

For Immediate Release

NEWS INFORMATION

For More Information:

Jeff Huggins, APR

(515) 868-7089

JeffHuggins@GiveMeFuelChoice.org

Iowans for Consumer Fuel Choice Oppose Fuel Mandates Coalition Supports Free Market System, Consumer Choice and Fair Pricing

DES MOINES, Iowa – Feb. 3, 2010 – In response to pending legislative action to mandate use of both biodiesel (SF 464) and ethanol (SF 2107), a coalition of public, private, business and labor organizations has emerged to support the free market system and protect Iowan's rights for fuel choice. [Iowans for Consumer Fuel Choice](http://IowansforConsumerFuelChoice.org) (ICFC) supports the use of renewable fuels, but opposes product mandates that will drive up fuel costs.

"Fuel choices at the pump allows for competition and keeps the price of fuel more affordable," said Dawn Carlson, an ICFC spokesperson and the president and chief executive officer for the Petroleum Marketers and Convenience Stores of Iowa. "Mandating renewable fuel will create upside-down economics, eliminate the checks and balances of fair competition and increase fuel costs for Iowans."

In Minnesota, where they recently administered a biodiesel mandate, data from the Oil Price Information Service (OPIS) reveals the average cost of diesel fuel is 7- to 9-cents per gallon higher than fuel sold here in Iowa. Furthermore, the Minnesota mandate currently is suspended due to extreme weather issues – a provision notably absent from Iowa's proposed legislation.

According to ICFC officials, in these difficult economic times, legislation that places more financial burdens on Iowans is a bad idea.

"Since nearly everything comes to us on trucks using diesel, biofuel mandates unnecessarily increase our fuel costs by 5 to 8 percent," said Scott Havens, owner of Scott's Foods in Norwalk. "Eventually, that gets paid for with higher grocery prices, creating a hidden tax on consumers."

GIVEMEFUELCHOICE.ORG

10430 NEW YORK AVENUE, SUITE F | URBANDALE, IA 50322-3773 | 515.224.7545

Broadway Flying J Travel Plaza | Casey's General Stores | Hy-Vee, Inc. | Iowa 80 Truck Stop | Iowa Association of Business & Industry | Iowa Association of School Boards | Iowa Automobile Dealers Association | Iowa Good Roads Association | Iowa Grocery Industry Association | Iowa Motor Truck Association | Iowa Rural Water Association | Iowa Section of the American Water Works | Keck Energy | Kum & Go, LC | Kwik Star | Petroleum Marketers & Convenience Stores of Iowa | Pilot Travel Centers, LLC | Teamsters Local 238 | The American Petroleum Institute

Proposed Legislation Unnecessary with Existing Federal Biofuel Mandates

With national biofuel mandates already established by the U.S. Congress, ICFC representatives say state-level mandates are not needed. In 2006, Iowa lawmakers created the Iowa Renewable Fuels Standard to support federal mandates, encourage consumer demand and create the necessary infrastructure to market more renewable fuel in the state.

“The existing standard has proven effective and created a competitive market position for renewable fuels in Iowa,” said Delia Meier, senior vice president for Iowa 80 Truck Stop and an ICFC representative. “State mandates will corrupt the free market system and place unnecessary burden on Iowa consumers and Iowa retailers.”

Iowa retailers buy fuel directly from Iowa ethanol plants, Iowa biodiesel plants and the major oil refineries. The ability to supply Iowa’s market demands with various fuel options ensures competitive pricing approaches from all three sources.

With biodiesel mandates, Iowa retailers will assume a competitive disadvantage with fuel marketers in neighboring states. A state mandate would create infrastructure issues for Iowa retailers, and would potentially lower overall demand for biodiesel products. Motor carriers typically use an on-board computer program to help plan travel routes and identify the most cost effective refueling options. Given fuel capacity to travel as many as 1,200 miles per tank, drivers can easily opt to bypass Iowa retailers. Last year, truck stops operating along Iowa’s interstate highways sold more than 228 million gallons of on-road-use diesel fuel – more than one-third of the state’s total sales of 612 million gallons.

A state mandate on ethanol also creates economic issues for Iowa retailers and consumers, while further benefiting ethanol producers who are reporting record production for 2009 with 3.2 billion gallons of ethanol made in Iowa.

Proponents of the biofuel mandates have devalued current levels of biofuel consumption in Iowa and claim that sales are declining. Yet the latest Iowa Department of Revenue fuel usage figures indicate that E10 and E85 ethanol products represent 82.3 percent (1.269 billion gallons) of the state’s total fuel volume. Historical data from the Department of Revenue shows that Ethanol-blended gasoline has increased as a share of Iowa gasoline sales over the past 13 years, with E10 increasing steadily over the decade while E85 experienced the largest increase between 2005 and 2008.

Responsible Leadership Needed

A 2009 Iowa State University research study concludes that neither ethanol mandates nor ethanol subsidies alone can achieve multiple policy goals. Researchers Harvey Lapan and Gian Carlo Moshini surmise that the use of biofuel mandates will lead to higher welfare. They conclude that the most viable policy to achieve targeted biofuel production and usage objectives combines subsidies with a fuel tax.

“Iowa’s leadership position with renewable fuels must be driven first and foremost by public interest,” said Randy Woodard, president and chief executive officer for Elliott Oil Company and an ICFC representative. “The only way to build a sustainable renewable fuel industry in Iowa is to offer competitively priced products and build consumer demand.”

###

ABOUT IOWANS FOR CONSUMER FUEL CHOICE:

The Iowans for Consumer Fuel Choice (ICFC) is a coalition of public, private, business and labor organizations that support renewable fuels, but stand opposed to product mandates that manipulate our free market system and drive up fuel costs in our state. Our mission is to protect the rights and interests of all Iowans by serving as the voice of reason for a responsible and fair marketplace.

ICFC charter member organizations include: Broadway Flying J Travel Plaza; Casey’s General Stores; Hy-Vee, Inc.; Iowa 80 Truck Stop; Iowa Association of Business & Industry; Iowa Association of School Boards; Iowa Automobile Dealers Association; Iowa Good Roads Association; Iowa Grocery Industry Association; Iowa Motor Truck Association; Iowa Rural Water Association; Iowa Section of the American Water Works; Keck Energy; Kum & Go, LC; Kwik Star; Petroleum Marketers & Convenience Stores of Iowa; Pilot Travel Centers, LLC; Teamsters Local 238; and the American Petroleum Institute.

For more information, visit GiveMeFuelChoice.org.