

larger benefits that cover more. They do more for people, and significantly lower cost sharing.

I fervently believe the American tradition of shared responsibility—everybody working together for the greater good—is a tradition worth upholding and that a government has an ongoing role to play in its preservation. It cannot play that role perfectly, but it can do it as best and most fairly as possible.

Instead of shortchanging Medicaid, we must have the courage to rein in tax breaks for corporate America and for people of great wealth. Medicaid does exactly what it was designed to do all those years ago: provide a safety net for low-income Americans. There are lots of worthwhile and positive ways we can improve the program, I grant you that. But trashing Medicaid, gutting Medicaid—especially if it is sort of flipping it aside for political gain—cannot be an option.

I thank the Chair and yield the floor.

The PRESIDING OFFICER. The Senator from Iowa is recognized.

ETHANOL

Mr. GRASSLEY. Mr. President, tomorrow afternoon we will vote on Senator COBURN's amendment dealing with ethanol.

I come to the floor at this time to express my strong opposition to that amendment. Senator COBURN's amendment would raise the tax on domestic energy production. It would do this by repealing an incentive for the use of a home-grown renewable fuel called ethanol.

With conflicts in the Middle East and crude oil priced at \$100 a barrel or more, we should be on the same side. Let me make that clear. We have Middle East problems. We have crude oil priced at over \$100 a barrel. Oil interests and biofuels interests, if both are domestically produced, should be on the same side of the energy issue.

Why would anyone prefer less domestic energy production? In other words, why would anyone prefer importing more oil over domestically produced energy, whether it is fossil fuel or renewable? We should all be on the same side of more domestically produced energy.

The tremendous cost of America's dependence upon foreign oil has never been more clear. I support drilling here and drilling now. I support renewable energy. I support conservation. I support nuclear energy. The reason I support different forms of energy and why we have to support more energy is that if we are going to have an expanding economy and create more jobs, we are obviously going to use more energy.

Remember, I included conservation in my energy program. So the attacks on domestic energy are quite a remarkable thing happening right now, when gasoline is \$4 a gallon. We are spending \$835 million a day imported oil. So whether it is oil or renewable energy,

we should not be fighting each other over any source of domestic energy. We should be fighting together against OPEC and these foreign dictators and oil sheiks—some of them hate the United States—from holding our economy hostage.

The author of the amendment has argued that the production of clean, home-grown ethanol is fiscally irresponsible. It is important to remember that the incentive exists to help producers of ethanol to compete with the oil industry—in other words, to have a level playing field for all forms of energy.

Remember, the oil industry has been well supported by the Federal Treasury for more than a century. The Senator from Oklahoma, the sponsor of the amendment, has touted with much fanfare a letter from oil companies that says they don't need or want the credit. It is my understanding that many of the oil refineries are no longer in the business of downstream ethanol blending and, subsequently, do not pay the excise tax on gasoline and do not benefit from the credit.

Now, isn't it easy to be advocating repeal of something when you don't benefit from it? It is even easier to advocate for repeal when doing so would undercut your competition.

It shouldn't surprise anyone that the oil refiners and Big Oil are advocating a position that would reduce the competitiveness of renewable ethanol. Refineries enjoy a cozy monopoly on our Nation's transportation fuel. They opposed the Renewable Fuels Standard because it cuts into their monopoly.

Alternatively, if the members of the National Petrochemical and Refiners Association say they don't want or don't need the credit, then it is pretty simple: Don't take it. It is a tax credit which they must apply for to the Internal Revenue Service. If they don't want it and they don't need it, they shouldn't file for that credit with the Internal Revenue Service. I would be glad to work with the Senator from Oklahoma in getting the members of the National Petrochemical and Refiners Association to return the credit to the Federal Treasury. No one is forcing them to take the credit. Since they seem eager to return it, perhaps Senator COBURN and I can work together to get them to return it.

If you like tight gasoline supplies and if you like \$4 gasoline, join the campaign led by Big Oil and the National Petrochemical and Refiners Association. If you want less dependence on foreign oil and more use of home-grown, renewable fuels, support ethanol producers.

The fact is, the portion of the industry that blends ethanol and sells it to the consumers supports maintaining this credit. The Society for Independent Gasoline Marketers of America, or SIGMA, recently wrote to the Senate majority leader and minority leader opposing efforts to prematurely and abruptly eliminate the blender's credit:

On behalf of our client, the Society of Independent Gasoline Marketers of America, I write to you to oppose efforts in Congress to prematurely and abruptly eliminate the VEETC—that is the ethanol blenders credit.

Increasing the tax paid on ethanol-blended gasoline makes no sense at a time when consumer fuel prices are already high and the need to maximize domestic energy sources is so very critical.

Very true at the time when gasoline is \$4 a gallon.

SIGMA's members account for 37 percent of the petroleum retail market. SIGMA works to promote competition in the marketplace to help keep consumer fuel costs down. This is contrary to the position of oil refiners who prefer no competition.

I have further words from that letter.

This incentive has been an extremely useful tool in helping the Nation's fuel marketers and chain retailers deliver fuels to the market at a competitive price.

By providing long-term price competitiveness for ethanol-blended fuels, VEETC also helps provide assurances to marketers and retailers that important infrastructure investments necessary to deliver these fuels will continue to provide returns, and not result in wasted improvements.

Simply put, SIGMA opposes recent moves to prematurely or abruptly end the subsidies without any consideration for future fuel and fuel-delivery costs.

To end this incentive immediately would no doubt result in an immediate spike in consumers' fuel costs.

SIGMA believes that a policy that provides an effective transition for the industry from the current tax structure is a better alternative to the slash and cut budget strategy being promoted by some Members of Congress.

I ask unanimous consent to have this letter printed in the RECORD at the conclusion of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. GRASSLEY. The Senator from Oklahoma also mentioned the total cost of the blender's credit as a reason for supporting repeal of VEETC. He claimed the American people will have spent \$32 billion on this credit over the past 30 years. That may be the case.

Again, I don't believe we should be debating ethanol incentives by themselves or in a vacuum. For comparison's sake, I wish to inform my colleagues of the cost and duration of a few oil subsidies.

The Senator from Oklahoma has derided the 30-year-old ethanol blender's credit, arguing that the industry is mature. Well, what about our century-old oil industry? Don't forget, oil was discovered in Pennsylvania in 1859. We haven't had the incentives for that long, but according to the Government Accountability Office, the tax break allowing for the expensing of intangible drilling costs began in 1916, more than 95 years ago, and continues today. The percentage depletion allowance was enacted in 1926, 85 years ago, and it still exists today. After 95 years, is the domestic oil industry not mature?

I know my colleagues will be interested in how much these two subsidies

have cost the American people. A report issued by the General Accounting Office in the year 2000 looked at the subsidies for oil production. It reviewed the 32-year period between 1968 to 2000. During that timeframe, the intangible drilling subsidy cost the American people as much as \$52 billion. The percentage depletion subsidy cost the American people \$82 billion. So these two provisions, enacted nearly a century ago, cost the American people as much as \$114 billion from 1968 through 2000. And this doesn't even include the subsidies during the past 11 years.

Last month, we had a vote here in the Senate to repeal a number of these oil and gas tax provisions. Opponents of repealing oil and gas subsidies argued then, and I presume would argue today, that doing so would reduce domestic energy production and drive up our dependence on foreign oil. Opponents at that time also argued it would cost U.S. jobs, and increase prices at the pump for consumers.

I happen to agree with those arguments. But if those arguments are good for oil, then they are good not just for ethanol but they are good for all sorts of green energy as well.

Prices at the pump are nearly \$4 a gallon. All of our constituents are crying out for action to lower these prices, so it makes sense that Congress would consider steps to address the rising energy costs and work to drive down the cost to consumers at the pump.

That is not what the Coburn amendment would do. It would not drive down the cost at the pump at all. It would very likely lead to higher prices for consumers. It won't lead to the production of anymore energy. It won't create anymore jobs. It very well could lead to less domestic energy production and less employment in the U.S. energy sector; in other words, more unemployment and more dependence on foreign sources of energy.

At a time of \$4 gas and 9.1 percent unemployment, why would we in this body consider an amendment that will increase the cost of energy production, reduce domestic energy supply, and lead to job losses?

Ethanol is reducing prices at the pump. A recent study by the Center for Agriculture and Rural Development found that ethanol is reducing the price at the pump by an average of 89 cents a gallon.

The fact is, this amendment is not about reducing prices at the pump. The amendment before us is not about reducing our dependence on foreign oil. This amendment is about raising taxes. And one thing is for certain: If you raise taxes on any activity, you get less of it. That is a common economic principle.

A taxpayer watchdog group considers a repeal of this tax incentive to be what it is, a tax hike. Americans for Tax Reform said, "Repealing the ethanol credit is a corporate income tax increase." I agree.

Now is not the time to impose a gas tax hike on the American people. Now

is not the time to send pink slips to ethanol-related jobs.

I know we all agree that we cannot and should not allow job-killing tax hikes during this time of economic uncertainty. What this Congress should be doing is increasing the domestic production of energy as a way to increase jobs, increase domestic investment, and lower prices at the pump. This amendment does none of those things, and actually it does exactly the opposite. A repeal of the ethanol tax incentive is a tax increase that will surely be passed on to the American consumers. Repealing incentives for ethanol would have the same exact result as a repeal of the oil and gas subsidies. We will get less domestically produced energy. It will cost U.S. jobs. It will increase our dependence upon foreign oil. It will increase prices at the pump for the American consumer.

So why do my colleagues want to increase our foreign energy independence when we can produce it right here at home? I wish to ask my colleagues who voted against repealing the oil and gas subsidies but support repealing incentives on renewable fuels, why the inconsistency?

Interestingly, the same oil and gas association that is lobbying for repeal of the ethanol incentive led the charge against raising taxes on the oil and gas industry. The president of the National Petrochemical and Refiners Association stated:

Targeting a specific industry or even a segment of that industry is what we would consider punitive and unfair tax policy, and it is not going to get us increased energy security, increased employment and certainly not going to lower the price of gasoline.

That is the end of the quote from the president of the National Petrochemical and Refiners Association.

The fact is, it is intellectually inconsistent to say that increasing taxes on ethanol is justified but that it is irresponsible to do so on oil and gas production. If tax incentives lead to more domestic energy production and to good-paying jobs, why are only incentives for oil and gas important? It is even more ridiculous to claim that the 30-year-old ethanol industry is mature but the oil and gas industry, now over 100 years old, is not. Regardless, I don't think we should be raising taxes on any type of energy production or on any individual, particularly when we have a very weak economy. This amendment is a tax increase.

The Senator from Oklahoma also insists that because the renewable fuel is required to be used, it does not need an incentive. But with oil prices at \$100 a barrel, oil companies are doing everything they can to extract more oil from the ground. There is not a mandate to use oil but oil already has a 100-year-old monopoly on our transportation infrastructure. They want to maintain as much of that 100-year-old monopoly as they can right now. Right now, because 10 percent of the energy used in cars is ethanol, they may only have a 90-per-

cent monopoly, but they sure have a lot to say about what goes into your gas tank without competition.

When there is little competition to oil and it is enormously profitable, wouldn't that industry argue that the necessary incentives exist to produce it without additional taxpayer support? Oil essentially has a mandate today, and the economics of oil production are clearly in favor of producers.

It is still unclear to me why we are having this debate on this bill. This is not an energy bill. It is not a tax bill. Its prospects in the Senate are uncertain. Maybe most important, if this amendment were attached to this bill, the entire bill would be blue-slipped by the House because revenue bills under our Constitution must originate in the House of Representatives, and this is not a House revenue bill we are working on.

If we send it to the other body with this amendment, they will send it right back to us. It will be dead on arrival in the other body. So why are we having this debate on this bill? We should be debating this amendment in the context of a comprehensive energy plan. This debate should include a review of the subsidies for all energy production, not just for one of many renewable resources.

I could ask: Why are we talking about this subsidy on ethanol when we are not talking about the subsidies on oil? Why should we be talking about this subsidy on one alternative energy, which is ethanol, but not talking about the subsidies for wind and solar and biomass and geothermal and I suppose a dozen other alternative energy sources that we have? It boils down to the fact that we should not be singling out ethanol. Nearly every type of energy gets some sort of market-distorting subsidy from the Federal Government. I have indicated that at least for 95 years on one oil subsidy.

An honest energy debate should include ethanol, oil, natural gas, nuclear, hydropower, wind, solar, biomass, and probably a lot of others that do not come to my mind at this particular time. In December, 2010, Congress enacted a 1-year extension of the volumetric ethanol excise tax credit—that, for short, goes by the acronym VEETC—but this is also known as the blenders' credit.

This 1-year extension has allowed Congress and the domestic biofuels industry to determine the best path forward for Federal support of biofuels.

As a result of these discussions, Senator CONRAD and I introduced bipartisan legislation on May 4 that is a serious, responsible first step to reducing and redirecting Federal tax incentives for ethanol. Our bill will reduce VEETC to a fixed rate of 20 cents in 2012, and 15 cents in 2013. It will then convert to a variable tax incentive for the remaining 3 years based upon the price of crude oil. When crude oil is more than \$90 a barrel, there will be no blenders credit. When crude oil is \$50 a barrel or

less, the blenders credit would be 30 cents. The rate will vary when the price of crude is between \$50 and \$90 a barrel.

When oil prices are high, a natural incentive should exist in the market to drive ethanol use. The bill also would extend through the year 2016 the alternative fuel refueling property credit, the cellulosic producers tax credit, and the special depreciation allowance for cellulosic biofuel plant property.

Today, Senator THUNE and Senator KLOBUCHAR are introducing another bipartisan bill to immediately reduce and reform the ethanol tax incentive. It includes many of the same features as the bill I introduced last month, but it enacts the reforms this year. The approach of Senator THUNE also leads to significant deficit reduction.

The legislation we have introduced is a responsible approach that will reduce the existing blenders credit and put those valuable resources into investing in alternative fuel infrastructure, including alternative fuel pumps.

It would responsibly and predictably reduce the existing tax incentive and help get alternative fuel infrastructure in place so consumers can decide at the pump which fuel they would prefer. I know that when the American consumers have their choice, they will choose domestic, clean, affordable renewable fuel. They will choose fuel from America's farmers and ranchers rather than from oil sheiks and foreign dictators. Both of the ethanol reform bills I mentioned are supported by the ethanol advocacy groups. In an almost unprecedented move, the ethanol industry is advocating for a reduction in their Federal incentives. No other energy industry, whether it is fossil fuels or renewables, has come to the table to reduce their subsidies. No other energy advocate has come to me with a plan to reduce their Federal support.

In conclusion, I would like to address two points that ethanol opponents continue to make, despite facts to the contrary. First, ethanol and ethanol incentives are not a major factor in rising food and corn prices. The U.S. Secretary of Agriculture, Tom Vilsack, recently stated:

During the great run-up in food and commodity prices in 2007 and 2008, biofuel production played only a minor role, accounting for about 10 percent of the total increase in global prices.

But going back to that time or even more recently, listening to the big food manufacturers that are part of this coalition attacking ethanol, you would think the entire blame for the increase in the price of food is because of ethanol, even though ethanol consumes only 3 percent of the coarse grain produced in the entire world. A recent report by the Center for Agriculture and Rural Development concluded that only 8 percent of the increase in corn prices from 2006 to 2009 was due to ethanol subsidies. Further, they concluded that because of this small impact, it "... necessarily implies that the con-

tribution of ethanol subsidies to food inflation is largely imperceptible in the United States."

Second, ethanol reduces greenhouse gas emissions significantly compared to gasoline. The fact is, under the renewable fuels standard created in 2007, corn ethanol was required to reduce greenhouse gas emissions compared to gasoline by at least 20 percent. The fact is, corn ethanol exceeded that threshold. If you remove EPA's use of the murky science surrounding emissions from indirect land use changes, ethanol reduces greenhouse gas emissions by 48 percent compared to gasoline.

A recent peer-review study published in the Yale Journal of Industrial Ecology found that ethanol reduces greenhouse gas emissions by up to 59 percent compared to gasoline. Ethanol currently accounts for 10 percent of our gasoline fuel pool. A study found that the ethanol industry contributed \$3.4 billion to the Federal Treasury in 2009. That happens to be \$3.4 billion more than the ethanol incentive. Today, the industry supports 400,000 U.S. jobs. That is why I support homegrown, renewable, reliable biofuels.

I would rather our Nation be dependent upon renewable fuel producers across this country rather than relying on Middle Eastern oil sheiks or Hugo Chavez in Venezuela. None of those people like us, and some of them are using our own money to train terrorists to kill us. Instead, I would prefer we support our renewable fuel producers based right here in the continental United States. I would prefer we decrease our dependence on Hugo Chavez and not increase it. I certainly don't support raising the tax on gasoline during a weak economy.

I encourage my colleagues to vote no on the motion to invoke cloture on the Coburn amendment.

I yield the floor.

EXHIBIT 1

SEPTOE & JOHNSON LLP,
Washington, DC, April 1, 2011.

Hon. HARRY REID,
Majority Leader, U.S. Senate, Washington, DC.

Hon. MITCH MCCONNELL,
Minority Leader, U.S. Senate, Washington, DC.

DEAR LEADERS REID AND MCCONNELL: On behalf of our client, the Society of Independent Gasoline Marketers of America, SIGMA, I write to urge you to oppose efforts in Congress to prematurely or abruptly eliminate the Volumetric Ethanol Excise Tax Credit or VEETC. Increasing the tax paid on ethanol blended gasoline makes no sense at a time when consumer fuel prices are already high and the need to maximize domestic energy sources is so critical.

As the national trade association representing America's independent fuel marketers and chain retailers, SIGMA represents an important and innovative part of the America's fuel marketing industry. SIGMA's approximately 270 corporate members command some 37 percent of the petroleum retail market, selling 64 billion gallons of motor fuel each year. For more than 50 years, SIGMA has supported the nation's fuel marketers by encouraging policies that promote growth, innovation, and fairness in the industry, and competition in the marketplace to help keep consumer fuel costs down.

As the leading marketers of ethanol-blended fuel at the retail level, SIGMA's members and customers are the beneficiaries of VEETC. This incentive has been an extremely useful tool in helping the nation's fuel marketers and chain retailers deliver fuels to the market at a competitive price. By providing long term price competitiveness for ethanol blended fuels, VEETC also helps provide assurances to marketers and retailers that important infrastructure investments necessary to deliver these fuels will continue to provide returns, and not result in wasted improvements.

Simply put, SIGMA opposes recent moves to prematurely or abruptly end the subsidies without any consideration for future fuel and fuel-delivery costs. To end this incentive immediately would no doubt result in an immediate spike in consumers' fuel costs. SIGMA believes that a policy that provides an effective transition for the industry from the current tax structure, is a better alternative to the slash and cut budget strategy being promoted by some Members of Congress.

I thank you in advance for your support in this regard. If you have any questions or wish to discuss this matter further, please feel free to contact me.

Sincerely,

R. TIMOTHY COLUMBUS,
General Counsel to the Society of Independent
Gasoline Marketers of America.

The PRESIDING OFFICER. The Senator from New Jersey.

EXTENSION OF MORNING BUSINESS

Mr. MENENDEZ. Mr. President, I ask unanimous consent the period for morning business be extended until 7 p.m., with Senators permitted to speak for up to 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. MENENDEZ. Mr. President, I ask unanimous consent to speak in morning business for 25 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

ECONOMIC POLICY

Mr. MENENDEZ. Mr. President, to the millions of Americans who are struggling to find jobs or make ends meet, this is simply stating the obvious, but I rise, a decade after we were told the Bush tax cuts for the wealthy would stimulate the economy and create jobs, to say they have done neither. A decade of the Bush tax cuts have proven what we knew from the beginning; that they disproportionately benefited the wealthy, shifted wealth, did nothing for the middle class, and nothing trickled down.

The tax cuts exploded the debt and continue to be an economic burden that has been twisted into a Republican mantra, an ironic rallying cry for what clearly is a failed economic policy. Yet adherence to the tax cuts for the wealthy is a Republican political litmus test, no matter how clear the evidence is that they have failed to deliver on the promise.