

109TH CONGRESS
1ST SESSION

H. R. 1398

To amend the Clean Air Act to require that, after the year 2010, all gasoline sold in the United States for motor vehicles contain not less than 10 percent ethanol and that all diesel fuel sold in the United States for motor vehicles contain not less than 5 percent biodiesel, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 17, 2005

Ms. KAPTUR introduced the following bill; which was referred to the
Committee on Energy and Commerce

A BILL

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1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 The Congress finds as follows:

5 (1) The over reliance of the United States on
6 imported petroleum creates a major strategic vulner-

1 ability for the Nation, with nearly half of the energy
2 supply of the United States dependent on foreign
3 sources.

4 (2) From the economically damaging Arab oil
5 embargoes of 1973–74 and 1979 to the recession
6 precipitated by rising oil prices which began in 1999,
7 to the stock market’s instability in early 2005 due
8 to the cost of imported oil at near record highs of
9 \$55 per barrel, the economic stability of the United
10 States has too often been shaken by economic forces
11 outside its borders.

12 (3) Increasing fuel prices have been a particular
13 hardship on small, independent businesses particu-
14 larly truckers and farmers, who have no choice but
15 to pay ever-increasing fuel bills while absorbing
16 these higher costs in today’s economic environment.

17 (4) This Act would help shift America’s depend-
18 ence away from foreign petroleum as an energy
19 source toward alternative, renewable, domestic agri-
20 cultural sources. Its aim is to convert the current
21 petroleum trade deficit to a trade balance by replac-
22 ing foreign sources of supply with steady increases
23 of biobased fuels through domestic production.

24 (5) Today, there are nearly 140,000,000 cars
25 and 85,000,000 trucks on our highways. Of this

1 amount, approximately 3,300,000 cars and trucks
2 already on our highways will run on 85 percent eth-
3 anol (E-85), and this number is increasing. For the
4 2005 model year, there are 20 different models of
5 vehicles capable of running on E-85. Yet given this
6 market, the alternative fuel is used less than 1 per-
7 cent of the time given that of the more than
8 187,000 retail locations selling motor fuel in the
9 United States, only 400 stations across 38 States
10 sell E-85.

11 (6) Biodiesel production is also dramatically in-
12 creasing, going from 5,000,000 gallons in 2001 to
13 nearly 25,000,000 gallons in 2003. Daimler-Chrysler
14 has also announced its intentions to initially fuel the
15 Diesel Jeep Liberty with a 5 percent biodiesel blend,
16 the first time a vehicle has been explicitly fueled
17 with an alternative fuel as it rolls off the production
18 line.

19 (7) Currently the United States annually con-
20 sumes about 7,171,885,000 barrels of petroleum.
21 (164,000,000,000 gallons of vehicle fuels and
22 5,600,00,000 gallons of heating oil.) In 2002, 62
23 percent of these fuels were imported, part of a total
24 \$358,200,000,000 trade deficit with the rest of the
25 world. Since 1983, the United States importation of

1 petroleum and its derivatives has more than tripled,
2 rising from 1,215,225,000 barrels in 1983 to
3 4,476,501,000 barrels in 2003.

4 (8) Further Strategic Petroleum Reserve policy
5 should encourage domestic production to the great-
6 est extent possible. Currently, the Strategic Petro-
7 leum Reserve holds 670,700,000 barrels (out of a
8 potential 727,000,000 barrels), sufficient to cushion
9 the United States from wild price swings for a pe-
10 riod of 53 days. None of the fuel in this Reserve is
11 bio-based. In fact, 92.2 percent of the Strategic Pe-
12 troleum Reserve has been purchased from foreign
13 sources—41.9 percent from Mexico, 24 percent from
14 the United Kingdom, and over 20 percent from
15 OPEC nations.

16 (9) Strategic Petroleum Reserve policy also
17 should encourage the development of alternatives to
18 the Nation's reliance on petroleum such as biomass
19 fuels.

20 (10) As a first step in diversification, the Stra-
21 tegic Petroleum Reserve should exchange 2,100,000
22 barrels from our current reserves for 32,000,000
23 gallons of ethanol and biodiesel, which could com-
24 prise less than 2 percent of the United States mar-
25 ket, but yield a doubling of ethanol products.

1 (11) The benefits of biofuels are as follows:

2 (A) ENERGY SECURITY.—

3 (i) Biofuels hold potential to address
4 our dependence on foreign energy sources
5 immediately. With agricultural surpluses,
6 commodity prices have reached record
7 lows; concurrently world petroleum prices
8 have reached record highs and are ex-
9 pected to continue rising as global petro-
10 leum reserves are drawn down over the
11 next 25 years. It also is clear that eco-
12 nomic conditions are favorable to utilize
13 domestic surpluses of biobased oils to en-
14 hance the Nation's energy security.

15 (ii) In the short term, biofuels can
16 supply at least one-fifth of current United
17 States fuel demand using existing tech-
18 nologies and capabilities. Additional plant
19 research, newer processing and distribution
20 technologies, and placing additional acres
21 under cultivation can yield even greater re-
22 sults.

23 (iii) Biofuels can be used with existing
24 petroleum infrastructure and conventional
25 equipment.

(B) ECONOMIC SECURITY.—

(i) Continued dependence upon imported sources of oil means our Nation is strategically vulnerable to disruptions in our oil supply.

(ii) Renewable biofuels domestically produced directly replace imported oil.

(iii) Increased use of renewable biofuels would result in significant economic benefits to rural and urban areas and also reduce the trade deficit.

(iv) According to the Department of Agriculture, a sustained annual market of 100,000,000 gallons of biodiesel alone would result in \$170,000,000 in increased income to farmers.

(v) Farmer-owned biofuels production has already resulted in improved income for farmers, as evidenced by the experience with State-supported rural development efforts in Minnesota where prices to corn producers have been increased by \$1.00 per bushel. With the Department of Agriculture having forecast prices of \$2.10 per bushel of corn for the 2004–2005 mar-

1 keting year, the portion of the corn crop
2 that goes for ethanol has a farm value of
3 \$2,100,000,000.

4 (C) ENVIRONMENTAL SECURITY.—

5 (i) The use of grain-based ethanol re-
6 duces greenhouse gas emissions from 35 to
7 46 percent compared with conventional
8 gasoline. Biomass ethanol provides an even
9 greater reduction.

10 (ii) The American Lung Association
11 of Metropolitan Chicago credits ethanol-
12 blended reformulated gasoline with reduc-
13 ing smog-forming emissions by 25 percent
14 since 1990.

15 (iii) Ethanol reduces tailpipe carbon
16 monoxide emissions by as much as 30 per-
17 cent.

18 (iv) Ethanol reduces exhaust volatile
19 organic compounds emissions by 12 per-
20 cent.

21 (v) Ethanol reduces toxic emissions by
22 30 percent.

23 (vi) Ethanol reduces particulate emis-
24 sions, especially fine-particulates that pose

1 a health threat to children, senior citizens,
2 and those with respiratory ailments.

3 (vii) Biodiesel contains no sulfur or
4 aromatics associated with air pollution.

5 (viii) The use of biodiesel provides a
6 78.5 percent reduction in CO₂ emissions
7 compared to petroleum diesel and when
8 burned in a conventional engine provides a
9 substantial reduction of unburned hydro-
10 carbons, carbon monoxide, and particulate
11 matter.

12 **SEC. 2. ETHANOL AND BIODIESEL FUEL REQUIREMENTS.**

13 Section 211 of the Clean Air Act (42 U.S.C. 7545)
14 is amended as follows:

15 (1) By redesignating subsection (o) as sub-
16 section (q).

17 (2) By inserting after subsection (n) the fol-
18 lowing:

19 “(o) Renewable Fuel Program—

20 “(1) DEFINITIONS.—In this section:

21 “(A) ETHANOL.—The term ‘ethanol’
22 means ethanol derived from any lignocellulosic
23 or hemicellulosic matter that is available on a
24 renewable or recurring basis, including dedi-
25 cated energy crops and trees, wood and wood

1 residues, plants, grasses, agricultural residues,
2 and fibers. The term includes ethanol derived
3 from animal wastes, including poultry fats and
4 poultry wastes, and other waste materials, or
5 municipal solid waste.

6 “(B) BIODIESEL.—The term ‘biodiesel’ has
7 the same meaning as when used in section
8 312(f) of the Energy Policy Act of 1992 (42
9 U.S.C. 13220(f)).

10 “(2) RENEWABLE FUEL PROGRAM.—Not later
11 than 1 year after the enactment of this subsection,
12 the Administrator shall promulgate regulations en-
13 suring that, after December 31, 2010, all gasoline or
14 diesel motor vehicle fuel sold or dispensed to con-
15 sumers in the contiguous United States, on an an-
16 nual average basis, contains not less than 10 percent
17 ethanol, in the case of gasoline, and not less than 5
18 percent biodiesel, in the case of diesel fuel.”.

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