

from the Minneapolis Star Tribune:

Proposal would suspend ethanol subsidies
Joy Powell, Star Tribune

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A new legislative proposal would suspend ethanol producer subsidies and demand repayment if farmer-owned ethanol plants are sold. One bill was introduced Monday in the Minnesota House of Representatives, and another is to be introduced soon in the Senate. "Minnesota ethanol has grown out of farmer-owned initiatives, and it's my desire to keep it that way," said Rep. Aaron Peterson, DFL-Madison, author of the House bill. Sen. Becky Lourey, DFL-Kerrick, is poised to introduce a companion bill in the Senate.

The legislators are seeking a new law in the wake of last September's sale of an ethanol and sweetener plant in Marshall to agribusiness giant Archer Daniels Midland. Peterson's restricted-sale measure would be effective for 20 years from the date a plant receives its first producer payment, he said. Currently, plants can receive payments on their first 15 million gallons annually for up to 10 years.

Last month, Gov. Tim Pawlenty cut \$20.1 million from this year's \$27 million ethanol program. Producers called it disproportionately severe. Pawlenty's new plan for addressing a \$4.23 billion state deficit calls for slashing payments in the next biennium in half, to a dime per gallon.

Minnesota Corn Processors had been the first recipient of the state's ethanol payments, which provide producer incentives as a way to bolster the ethanol industry and rural economies. From 1987 through 2000, the plant collected \$33 million in state producer payments. The payments ended, under a sunset provision, two years before the sale to ADM, which is ineligible for the subsidies.

The farmers who owned Minnesota Corn Processors, the second-largest ethanol producer in the nation, had voted overwhelmingly to sell their Marshall plant and another in Nebraska after paltry dividends in recent years. The former plant manager and directors have said producer payments to Minnesota Corn Processors were repaid many times over through taxes paid and local revenue for goods and services bought by the plant. Though ADM continues to buy corn from local farmers, Peterson said the global corporation's ownership of the plant will dilute the profits of Minnesota farmers.

Representatives of the Minnesota Coalition for Ethanol, which represents 11 of the 14 ethanol plants in Minnesota, said they have yet to review the new Peterson bill. Janet Lundebrek, vice chairman of the Chippewa Ethanol Co. in Benson, said she supports the bill's intent. "My goal for starting ethanol plants is to keep them in the hands of the farmers," she said Tuesday.

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