

THE HILL



Iowa pumps ethanol to 2016 field

By Timothy Cama

February 15, 2015

Iowans have a message for presidential hopefuls: Don't forget about ethanol.

The Hawkeye State's political and agricultural leaders hope to make the renewable fuel and support for its federal mandate a bigger issue than it has ever been over the next year in the run-up to the Iowa caucuses.

"We're going to be out there, working with the candidates and staffs, and really helping them, teaching them, letting them know," said Eric Branstad, a Republican strategist and son of Gov. Terry Branstad (R).

The younger Branstad is helping to lead a bipartisan effort known as America's Renewable Future, aimed at pushing ethanol's case for the 2016 election.

"We already know it benefits Iowa, but how it will benefit the country and nation will be our focus," said Branstad.

Key business and government leaders in Iowa plan to leverage the 73,000 people tied to ethanol, other biofuels and the corn and soy that go into them to push presidential candidates to support the federal mandate under the renewable fuel standard (RFS), and shame candidates who oppose it.

As in past elections, Iowa will try to use its role hosting the first nominating contest of the election season to make sure the next president will put forth policies that help the struggling industry that so many Iowans rely on.

The multi-million-dollar campaign is the most organized that Iowa's leaders have ever been around ethanol in the presidential election. The often-controversial fuel source has always been a top issue for the caucuses, owing to the fact that Iowa's farms produce corn and soybeans almost exclusively.

“It’s probably going to be the most aggressive issue advocacy effort people have ever seen in the history of the Iowa caucuses,” said Monte Shaw, executive director of the Iowa Renewable Fuels Association, one of the founding members of America’s Renewable Future.

While the group plans to make a “naughty and nice” list of candidates that support and oppose the mandate, candidates won’t be expected to make the “ethanol pledge” that they did in the past.

In previous years, the fight was largely over support for a federal tax credit that the government gave to incentivize ethanol production. But that ended in 2011, as attention was ramping up to the 2012 presidential campaign.

Now, Iowans are focused on the RFS, which was last ramped up under a 2007 law. The Environmental Protection Agency (EPA) is supposed to set annual, national volumes of ethanol and biodiesel that gasoline and diesel refiners must blend into their traditional, petroleum-based fuels.

But in late 2013 the EPA proposed reducing the volume mandate for the first time in the program's history. And it hasn't finalized the mandate for 2014 yet, missing the deadline by 16 months.

That move has hurt Iowa greatly, said Steffen Schmidt, a political science professor at Iowa State University.

“The price of corn has collapsed, so there is a huge pressure on farmers,” Schmidt said. Income to Iowa farms dropped by about a quarter last year from the prior year, and is expect to drop even more.

And just weeks ago, tractor and equipment manufacturer John Deere announced more than 800 layoffs in Iowa, news that the state blames on uncertainty over the RFS.

“There are folks who think that they are entirely dependent on the RFS for their survival, or near there,” said Tom Pyle, president of the American Energy Alliance, a conservative group that opposes the mandate.

The first major opportunity Iowa will have to pressure candidates is the Iowa Agriculture Summit in March, organized by Bruce Rastetter.

“The candidates are going to have to come here and be prepared to talk for 20 minutes and be careful what they say, because if they get it wrong, I think they’re going to come under attack, at the very least,” Schmidt said.

The focus will be much more on the GOP field since, for Democrats, former Secretary of State Hillary Clinton is the clear frontrunner if she runs.

Clinton, along with other possible candidates like Vice President Biden and Sen. Elizabeth Warren (D-Mass.), have not accepted Rastetter’s invitation to the summit.

Among the possible GOP field, Sen. Marco Rubio (R-Fla.) said he doesn't have a formal position on the matter yet, though he opposes tax credits.

"We're going to examine it holistically as an entire energy policy, and we'll have a more comprehensive approach on that in a few weeks," he said on Thursday.

Sen. Ted Cruz (R-Texas) has sponsored legislation to repeal the mandate, and Sen. Rand Paul (R-Ky.) has not clearly stated where he stands on it, although he generally opposes government mandates that he sees as getting in the way of the free market.

Former Arkansas Gov. Mike Huckabee previously supported the ethanol tax credit, but he hasn't recently stated where he falls on the blending mandate.

Republicans will have to keep in mind whether supporting ethanol is a good idea outside of Iowa and among more conservative members of the party.

"I think a lot of these candidates are smarter about these issues than in the past," said Pyle of the American Energy Alliance. "And I think the issue has changed tremendously."

Pyle said there's a good chance that candidates who oppose the RFS can be successful in the overall race, especially if they consider the repercussions nationally of supporting the mandate.

"We don't live in a world where you can say something in Iowa and hope no one hears it in New Hampshire or North Carolina anymore," he said. "And I suspect that there'll be efforts to ensure that whatever promises they make in Iowa will have impacts on other states and other races."

But Pat Michaels of the Cato Institute acknowledged that it'd be a very tough gamble for anyone to openly oppose the mandate.

A candidate could potentially attract conservative attention, even within Iowa, by making a stand against government programs that pick winners and losers, like the RFS.

"It's very hard to go against the grain in Iowa," Michaels said.

"It would be a very gutsy move. You'd have to do your calculations really, really well."