



Dear members of the Committee,

The Minnesota Soybean Growers Association is disappointed to see the inclusion of the “Future Fuels Act” included in the House Climate and Energy Finance and Policy Omnibus bill. It is our understanding that the committee never had possession of the bill as it was referred to and retained by the House Commerce Committee.

MSGA strongly opposes the “Future Fuels Act.” The “Future Fuels Act” is simply a reworded low carbon fuel standard. A low carbon fuel standard is the wrong fuel policy for Minnesota. Low carbon fuel policies, like the one in California created by the California Air Resources Board (CARB), unfairly penalize soybean oil by declaring it a food product. Minnesota declared soybean oil from our crush plants to be a waste oil and a drag on the soybean markets in the state. In order to use that waste oil, the biodiesel industry was created. California does not recognize Minnesota’s decision that soybean oil was a waste oil. They label it a food product and give it a lower score for CARB credits as such. CARB also penalizes soybean oil for every acre put into production since the passage of RFS, labeling this penalty a product of indirect land use change. Likewise, deforestation in countries like Brazil hurt Minnesota’s soybean farmers when we obviously have no say in those decisions.

Low carbon fuel standards also reward high priced Renewable Hydro-Carbon Diesel (RHCD) that is very expensive to produce. Minnesota does not have a RHCD plant and this more costly fuel could drastically raise diesel prices for our farmers, a double whammy to our rural economies. RHCD production utilizes soy bean oil, just like biodiesel plants. However, without the plants in Minnesota a number of harms could befall our biodiesel industry. First of all, soybean oil could become a drag on our soybean meal market once again. This is due to the higher cost of transporting soy oil to the RHCD plants. This could also further widen the basis soybean farmers pay lowering farmer payment for our soybeans.

Proponents of the low carbon fuel standard promised MSGA that they would address the problems with CARB policies before a bill was introduced. They didn’t. They also promised that the policy would not be introduced in only one state but would be more of a regional approach. But this bill is not being advanced in neighboring states. In fact, Minnesota’s B20 model is moving through the legislatures in Missouri, Iowa and Illinois. The bill leaves the authority to right size CARB’s standards to the Minnesota Pollution Control Agency. MSGA does not trust the MPCA to right size these policies for Minnesota.

Minnesota has been a leader when it comes to the production of and use of biofuels. The industry that has built up in Minnesota is finally, after almost 20 years, being copied by neighboring states. MSGA is supportive of new technologies, and soybean growers are excited about the opportunities that RHCD presents as a market for soybean oil. However, the “Future Fuels Act” will not help Minnesota’s farmers and rural communities as it is currently written. MSGA believes that this act is not ready for prime time and more work needs to be done to pass a more comprehensive mid-west low carbon fuel standard in partnership with neighboring states. At a minimum, the bill should be right-sized to Minnesota’s biofuels landscape and done on a scale large enough to insulate consumers from increased fuel prices.

Sincerely,

Jamie Beyer, President, Minnesota Soybean Growers Association