



Governors' Ethanol Coalition

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August 25, 2003

Honorable Bill Frist
Majority Leader
U.S. Senate
Washington, D.C. 20510

Honorable Tom Daschle
Minority Leader
U.S. Senate
Washington, D.C. 20510

Honorable Pete Domenici
Chairman
Energy and Natural Resources Committee
U.S. Senate
Washington, D.C. 20510

Honorable Jeff Bingaman
Ranking Member
Energy and Natural Resources Committee
U.S. Senate
Washington, D.C. 20510

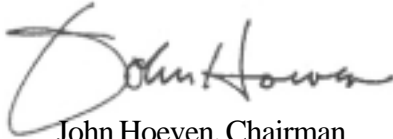
Dear Senators:

We are very pleased with the Senate's passage of the *Energy Policy Act of 2003* (H.R. 6) which contains the renewable fuel standard and fuels agreement that we have all worked so hard on for the past several years. On behalf of the Governors' Ethanol Coalition, please accept our thanks for the many hours of hard work that the Senate dedicated to this vitally important legislation.

However, there is one very important missing component to H.R. 6, and that is the ethanol-related tax provisions that are now contained in the *Volumetric Ethanol Excise Tax Credit Act of 2003* (S. 1548) introduced by Senators Grassley, Baucus, Frist, Daschle, and others. S. 1548 simplifies excise tax collection, provides essential new flexibility to gasoline refiners, marketers and ethanol producers, and eliminates the negative impact of the ethanol tax incentive to the Highway Trust Fund. With the passage of the fuels agreement in H.R. 6 and the expected increase in ethanol sales, including E-85 and ETBE, simultaneous adoption of S. 1548 and H.R. 6 is essential. As you know, Ohio Governor Taft and many of our colleagues have worked to resolve the longstanding issues associated with the Highway Trust Fund, and the solution contained in S. 1548 has nearly universal support.

As governors, we cannot stress strongly enough how important the fuels agreement and S. 1548 are to the nation's agricultural community and to the nation's long-term energy solutions. We are hopeful that the House-Senate Conference Committee will take prompt action on the nation's first major energy legislation in the past ten years, and are prepared to help you achieve that goal in anyway possible.

Sincerely,

A handwritten signature in cursive script that reads "John Hoeven". The signature is written in black ink and is positioned above the printed name.

John Hoeven, Chairman
Governor of North Dakota