-calf producers. Artificial pressures created by subsidies for corn-based ethanol have incurred additional economic loss for livestock producers.

Between 2005 and 2008, corn prices quadrupled and are more than \$7 a bushel today. According to the USDA Economic Research Service, in 2008, feed costs for livestock, poultry and dairy reached a record high of \$45.2 billion, an increase of more than \$7 billion over 2007 costs. A report released in Sept. 2008 by the Congressional Research Service state the dramatic increase in livestock production costs were attributed to feed. This volatility is a result of ethanol mandates and subsidies artificially pushing feed costs higher.

The U.S. ethanol industry benefits from three different avenues of government support:

- Renewable Fuel Standards (RFS) increasing the percentage of ethanol mixed with gasoline from 10 percent to 15 percent.
- A 45 cent/gallon tax credit for ethanol blenders granted under the Volumetric Ethanol Excise Tax Credit (VEETC), a policy designed to subsidize the production of ethanol in the U.S.
- A 54-cent/gallon tariff on imports of foreign ethanol to protect the domestic ethanol industry from any foreign competition.

### **What is TSCRA doing?**

TSCRA supports legislation to eliminate the VEETC credit and import tariff on foreign ethanol.

TSCRA strongly opposes increasing the amount of ethanol mixed with gasoline from 10 percent to 15 percent and has submitted comments to EPA stating our opposition.

Additionally, TSCRA members and staff have communicated with lawmakers and their staff to garner opposition for any increases in EPA regulation.

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