

Congress of the United States
House of Representatives
Washington, DC 20515

November 7, 2008

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
Office of the Speaker
H-232, U.S. Capitol
Washington, DC 20515

Dear Madam Speaker,

As you may be aware, November 9 of this year will mark the 30th anniversary of the passage of the ethanol tax credit. This occasion offers a timely opportunity to review federal policies regarding ethanol production. Even a cursory review of the consequences of our federal ethanol policy highlights the need for reform.

As I am sure you are aware, the ethanol industry is propped up by a number of legislative provisions that create a competitive advantage for ethanol that other industries typically do not enjoy. The ethanol industry currently benefits from a guaranteed market through the renewable fuels standard, production incentives in the form of tax credits, and protection from international competition through prohibitive import tariffs. Collectively, even supporters of ethanol have to realize that these policies represent a heavy-handed federal intrusion creating a protected marketplace for a maturing industry.

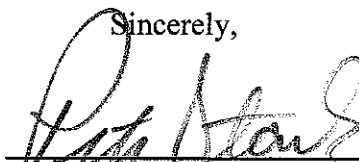
Federal intervention in the ethanol industry has contributed to serious and unfortunate consequences. Most notably, recent studies have indicated that increased ethanol production has resulted in increased food price inflation. According to a recent article in *Bloomberg News*, ethanol may account for as much as twenty percent of the increase in the rate of U.S. food inflation. Recent reports have also indicated that ethanol producers themselves have been pinched by the volatility in the price of corn and that some may need even further assistance from the U.S. Department of Agriculture in order to stay in business.

On this historic anniversary of enactment of the ethanol tax credit, we write to ask for the immediate consideration of legislation that would bring necessary reform to our federal ethanol policy. We thank you in advance for your consideration of this matter.

Sincerely,


JEFF FLAKE

Member of Congress


PETE STARK

Member of Congress


DANA ROHRABACHER

Member of Congress