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JOURNAL SENTINEL WATCHDOG REPORT

Ethanol bill poses conflicts

One sponsor has \$20,000 interest in fuel producer

By RAQUEL RUTLEDGE
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The two lead sponsors of a bill in the Wisconsin Legislature promoting the use of ethanol and the purchase of cars that run on an 85% blend of the corn-based fuel have financial ties to the ethanol and automotive industries, records show.

Advertisement State Rep. Eugene Hahn (R-Cambria) bought \$20,000 in shares of United Wisconsin Grain Producers LLC under his wife's name when the company was starting up in 2003. The Friesland-based company produces 40 million gallons of ethanol a

year, and the plant is under construction to double its capacity.

State Rep. Mike Sheridan (D-Janesville) is president of United Auto Workers Local 95. General Motors Corp. pays his salary. Sheridan is also a former assembly line worker at GM and has nearly 30 years with the company. GM's plant in Janesville employs about 2,600 workers and turned out 120,000 flex-fuel vehicles for model year 2007, more than half the plant's total production.

In February, Sheridan and Hahn introduced Assembly Bill 85, which would provide a \$1,000 tax credit to Wisconsinites who buy or lease a new flex-fuel vehicle. A fiscal estimate of the

Ethanol Bill



Mike Sheridan, Janesville UAW leader



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impact of the bill has not yet been completed, according to researchers at the Legislative Reference Bureau. But if passed, it would boost demand for ethanol, already in tight supply under President Bush's new alternative fuels initiatives.

"This ought to set off flashing red lights. It ought to set off warning bells for citizens," said Mike McCabe, executive director for Wisconsin Democracy Campaign, a non-partisan organization advocating government accountability. "This is the kind of thing that has been too tolerated and has degraded our ethical climate in Wisconsin politics.

"Whenever a legislator has a personal financial stake in an industry that stands to gain from particular legislation, it raises legitimate questions about their motivation about advancing that legislation, and the public needs to be aware of that."

'He ought to divest'

Jay Heck, executive director of the Wisconsin chapter of Common Cause - a national, non-partisan, citizens lobbying group also promoting government accountability - called it a problem.

"These are definitely conflicts," Heck said. "In the case of Hahn, he ought to divest himself of the stock in ethanol companies, or the public perception will be that he will benefit personally by passing this legislation."

Heck said the situation was particularly problematic because Hahn and Sheridan, as the lead authors and sponsors, are actively pushing for passage of the bill. No votes have yet been cast on the bill, and a hearing has not been set.

"There is some distinction between being supportive and voting and being the lead proponents," he said.

Hahn, who chairs the committee on biofuels and sustainable energy, said he has been promoting ethanol for years and was trying to help farmers when he invested in the Friesland plant.

"When they were looking for someone to invest, I said, 'Yes, I'll take a chance on losing my money,' " he said.

Hahn said he's already received an 80% return on his ethanol investment.

Hahn also recently invested \$2,000 in a start-up biodiesel plant, he said.

"Maybe I'll have to convert that to my wife's name," he said.

Hahn also voted in 2005 for a bill that would have mandated that 10% ethanol be blended into all gasoline in Wisconsin. The bill later stalled in the Senate.

Keeping GM viable

Sheridan said he hadn't considered whether the issue posed a conflict.

"It's been such a positive thing and has gotten such wide support," he said. "In my

Rep. Eugene Hahn,
Investor in plant

Bill Text

 [AB 85: Ethanol legislation \(pdf\)](#)

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mind it's a small issue for the overall good for the state."

He said he wrote the bill, AB 85, to secure jobs in Wisconsin and keep the Janesville plant viable.

"It's really about GM. General Motors right now is in a very precarious position," he said. "Anything we can do that looks positive to the corporation is going to be good for GM in Wisconsin. . . . We're very concerned about our future, and we're doing everything we can to make sure we're here for the long haul."

The Chrysler Group also makes flex-fuel vehicles at its Kenosha plant.

GM has registered as lobbying in support of the bill.

"We've worked very closely with Mike on this," said John Pearse, a GM spokesman at the Janesville plant.

Officials with the Wisconsin Ethics Board, which administers the state's ethics codes and lobbying laws, said they were unaware of the issue when first questioned by the Journal Sentinel.

Roth Judd, executive director, later said after a quick look at the situation that it didn't appear that Sheridan has anything to gain personally if the legislation passes. He called Hahn's potential conflict "speculative."

The Ethics Board came under fire in 2005 and 2006 for not uncovering wide-ranging corruption that later ended in criminal convictions of five lawmakers. The issue sparked the push for an ethics reform bill that passed the Legislature and was signed by Gov. Jim Doyle last month. It will merge the state ethics and elections boards into one Government Accountability Board. The board will be charged with revamping the ethics code, including provisions about conflicts of interest that watchdog groups say are too permissive.

In a nutshell, the code allows lawmakers to act on legislation as long as it doesn't affect their personal interests any differently than it affects others with similar interests.

John Mueller, a representative of a community group opposed to an ethanol plant under construction in Hahn's district, blames legislators for not policing their own conflicts, and says state statutes give lawmakers "an awful lot of wiggle room."

"You practically have to be getting a bag full of cash handed to you as you draft legislation," he said.

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