

LEGISLATIVE GOAL

To promote the value Oregonians place on clean air, rural economic development and reduced reliance on foreign oil, the Oregon Environmental Council supports HB 2210 and HB 2211 which provide incentives for in-state production and use of biofuels.



Improving Oregon's Environment

Better Air Quality, Less Global Warming Pollution

Biofuels, which include biodiesel and ethanol, are a safer, cleaner-burning alternative to petroleum fuels.

Biodiesel is a renewable fuel that reduces emissions of particulate matter, air toxics, carbon monoxide and sulfur oxides, making it a much preferred alternative to petroleum diesel, the #1 air toxic in Oregon. According to the U.S. Departments of Agriculture and Energy, biodiesel results in a 78% lifecycle reduction in carbon dioxide, the primary greenhouse gas leading to global warming.

Ethanol, like biodiesel, is a cleaner-burning renewable fuel. It is blended with gasoline to reduce carbon monoxide pollution and exhaust pollutants that contribute to smog. Each gallon of corn ethanol used in a 10% blend with gasoline cuts greenhouse gas emissions 12-19%.

Investing in Oregon's Economy

New Markets for Oregon Crops and New Jobs for Oregon Workers

When Oregonians spend a dollar on gasoline or diesel, we send that dollar out-of-state and often overseas for a finite, non-renewable resource. However, when we spend a dollar on biodiesel or ethanol, we support a renewable resource that can be produced right here at home, creating new markets for Oregon crops and new jobs for Oregon workers. Instead of sending our dollars out-of-state, these dollars are reinvested in our local economy, making Oregon communities stronger.

Investing in biofuels production has proven economic benefits. New crushing and processing facilities for biofuels will stimulate Oregon's rural economy and generate new job growth during construction and operation. Since Minnesota enacted incentives and a renewable

fuels standard (RFS) in 1997, renewable fuels production has resulted in over \$1 billion in economic benefits and supported over 5,000 jobs. Since Washington State passed its own RFS and biofuels incentive package last year, several new biofuels processing facilities are slated to go online and be capable of bringing to market 470 million gallons of ethanol and biodiesel.

Biodiesel can be crushed from oilseed crops, such as canola and mustard, grown in Oregon. These are good rotational crops, particularly for wheat and grass seed, two of Oregon's main agricultural products. When farmers participate in the crushing operations that transform these oilseed crops into oil, they add value to their crop, providing them with an additional income stream.

Twenty-five percent of US corn exports flow through Pacific Northwest ports, giving Oregon an opportunity to capture part of that flow for in-state ethanol production. Emerging technology promises that ethanol will soon be produced from cellulosic feedstock, such as agricultural residue and wood waste, both abundant in Oregon. Cellulosic ethanol will provide Oregon a competitive edge in meeting future energy demands.

Securing Oregon's Energy Independence

Reducing Dependence on Foreign Oil, Protecting Oregonians from Spikes in Gas Prices

Producing biofuels in Oregon is one strategy for meeting future energy needs while reducing our dependence on foreign oil. Relying on the Middle East and other foreign sources for our energy makes Oregonians vulnerable to volatility in the global oil market. Over time, as petroleum production decreases and demand increases, prices will rise. Investing in renewable fuels now will help protect Oregonians from near-term price spikes and long-term fuel shortages.

LEGISLATIVE PRIORITIES

Create Incentives for Biofuels Feedstock Production and Processing in Oregon

- Expand the Business Energy Tax Credit (HB 2211) to provide for greater capital investment in biofuels feedstock production and processing.
- Establish production credits for biofuel feed stocks.

Set a Renewable Fuel Standard Tied to Local Production

- Create a stable market for growers and processors by setting a flexible renewable fuel standard with modest blending targets for biodiesel and ethanol triggered by local production and processing. Provide Oregonians gasoline and diesel that contain a minimum blend of cleaner, renewable fuel.
- The renewable fuel standard is directly tied to Pacific Northwest feed stocks and Oregon production.
- Imported palm oil will not be eligible for inclusion in the renewable fuel standard.

Expand Markets for Oregon Biofuels

- Provide income tax credits for purchase of fuel blends equal to or exceeding 99% biodiesel or 85% ethanol.
- Expand the state agency fleet requirements to include biodiesel for vehicles and equipment.



FOR MORE INFORMATION

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