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NEWS INFORMATION

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Economist Says Biodiesel Mandate Wrong Approach **Eliminating Consumer Choice Creates Upside-Down Economics**

DES MOINES, Iowa – March 1, 2010 – [lowans for Consumer Fuel Choice](http://www.givemefuelchoice.org) (ICFC) today released an economic study analyzing the impact of a statewide biodiesel mandate, as proposed in Senate File 464 and currently being considered by the Iowa State Legislature.

Economist Wayne Newkirk, Ph.D., a longtime Drake University professor and president of Economic and Financial Consulting, reviewed and addressed the effects of a state mandate on demand, prices, employment and tax receipts, as well as the impact to fuel marketers and retailers.

“The proposed B5 mandate is rooted in upside-down economics,” said Dr. Newkirk. “In our free market system, apart from demand, the foremost issue is price. This mandate is attempting to force demand by eliminating competition for suppliers. Removing competitive products will inevitably drive up price and consumers will have to pay, or choose to refuel outside of Iowa.”

According to data published by DTN and OPIS, the average premium paid by Minnesota consumers for mandated biodiesel was nearly 7.5 cents per gallon. Newkirk points out that this premium does not take into consideration the loss of the \$1.00 Federal blender’s credit, which would increase the premium paid for B5 to nearly 12.5 cents on average.

“There is no logical reason to believe an Iowa biodiesel mandate would deliver any different result than what we’ve witnessed in Minnesota,” said Dawn Carlson, spokesperson for ICFC and president and chief executive officer for Petroleum Marketers and Convenience Stores of Iowa. “Since B5 blended biodiesel is not readily available at major Iowa racks, it’s difficult to pin down the exact price impact a mandate would have here. There is absolutely no validity in the argument, however, that it would lower prices at the pump.”

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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

With a state biodiesel mandate, Iowa retailers will be at a competitive disadvantage with competitors in neighboring states. Representatives from the Iowa Motor Truck Association warn that more than 75 trucking companies have said if forced to buy biodiesel in Iowa, they will purchase their fuel outside the state.

“Bypassing Iowa retailers is not an empty promise,” said Brenda Neville, president of the Iowa Motor Truck Association. “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 refuel elsewhere.”

According to last year’s Iowa Department of Revenue figures, truck stops operating along Iowa’s interstate highways sold more than 228 million gallons of on-road-use diesel fuel – or more than one-third of the state’s total sales of 612 million gallons.

In his study, Dr. Newkirk estimates costs emanating from losses in employment, motor carriers bypassing Iowa, and related declines in tax revenue could exceed \$100 million in lost revenue to the state. He also sees spillover effects from the B-5 mandate in terms of transportation costs (\$49 million), pipeline upgrades (\$500,000 to \$2 million per location/terminal) and increased jobber expenses (\$12.5 million)

“In today’s economic environment a B5 mandate will only add to our state’s fiscal and monetary burdens,” said Newkirk. “With the loss of the federal blenders’ tax credit Iowa’s biodiesel industry is struggling, but a state mandate is not the solution.”

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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.

Editorial Note: A full summary of Dr. Newkirk’s *Biodiesel Mandate Study* is available at www.GiveMeFuelChoice.org/Newkirk.htm