them health care providers, to remind our colleagues on both sides of the aisle what we have already done in regard to trying to fix the Medicare program and in the process, of course, to provide much greater care, a better standard of care, 21st-century medicine, to our seniors who deserve that and have been waiting really so long for it.

They get that entry-level physical examination so that some of these catastrophic things do not happen to them, and if they choose in January of 2006 to have signed up for the optional part D, as 96 percent have signed up for the optional part B, the doctor part, then I think we are going to see some cost-shifting in this program.

Yes, it is an expensive program. And certainly the prescription drug part is going to be a big expensive number. I do not know exactly what it is, but what I do know is that the number crunchers, whether it is within the Centers for Medicare & Medicaid Services or whether it is the Congressional Budget Office or the Office of Management and Budget from the administration that have given us a number, and we heard $400 billion over 10 years and then we heard $520 billion over 10 years, and now we are hearing 750 or 950. I do not know.

But I do know this, that no credit is given for the possibility, the distinct possibility, that because of the prescription drug benefit, because of the initial complete physical when a senior turns 65, because of the multiple screening tests that are now paid for under Medicare on an annual or every-2-year basis, and I am talking about cholesterol screening, I am talking about pap smears for women to detect early cervical cancer or ovarian cancer, I am talking about colon cancer screening, Flexible Sigmoid tests or colonoscopies, I am talking about osteoporosis screening, doing all of these things, bringing Medicare into the 21st century is going to prevent some of these catastrophic, very expensive things from occurring.

So while we are spending a little bit more money on that and maybe a lot more money finally offering a prescription drug part, we are going to save money on hospitalizations. We are going to save money on fewer days in a nursing home. We are going to prevent people from ending up with a stroke, and, yes, indeed, maybe being in a vegetative state for 15 or 20 years, and we just talked about that last week in the Congress and know how expensive that kind of care is.

So really what we have done, and I am going to close with this, Mr. Speaker, and yield back to the gentleman from Pennsylvania (Mr. MURPHY), but what we have done in modernizing Medicare and not ignoring it, as the other side would suggest, is we have done the right thing, we have done the compassionate thing for our seniors, and we have done the cost-effective thing.

And I thank the gentleman from Pennsylvania (Mr. MURPHY) for yielding to me tonight during this hour and for our continuing to do these health care initiatives on a regular basis.

Mr. MURPHY. Mr. Speaker, reclaiming my time, I thank the good doctor from Georgia for his comments, as well as the gentleman from Georgia (Mr. PRICE), the gentlewoman from Florida (Ms. GINNY BROWN-WAITE), and the gentleman from Louisiana (Mr. JINDAL) for their comments tonight.

And noting that what we have discussed tonight as we recognize that Medicare is a program that albeit is expensive in terms of what it costs the Federal Government and taxpayers to pay for it, we believe it is worthwhile to protect and ensure the health and health care of our elderly; but we also have to note here, as even the best of programs can use better care, in this case the best of care, what we want to make sure that Members do on both sides of the aisle is work towards eliminating waste, fraud and abuse, updating the Medicare program to make sure it is providing that high-quality care, recognizing that there have been changes in how health care is provided since the 1960s when this program began, and we need to make those things work better.

We need to apply some of the changes that were recommended by the Commission on the Future of Medicare. We need to make sure that care is integrated together with examples of what I presented before, with such things as mental health care integrated with other aspects of care; making sure that we improve the system so that we have electronic prescribing that we would reduce the many medical errors that occur, reduce the about 16 million errors that occur on prescriptions every year that are written in part because we still use an old system of paper and pencil where someone may misspell a word or not be able to review it correctly or a physician cannot possibly know all the medications the patient is on, all of those things to be corrected with the major moves that were in the Medicare bill that we voted on a couple of years ago, but will begin to take effect in January of next year.

These are positive changes that I believe will help reduce the thousands of deaths, the millions of errors that occur with prescription drugs, and work for the betterment of health care in America to save lives, to save money, and to improve that.

RENEWABLE FUELS

The SPEAKER pro tempore (Mr. FITZPATRICK of Pennsylvania). Under the Speaker's announced policy of January 4, 2005, the gentlewoman from South Dakota (Ms. HERSETH) is recognized for 60 minutes as the designee of the minority leader.

Ms. HERSETH. Mr. Speaker, I rise today to engage in a dialogue with my colleagues about the policy choices that we must make in the coming weeks and months to address the energy needs and challenges that our country will face in the years and decades to come.

I believe that renewable fuels must play a central role in this debate and in the policy decisions that we in Congress will make this year. I have a strong interest in renewable fuels for several reasons. My home State of South Dakota is a major corn-producing State and one of the top five ethanol-producing States in the Nation. South Dakota alone has the capacity to produce more than 450 million gallons of clean renewable ethanol every year. This fact, of course, gives me a natural interest in renewable fuel production. That, however, is not the only reason I care about ethanol. And each of us who serves in Congress should care about renewable fuels as well.

Renewable fuels provide benefits to the economy, especially those in economically challenged rural years. They benefit the environment, and they enhance our national security. For all of these reasons, Congress should care about renewable fuels, and renewable fuels should be a major component in our Nation's long-term energy policy.

I sought this opportunity to address the House tonight to share with my colleagues important information about renewable fuels and to dispel some myths about ethanol along the way. Ethyl alcohol, or ethanol, is essentially pure grain ethanol that man has been making for centuries by fermenting and distilling simple sugars.

Today, ethanol is a fuel produced from crops such as corn, grain sorghum, wheat, sugar, and other agricultural feedstocks. Most fuel ethanol produced in the United States is derived from corn, and the industry uses a lot of it. The latest figures indicate that more than 10 percent of the U.S. corn crop is utilized to produce ethanol. Because ethanol is produced from crops or plants that harness the power of the sun, it is truly a renewable fuel. We have consistently increased our use of corn to produce ethanol every year in the United States. We are doing so because the demand for ethanol is growing and consumers are realizing its value.

The ethanol industry is growing despite the many myths that have intervened at various points in the historical development of ethanol that misrepresent the technological advancements and the state of the industry today. Some of this misinformation, or disinformation, has been promoted by opponents of the ethanol industry, and some myths have even been propagated by those in academia.

One of the most persistent ethanol myths refers to its energy balance. This myth suggests that the process used to create a gallon of ethanol consumes more energy than that gallon of ethanol contains. And despite overwhelming and irrefutable evidence to

the contrary, this unfortunate fallacy persists. But the facts are clear, whether produced from corn or other grains or from biomass materials like wood waste, ethanol production has become an extremely energy-efficient process. Remarkable technological advances have occurred in both agriculture and ethanol production in recent years that have made this possible.

Farming practices today are vastly improved from what they were just a few decades ago. Gasoline-powered farm machinery has been entirely replaced by more efficient diesel engines, and the machinery has become larger. This means that farmers can produce more grain with less fuel. Some farmers today utilize global positioning satellites and no-till farming methods that also greatly increase yields and reduce the fertilizer and chemical use on fields.

The industry also has developed corn varieties that enable farmers to produce significantly larger yields on the same piece of ground. Ethanol plants are located in predominantly rural areas, close to the cornfields, and the trucks and trains that move the corn from the farm to the marketplace also become more efficient.

The technology used in ethanol plants also has greatly advanced in recent years. The industry itself has developed advanced enzymes that break down the starches in corn much more efficiently than in the past. Ethanol plants now employ molecular sieves that remove moisture from ethanol much more efficiently than old methods. They also utilize efficient natural gas burners to fuel the fermentation process.

All of these developments have significantly improved the efficiency of both corn and ethanol production and the net energy balance of the process. This efficiency is confirmed by a 2004 analysis completed by the U.S. Department of Agriculture and the Argonne National Laboratory, a U.S. Department of Energy laboratory operated by the University of Chicago.

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These entities analyzed ethanol's entire production cycle and concluded that ethanol yields 167 percent of the fossil energy that is used to grow, harvest and refine the grain and transport the ethanol to gasoline terminals for distribution. Ethanol also can be produced from cellulose feedstocks, such as rice straw, corn stover and sugarcane residue. As we improve the technology necessary to utilize these feedstocks, ethanol will achieve an even more favorable net energy balance.

Some have, unfortunately, propagated the myth that ethanol increases the cost of gasoline. But when you examine the facts, you see that the exact opposite is true. Ethanol expands U.S. fuel supplies, competes with fossil fuels in the marketplace, and reduces the overall gasoline prices paid by the driving public.

Like many of you, I was back in my home district over the Easter work period talking to South Dakotans. We are all well aware of what the price of gasoline has done in the past few months and how it affects our constituents. The price of ethanol, however, is largely unaffected by world oil prices, and it has not experienced the increases in price that petroleum has.

Today the net cost of ethanol to refiners is below the average wholesale price of gasoline in the United States. This means that blending ethanol into the gasoline supply actually reduces the cost of gasoline by displacing high-octane petroleum components. In fact, earlier today I checked on the gas prices in my hometown of Brookings, South Dakota. Premium gasoline at the BP gas station along Interstate 29 in Brookings is selling for $2.45 a gallon. Regular gas is going for $2.35. By contrast, E–85, which is a blend of 85 percent ethanol and 15 percent gasoline, is selling for $1.88, 57 cents per gallon cheaper than premium petroleum.

American auto companies are beginning to recognize the value of ethanol as well. General Motors recently provided an E–85-capable Chevrolet vehicle to the Governor of South Dakota as part of a campaign to promote ethanol and E–85-capable vehicles. This is part of a campaign by GM and the Governor's Ethanol Coalition designed to increase awareness of ethanol and flexible fuel vehicles and to promote the increased use of E–85 as a renewable alternative transportation fuel.

U.S. ethanol plants have produced record amounts of ethanol over the last 6 years to meet the increased demand. Without ethanol our country would be even more reliant on foreign imports of oil, and the pain at the pump would be much more severe.

In the end the ethanol industry is not resting. Over the last 25 years, 81 new ethanol plants have been built, and 16 additional plants are under construction today. In that same time period, not a single new U.S. refinery has been built, and scores have been closed. While we must address refining capacity issues as part of a balanced national energy policy as well, ethanol can play an increasing role in meeting growing demand.

The chart I put up now reflects the historic development within the United States of fuel ethanol production beginning in 1980 through 2004, reflecting the point that I mentioned about how the ethanol industry is growing to meet demand in large measure based upon other policies passed by this body to promote the use of this renewable energy, and, again, in light of the technology advancements that I mentioned previously.

A recent economic analysis entitled Ethanol and Gasoline Prices, by economist John Urbanchuk, found that ethanol production adds critical supply to the U.S. gasoline market. Without ethanol, gasoline demand would further outpace domestic supply and result in a major price spike.

Specifically, the report found if gasoline is at $2 per gallon, gasoline prices would increase 14.6 percent, or 29.2 cents per gallon, without ethanol in the short term. Without ethanol, gasoline prices would increase 3.7 percent, or 7.6 cents per gallon, in the long term once refiners build new capacity or secure alternative sources of supply.

Ethanol use will boost U.S. gasoline supplies by more than 3.3 billion gallons in 2005, as they did in 2004. Without ethanol, refiners would be forced to import an additional 217,000 barrels per day of high octane, clean-burning, gasoline-blending components.

There is a reason that these numbers are so large. We already use a lot of ethanol in this country. It would probably surprise many in this body to know that today more than 30 percent of all gasoline sold in this country is blended with ethanol. Even more surprising to many, ethanol has already been seamlessly incorporated into the vehicle fuel markets in States like California, New York and Connecticut. This is because these States have to add oxygenates to their fuel to meet clean air standards, but have banned the use of a popular oxygenate called methyl tertiary butyl ether, or MTBE, because it is a known pollutant. And California is not alone. MTBE is already banned or being phased out in at least 20 States, and many more States are considering such a ban. This has forced these States to adopt the use of an alternative oxygenate, ethanol.

The California Energy Commission has repeatedly confirmed that ethanol used in that State actually costs refiners less than the gasoline with which it is blended. The U.S. Energy Information Administration has found no price impact from the recent switch from MTBE to ethanol. Even the chief economist of the American Petroleum Institute stated last year that his organization has not seen a major price impact from State MTBE bans and the resulting switch to ethanol.

As you can see, ethanol has the potential to become a more significant portion of our energy portfolio in this country today, and Congress should enact policies that recognize its value and promote even greater use in the future.

Renewable fuels benefit more than just fuel supplies and gasoline prices. The increased use of ethanol has bolstered struggling rural economies across the Plains States. A 2002 study of the ethanol industry found that with an approximate cost of $60 million for 1 year of construction, an ethanol plant expands the local economic base by $110 million each year. Ethanol production generates an additional $19.6 million in household income annually. Tax revenue for local and State governments increases by at least $1.2 million per year. The ethanol industry operations and spending for new construction added $1.3 billion of tax revenue

for the Federal Government and $1.2 billion for State and local governments during 2004.

As you can see by the next map, ethanol production facilities today are located in many regions of the country, but they are concentrated throughout the Midwest and the Great Plains, and the Midwest and the Great Plains constitute a region of the country that has faced many economic challenges in recent years.

It is important to note that many of these facilities have been funded or are owned by local farmers, who use them to increase the value of their corn and profit from the sale of the ethanol and allow them to get a greater percentage of the processing part of the chain of production, rather than just the cost of the commodity, of the corn, that is brought to the facilities.

As I mentioned, increased ethanol use and the corresponding increase in the localized demand for corn raises the prices that family farmers receive for their crop. This in turn lowers Federal farm program costs and saves taxpayers money.

In 2004, USDA estimated that ethanol production reduced farm program costs by $3.2 billion. The combination of spending for ethanol plant production and capital spending for new plants under construction added more than $25.1 billion to gross output in the United States economy in 2004.

As you can see from the following chart, we are utilizing an ever-increasing amount of corn to produce ethanol in the country. This increasing amount of corn utilization also reflects an increase in the percentage of corn going to ethanol production, as the following chart demonstrates.

Rather than spending billions of dollars in oil revenues to politically unstable foreign countries around the world, we should be promoting the increased use of this home-grown fuel source that benefits farmers, families and small communities across South Dakota, and clearly this chart here that demonstrates the impact on corn-producing States like South Dakota and throughout the Great Plains and the Midwest, the economic impact, as earlier charts have shown, is evident.

Ethanol is one of the best tools we have to combat pollution caused by motor vehicle emissions. Ethanol contains 35 percent oxygen. Adding oxygen to fuel greatly enhances its combustion, which in turn reduces harmful tailpipe emissions.

Adding ethanol also displaces high toxic gasoline components, such as benzene, a known carcinogen. Ethanol is nontoxic, water-soluble and quickly biodegradable. It will not cause the groundwater pollution problems that have been linked to MTBEs.

Ethanol reduces particulate emissions, especially fine particulates that pose health risks to susceptible populations, including children, seniors and those with respiratory ailments.

Importantly, ethanol is a renewable fuel. The ethanol production process represents a carbon cycle, where plants absorb carbon dioxide during growth, recycling the carbon released during fuel combustion.

The use of ethanol-blended fuels reduces greenhouse gas emissions by 12 to 19 percent compared with conventional gasoline, according to the Argonne National Laboratory. In fact, Argonne states that ethanol use in the United States in 2004 reduced greenhouse gas emissions by more than 7 million tons, equivalent to removing the annual emissions of more than 1 million automobiles from the road.

Ethanol is widely used in Federal clean fuel programs required by the Clean Air Act, including winter oxygenated fuels and reformulated gasoline, or RFG programs, in cities that exceed public health standards for carbon monoxide and ozone pollution. The American Lung Association of Metropolitan Chicago credits ethanol-blended RFG with reducing smog-forming emissions by an amazing 25 percent since 1990.

It should be noted that when ethanol is blended with gasoline, it slightly raises the volatility of the fuel, which can lead to increased evaporation for certain emissions, particularly in warmer weather. But as is often the case, that is only half of the story. Blending ethanol and gasoline also dramatically reduces carbon monoxide tailpipe emissions. According to the National Research Council, carbon monoxide emissions are responsible for as much as 20 percent of smog formation.

Additionally, ethanol-blended fuels reduce the tailpipe emissions of volatile organic compounds which also can pollute the atmosphere. Thus, the use of ethanol plays an important role in smog reduction, and on balance is considerably friendlier to the environment than petroleum.

A recent study found that fuel blended with just 10 percent ethanol greatly reduces vehicle emissions. The use of E–10 results in a 50 percent reduction in tailpipe fine particulate matter emissions, up to a 30 percent reduction in carbon monoxide emissions, a 13 percent reduction in the amount of toxins emitted, and a 21 percent reduction in the potency of these toxins. Because of its demonstrated benefits to our water and air quality in this country, Congress should enact policies that promote the increased use of clean-burning ethanol as part of a broad national energy policy.

Ethanol also can provide significant benefits in the area of energy security. Over the past several years, we have become increasingly dependent on imported petroleum to meet our energy needs. The U.S. imports about two-thirds of its oil, and some experts predict our dependence upon foreign crude oil could climb to 70 percent in the years to come. Much of this oil will come from the Middle East. Fears of additional terrorist attacks have added a risk premium to world oil prices. At the same time, developing nations such as China and India have increased their demand for oil. As a result, world oil prices are on the rise.

Just last week a study released by investment bank Goldman Sachs declared that markets have entered what they describe as a ''superspike period'' that could enact 1970s-style price surges that drive oil prices as high as $105 a barrel. If this occurs, it will have an even more devastating impact on farmers and ranchers, small business owners, working families, commuters, transportation companies and airlines, and the overall impacts on the national economy will worsen.

As a domestic renewable source of energy, ethanol can reduce our dependence on foreign oil and increase the United States' ability to control its own security and economic future by increasing the availability of domestic fuel supplies.

As I just noted, the U.S. imports 64 percent of its petroleum needs today. By 2025, the Energy Information Administration predicts the U.S. will import 77 percent of its petroleum.

World demand for oil will continue to increase, particularly in response to the emerging economies in China, India and Brazil. If, as predicted, U.S. domestic oil production fails to keep pace, petroleum could become so expensive that we will be forced to look for other sources of energy and new technologies to deal with these challenges.

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Renewable fuels such as ethanol and biodiesel can be part of meeting these goals. They are grown here at home and are virtually infinite renewable sources. Increasing production here at home, especially from renewable sources, will make us a safer and more secure Nation.

Creating a viable renewable fuels industry in the United States must be a central component of our comprehensive national energy policy. The ethanol industry has shown that it is capable of providing a significant contribution to our Nation's energy needs. It is incumbent upon Congress to implement policies that promote the development and production of ethanol and other renewable fuels.

The ethanol industry is growing, as I have mentioned, to meet the demands of the marketplace for clean renewable fuels. And as this table shows, many States have responded to that call, as other States look to ethanol production as an increasing component of economic development. This table indicates current ethanol production capability and facilities and also reflects those currently under construction, and the overall amount of production capacity that the ethanol can withstand with current facilities and those that are in the planning stages and under construction today.

So in addition to the over-3.6 billion gallons of current production capacity,

existing ethanol plants undergoing expansion and the 16 new plants under construction will add an additional nearly 750 million gallons of production capacity.

This continued expansion in ethanol production is necessary to meet the growing demand for alternatives to MTBE. The Federal ethanol program is providing economic stimulus to rural America, adding jobs, reducing the United States dependence on imported energy, reducing our bloated trade imbalance, and lowering auto emissions in our Nation's cities. All of these benefits accrue while consumers realize lower fuel prices at the pump for gasoline blended with ethanol.

In the coming weeks, this body will be debating and hopefully passing a comprehensive energy policy that will address the long-term energy needs of the country. Because of the obvious and proven benefits that domestically produced ethanol and biodiesel provide, our national energy policy should encourage the increased production of renewable fuels across the country.

Although the energy bill that the House passed last year did contain a renewable fuels standard, it was not adequate to meet the needs of the growing industry and adequately incentivize renewable fuels production. For that reason, in the upcoming days, I will be joining with a bipartisan group of colleagues in introducing the Fuels Security Act of 2005. This legislation, identical to a bill introduced in the Senate a few weeks ago, recognizes the benefits of ethanol and biodiesel and would promote their production in a realistic and economically viable way. It would provide benefits to rural America, benefits to our national energy security, and benefits to the environment without disrupting fuel supplies or increasing the cost of motor vehicle fuel.

Specifically, our bill will accomplish several things. It sets forth a phase-in for renewable fuel volumes over 7 years, beginning with a 4 billion gallon requirement in 2006 and ending with 8 billion gallons in 2012. It contains an escalation clause that would allow for increases in the renewable fuels requirement beyond 2012. It creates a credit program for refiners, blenders, or importers who exceed minimum obligations, thus allowing them to trade these credits with other refiners and minimize market disruptions.

Importantly, our approach does this in a way that would not enable excess credits to overhang the market and enable refiners to stymie the goals of the renewable fuels standard. It promotes the production of non-corn ethanol by crediting 1 gallon of cellulosis biomass ethanol to be equal to 2.5 gallons of corn-derived ethanol. It authorizes the EPA, in consultation with the Secretary of Agriculture and the Secretary of Energy, to waive the renewable fuels mandate for any State that would experience severe economic or environmental harm from the mandate, or where there is inadequate domestic supply to meet the requirement. And it eliminates the 2 percent oxygenate requirement for reformulated gasoline under the Clean Air Act and ensures that fuel performance standards and toxic emissions limits under the Clean Air Act continue to be met.

Mr. Speaker, this is a reasonable approach to promoting these fuels, and it will provide benefits to our country for years to come.

I now want to turn time over to my distinguished colleague, the gentleman from the State of Nebraska, who serves with me on the Committee on Agriculture who has been a leading proponent of ethanol production in the State of Nebraska and throughout the Great Plains to the benefit of the country. So I yield to the gentleman from Nebraska (Mr. OSBORNE).

Mr. OSBORNE. Mr. Speaker, I thank the gentlewoman. She has done an excellent job of describing some of the benefits of the ethanol industry. I wish to join her and the gentleman from Iowa (Mr. KING) and others in introducing the Fuels Security Act, which will be introduced in the House next week.

Mr. Speaker, in 2004, the United States produced 3.6 billion gallons of ethanol. A couple, 3 years ago, that would have been an unheard of amount. At that time we were producing less than 2 billion gallons of ethanol per year. Yet this year, 1 year later, in 2005, that 3.6 billion will go to 4.5 billion gallons. So the ethanol industry is really ramping up. There are a lot of new ethanol plants out there and a tremendous amount of product that is being produced. Roughly one-third of the fuels in the United States today are blended with ethanol. So we have gone from maybe 5 or 10 percent, roughly 30 percent, a tremendous increase.

There are currently 20 States that are now producing ethanol. At one time, it was assumed that ethanol was the product of only two or three or four corn-producing States. Now we see ethanol plants in places like California, Kentucky, and other States around the country. Eventually, I would hazard a guess that probably all 50 States at some point will produce ethanol.

The thing that we need to realize is that ethanol can be produced from almost any type of biomass. It does not have to be corn; it does not have to be sorghum. It can be switch grass, in some cases it can be garbage, it can be a lot of things that we are trying to get rid of. So we think that the industry is something that can definitely be a tremendous benefit to the Nation as time goes on.

As the gentlewoman from South Dakota mentioned, the ethanol industry significantly reduces the price of gasoline. I think almost every American today is feeling the impact of high fuel prices. So based on $2 a gallon, and almost all of us realize that it is more like $2.22, but if it is based on $2 per gallon, if you took the ethanol industry out of the picture, gasoline would go up 29 cents. So a $2 gallon of gas would be $2.29. So if you are paying $2.20 in your home community, that means that if ethanol went away, you would be paying roughly $2.51, $2.52 a gallon; something like that. So ethanol produces a benefit for everyone; whether you burn ethanol in your tank or not, it is important to the economy.

As was mentioned earlier, refiners would have to import an additional 217,000 barrels of high-grade fuel per day if ethanol disappeared. That would be very, very expensive. As my colleagues know, just normal petroleum is $56, $57 a barrel, and high-grade would be even higher than that. Currently, imports of petroleum are a major drag on our economy. Probably the number one thing holding our economy back is the amount of money that we are spending on petroleum from other nations. We are importing roughly 55 percent of our petroleum, and so ethanol moves us away from that. It is not the whole answer, but it certainly is a very significant part of improving the economy.

Currently, ethanol uses roughly 11 or 12 percent of the U.S. corn crop. Last year, we had a record crop of 12 billion bushels. Now, if we had not had ethanol using up about 11 or 12 percent, we would have had a tremendous hit in our prices. As it was, corn went from $2.60, to $2.70 a bushel down to about $1.85, $1.90 at the low. But if it was not for ethanol, we would have seen that down around $1.50, $1.40, because ethanol adds about 25 cents to 50 cents per bushel for the farmer, and we think this is tremendously important to the farm economy. As we will see here in a minute, this has an impact on the farm payments that are laid out by the average taxpayer. So as the corn price goes down, farm payments go up. And when farm payments go up, the taxpayer is hit harder. So again, ethanol certainly is good for the taxpayer.

As has been mentioned previously by the gentlewoman from South Dakota, the environment certainly benefits from the ethanol industry. I believe that she did mention that tailpipe emissions are decreased by roughly 50 percent. Carbon dioxide emissions, which are very harmful to the ozone and the environment, are reduced by roughly 30 percent; and it is estimated that greenhouse gases are reduced by something like 7 million tons, so 7 million tons come out of the atmosphere because of ethanol; and we think that is a tremendous benefit.

As was mentioned earlier, at one point, we had a 2 percent oxygenate requirement for our fuel. So the oxygenate requirement was met by two different fuels. MTBE provided a little bit more than 1 percent of that 2 percent, and ethanol provided about eight-tenths of 1 percent. MTBE has been proven to pollute ground water, so roughly 20 States have now outlawed MTBE; and as a result, something has to fill that void and that is where ethanol has come in to play.

At the outset, many people said ethanol will never be able to produce enough gallons to fill that void, but there has been a ripple. We have found that ethanol has been transported to California, to New York, other places where it was assumed that it could never be adequate to fill the demand, and we have seen that supply filled very adequately.

As was mentioned, the legislation we are proposing removes the 2 percent oxygenate requirement, which has been very burdensome in some areas, and we think that that flexibility will be very helpful to them. The economy, of course, benefits. We would assume that something like 150,000 new jobs will be added each year because of the ethanol industry; and over the course of this bill, between 2005 and 2012, roughly 243,000 new jobs would be created. It will add roughly $200 billion to the gross domestic product between 2004 and 2012, and the biggest thing that I see right now as far as trade is the thing that is causing a huge trade deficit is basically our imports of petroleum products.

So the ethanol industry reduces that trade deficit by about $5 billion a year and between 2004 and 2012, it will cut that trade deficit about $64 billion. So that is a huge impact on our economy.

So we are doing better with ethanol. But we can do better yet, because Brazil currently mandates 25 percent of their petroleum come from ethanol. Of course, Brazil also is a major exporter to other countries of ethanol. As was mentioned earlier, we currently, I think in Nebraska, which I represent a big part of that State, we have 5 E–85 stations which are stations that pump 85 percent ethanol. And those gallons are roughly 40 to 50 percent, or 40 to 50 cents cheaper per gallon than standard gasoline. As time goes on, we are going to see more and more of this occurring.

The other thing that I might mention is that the ethanol industry has a by-product. Besides ethanol, you are producing usually feed for animals from the by-product, but the thing that many people do not realize is the spin-offs from the ethanol industry are going to be huge. Some of the by-products that we are going to have, Creatine, which is a muscle-building substance which is safe, can be used, can be made from some of the residue. Biodegradable plastic in the wet milling plants are being created. So I think as time goes on, biotechnology is going to be important, and we will see a huge benefit from the overall ethanol industry.

I might also mention that biodiesel is going to be a major part of the legislation that we are introducing. And, of course, that usually uses soybeans in production. But biodiesel is going to make diesel fuel cheaper, more efficient, and will cause much less wear and tear on diesel engines. So we think these things are all very important.

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I am going to now turn to just a couple of visuals. As was mentioned earlier, one thing that so often people do not understand about ethanol is the assumption that it takes a lot of energy to produce ethanol. But what we see here is that for every unit of energy that goes into the manufacture of ethanol, you get 1.4 units of energy out.

And so what that means is that in order to run a tractor to plant the crop, to run a combine to harvest the crop, to run the refinery to make the ethanol, if you are going to pump some water out of the ground to irrigate, these are all of those energy costs which are usually petroleum fuels, which we would have to do with gasoline, or diesel or propane or whatever.

So you get a net gain of four-tenths of a Btu. And in contrast, if you look at a gallon of gasoline, for every unit of energy that you use, you use 1 Btu, you get eight-tenths of a Btu back after you have processed and refined the gasoline. So you lose energy. It is a net loss instead of a net gain.

If it is MTBE that you are after, you get actually only .67 Btus back from 1 Btu of energy. So the reason for that, again, as was mentioned earlier, is that here we are harnessing the sun, it is renewable fuel, and so that gain that you get is from solar energy that is converted into fuel. And we think that is an interesting thing, it is an economy, and it certainly benefits the environment as well.

Just a few other facts and I will point out here before I yield back. The ethanol energy will add roughly $51 billion to farm income over 10 years. And Mr. KING and Ms. HERSETH and I all come from ag States, and the farm economy is struggling in most cases. Some people are doing pretty well, but a lot of people are marginal. In the State of Nebraska at one time we had 135 million farmers. Today we have roughly 48 million. And so all of those people have gone out of business because it is simply not very profitable. So when you find a value-added product that will add $51 billion to farm economy, this is something that we think is very, very important.

We mentioned that it will reduce government farm payments. Many people in urban areas do not like to see some parts of the farm bill. They do not like to see the price supports. Well, what has happened here is because the ethanol industry raises the cost of corn, the price of corn, by 25 to 50 cents a bushel, that means that as those prices get higher, there is less farm payments, because you do not have to make up the loan deficiency payments. So as a result there is the benefit of about $5.9 billion in less tax dollars in the farm bill over the course of 10 years.

We mentioned that it reduces the trade deficit by roughly $34 billion, and that is over a period of time, and significantly reduces air pollution. As we mentioned, 7 million tons of greenhouse gases would be reduced each year. So some of this is a little redundant, but it does not hurt to repeat it.

I am sure that Mr. KING will say a few of these things over. But we feel that we have a good piece of legislation here. And I would like to thank the gentlelady for being part of this, for hosting this this evening, and for her part in introducing the legislation.

Mr. KING also has been certainly a very strong proponent of renewable fuels. And so we hope to work together, and we hope to convince enough of our colleagues, many of whom are from urban areas, and many of whom have been imbued with the idea that ethanol is sort of a giveaway to the rural States, that this really is a win-win, this is something that is good for all of us, and it is certainly good for the country.

Ms. HERSETH. Mr. Speaker, I wanted to thank the gentleman from Nebraska for sharing his insights as it relates to the state of the ethanol industry today, its capacity to meet our national energy needs, particularly in pointing out not only the use and the importance of the byproducts generated from ethanol production, and making specific note of how the legislation we intend to introduce affects biodiesel production as well, and encouraging our colleagues from urban areas to take a renewed look at ethanol.

I now would like to yield as much as 18 minutes or as much as he would like to consume to the gentleman from Iowa (Mr. KING), who clearly has been a leading advocate as well as introduced other important legislation in this Congress and in prior terms important to renewable energy and to ethanol.

Mr. KING of Iowa. Mr. Speaker, I thank the gentlelady from South Dakota especially for asking for this floor time tonight and bringing us together to talk about this important issue of ethanol.

And while I have the opportunity to say a few words here, while my esteemed colleague from Nebraska is in the Chamber this evening, I wanted to take the opportunity to point out that one of the byproducts in biodiesel is a glycerin product, and the closest thing I can identify on the market is Cornhusker's hand lotion. We will have millions of gallons of that as we produce our biodiesel, and we will be looking for some more markets, because I am not sure that there are enough hands to consume all of that Cornhusker's lotion.

But I think that expresses some of the bipartisan nature that we have in this. It is a regional issue very much as well. Us in the Corn Belt have led on renewable fuels, and the ethanol industry had to go through a lot of growing pains to establish an industry.

I happen to have yesterday shaken the hand of the individual, and he is in the Iowa Senate, his name is State Senator Thurman Gaskill. It was his birthday yesterday; he turned 70 years

old. He is the man that actually pumped the first gallon of ethanol in this country. And it was a unique circumstance to be there to eat a treat, to celebrate his birthday, and shake the hand that pumped that first gallon of ethanol in the United States of America. It has been a long, hard slog to get here, where with the industry in ethanol. They have blazed the trail for biodiesel.

As I have watched this come together, and I have watched the leaders in the industry have this vision that said we can take this corn product, and we can turn it into a fuel product that is clean, and it is safe, and it is kind to our air and our water, and it is kind to our engines. And as I listened to many of the stories that come out when people were concerned about the impact on their motors, and there was some old motors that had rubber products in there that did break down with ethanol, that is essentially a thing of the past. And those objections and complaints pretty much drifted past the wayside.

But I have some things that I would like to go through to address some of this, and as the coach said, most has been said; I will probably say a few over again. But it does pay to repeat some of them.

In the past 20 years, Iowa has led the biofuels industry to become one of the most important players in the search for renewable, home-grown energy resources. And if I described the district that I represent, it is roughly the western third of Iowa. And if you would draw a line there from, say, go to the South Dakota-Iowa border, and then go through counties over to the east, and from there on that Minnesota border draw a line straight down to Missouri, that roughly western third of Iowa would get most of the district that I represent.

In that district there are 32 counties, and those 32 counties, among them are six operating, functional ethanol plants, most of them with 40-million-gallon-a-year annual capacity or above. Some have grown up more than that.

And in addition to that, we have at least one other ethanol plant that is under construction in Denison, Iowa, which is right within about 2 miles of where I grew up. That product will be up—that plant will be up and on line fairly soon. We have three others that are on the drawing board.

And while I have this opportunity to say so, I think that the plant in Denison is unique in its character. It sits just down the river a little ways from the original Iowa Beef Packer's plant that is still up and running, and that was built in 1961. And there they will be producing ethanol. They will be able to ship it by rail or by truck. There is already a grain facility there that the producers are used to bringing grain to with large storage capacity. And the unique nature of this plant is it has gas, it has water, it has rail. It has an airport there within just a little over a mile of the ethanol plant.

I pointed out on the day that we did the ground-breaking ceremony to the amazing energy plant there in Denison, as I looked at the board of directors all sitting there under the tent, and I explained to them that they had made a good business decision, and I was not sure that they realized how good that business decision actually was, because you have the corn there, and you have all of the things that I have described, it is all of the components that you would want for an ideal location as well as plenty of corn around the region, but additionally they are going to be producing a dry distiller's grain that some used to think was a byproduct, but certainly it is a very, very valuable animal feed product. And I advised them that they didn't need to load that dry distiller's grain out on trucks and haul it off and market it somewhere to some of the other feeders. I suggested that they just set up an auger and put in a row of feed bunks, and line those bunks up on up river, and within about a half a mile they could bring those calves in, and they could start feeding those preconditioned calves right there at the ethanol plant, and they could just kind of walk sideways a little ways, and the more they gained, the further away they would get from the plant. And eventually they would fatten out at about 1,200 pounds, and they could walk across the road right into the beef plant. The best place in the world that you can put an ethanol plant.

And I would add, though, that when you go into those plants that are up and running, and the efficiency is there, the cleanliness, the state-of-the-art technology, that art technology that used to belong, that technology that used to belong in the hands of ADM and Cargill, and they certainly have that technology as well, But it is being developed by good engineering companies in the Midwest, companies that are working with farmers and producers and keeping that capital and invest it back into the hands of the people that have to make a living off of the land.

But the efficiency that is there, as the energy efficiency, and it used to be the argument made that we would burn more energy producing ethanol than we actually produced, and that equation went the other way a long time ago. And we are up to about 2¾ gallons of ethanol out of every bushel of corn, and then take the dry distiller's grain, and then ship that out and feed that to livestock without really a net loss in that feed value.

It is really something to see when you see a line-up of trucks coming into an up-and-running ethanol plant, and they are coming in dumping grain, and they dump that grain in the pit, it goes up, and it goes on up to be produced into ethanol. And there are other trucks lined up in the other lane loading out dry distiller's grain, corn coming in, turned into ethanol, ethanol out on the rail, dried distiller's grain going out sitting right beside it, some coming in with corn, others hauling dried distiller's grain out. It is efficient. It is almost the perfect symbiotic relationship for a corn producer to see that kind of production go on.

And so there in the district, the day that I went up to do the ground-breaking ceremony in Sioux County at the Little Sioux Corn Processors, it was a chilly day, and we went up there and turned over a spade of dirt and celebrated the beginning of a new value-added operation up there.

And when I left I drove south, down through Buffalo Ridge. And there, in Buena Vista County, there were, at that time, there were 259 wind chargers standing there on the ridge. Today there are at least 359 in that same region. And then just a little further south, there is the ethanol plant at Galva. And as the crow flies, I believe it is 18 miles, two ethanol plants, 359 wind chargers.

We have become, in western Iowa and in much of the Corn Belt, an energy export center, something that was not conceived of 10 years ago, not visualized 6 or 7 years ago, but today is a reality. And, in fact, in the district that I represent, these 32 counties, those six up-and-running plants, the one more under construction, and it looks like three more likely can go, we will be, within 2 years, to that position where we can say we have built all of the ethanol production that we have the corn to supply, another astonishing accomplishment.

And as I watch the biodiesel come behind this, the biodiesel that has looked at the trail that is blazed by the ethanol producers, those people like Thurman Gaskill that pumped that first gallon of ethanol, and they see that pattern, that path that has been set by ethanol, and because of that, biodiesel is stepping in that path and they are following it.

And, in fact, here just a few weeks ago, I had the privilege to be at the kick-off ceremony for the fund-raising drive to build the biodiesel plant at Wall Lake, Iowa, and that happens to be about 8 or 9 miles from where I live as the crow flies. And there were maybe 100 to 150 people, and I thought they all came to have a little lunch and hear a presentation. And I was asked to give a speech, and I gave one. Had I known how much investors were sitting in the room ready to invest in the capital fund drive, I would have shortened my speech up and gotten out of the way.

They began their capital fund drive that day with a significant response, and in 9 days raised the capital necessary to get the biodiesel plant off the ground and get it rolling. And it will be producing biodiesel out of soybeans and off of animal fat. And that is a byproduct that can be put to better use.

So the biodiesel, remember, has a lot of versatility in it as well. We all know

that America can no longer afford to depend on oil that flows from unstable sources and unreliable partners. Oil has reached almost $60 a barrel, and with world demand for oil increasing at an explosive rate, it is likely we may never see low oil prices again.

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Clearly, this Nation is too dependent on foreign sources of oil, and even a brief rundown of the facts is a sobering exercise.

Two-thirds of the world's known oil reserves are located in the volatile and increasingly violent Middle East, while America's domestic oil reserves have declined 20 percent over the past 15 years.

American taxpayers today spend more than $50 billion a year just to protect Middle Eastern oil supplies. This is the cost of our energy, too.

Today, the U.S. is importing more than 62 percent of its oil, and that number is expected to hit 77 percent in the next 20 years.

Yet there has not been a major new refinery built in the U.S. since the Bicentennial.

So, recently, the Renewable Fuels Association announced that January's ethanol production set an all-time record high in production. U.S. fuel ethanol reached 320 million gallons in the month of January. The previous high was 312 million, just the month before in December.

U.S. ethanol industry set an all-time monthly production record this last January now of 241,000 barrels a day, and that is an astonishing amount of production. We have a long ways to go before we get our production up to the point where we can meet the demand in this country, not just at the 10 percent rate or the 30 percent rate.

As the gentlewoman from South Dakota pointed out, we have a market out there for E–85, and E–85 uses a lot more renewable fuel; and it takes a lot more pressure off our imported oils from overseas. It is a lot better for our environment, for our air and our water; and it is something that has been my life's work in soil conservation work, water quality and air quality in preserving our resources. This is something that is good for all of us. It is good for all Americans.

It is one of those issues that when you first pick it up and look at it, it looks good, and you hear some criticism, you find the answers to that and it looks better. Each time you turn this ethanol and biodiesel, the renewable fuels package around, you can see it does more and more for us.

By the way, the balance of trade, we watched our balance of trade, that deficit number get larger in the red over the last several years. A year ago, we were looking at a minus $503 billion of balance of trade, red ink. That is how much product we purchased overseas greater than the amount we exported.

Last February 10, we got our new numbers for the balance of trade. It is now a minus $617.7 billion of more goods that we imported than we exported.

But the ethanol industry, the renewable fuels industry, but ethanol itself will change that balance of trade to the tune of $5.1 billion that will reduce the amount of foreign oil that we will have to purchase.

So this fits in very well with our economics. It fits in very well with our taxes. It fits in very well with our air and our water and our environment. It is something that is good for rural America, good for the Corn Belt, and good for the cities, especially for their air quality. It is a replacement for MTBEs.

That is something I wish we had done a long time ago. It would save this Congress a lot of grief that we will be facing in how to deal with the MTBE issues.

It is time to move forward and solve this problem. I ask for support on this bill. We will be rolling it out here next week, and I am glad to be a part of it. It is something I have a lot of energy and passion for.

I thank the gentlewoman from South Dakota for her efforts.

Ms. HERSETH. Mr. Speaker, I thank the gentleman from Iowa (Mr. KING) very much for sharing his perspectives based on historical development of the industry, the challenges that we faced in the past and clearly the opportunities that we have today and in the future to utilize ethanol and other renewable fuels as part of a national energy policy. I appreciate as well his thoughtful insights as it relates to the investment in rural America, the impact in a positive way on rural communities, how rural America has stepped up as well to provide capital for investment in the technologies that are necessary to begin and expand and construct the ethanol facilities.

Also, the points made about the potential impact, the positive impact that ethanol production and increasingly utilizing renewable energies and our national energy policy and increasing the blend that can have on our trade balance, as well as clearly the positive environmental impact of ethanol and renewable energy.

So I want to thank again both my distinguished colleague, the gentleman from Iowa (Mr. KING), as well as the gentleman from Nebraska (Mr. OSBORNE) for their prior work and their commitment to ensuring that renewable energy is a core component of our national energy policy, demonstrating not only the regional support but the bipartisan support for the legislation that we will be introducing.

Renewable fuels such as ethanol already constitute, as we have shown, a significant portion of our Nation's energy portfolio. They reduce the cost of petroleum and are home grown, clean, efficient, and economically beneficial to rural America.

Mr. Speaker, I ask my colleagues not to believe the myths and misinformation of the past, and to fairly evaluate or reevaluate the role of ethanol and other renewable fuels as a core component of our national energy policy.

I firmly believe that Congress must enact policies that will facilitate the positive impact of the renewable fuels industry because it will, in turn, benefit the entire country.

We will be introducing this legislation in the coming days, and I urge my colleagues to join me in supporting this important initiative, to join their colleagues such as the gentleman from Iowa (Mr. KING) and the gentleman from Nebraska (Mr. OSBORNE) and a number of others who will introduce this legislation.

30-SOMETHING WORKING GROUP

The SPEAKER pro tempore (Mr. FITZPATRICK of Pennsylvania). Under the Speaker's announced policy of January 4, 2005, the gentleman from Ohio (Mr. RYAN) is recognized for 60 minutes.

Mr. RYAN of Ohio. Mr. Speaker, I appreciate the opportunity to be here. I have a slight cold so please forgive me, but we are back with the 30-something Hour, and I will be joined by my two colleagues from Florida here in a few minutes.

We want to continue this debate that we have been having in the United States over the past several months, a debate that the President has initiated in saying after the campaign that he wanted to have a national discussion in regards to the issue of Social Security and the Social Security solvency and where Social Security is going to be in the next few years and the kind of changes that we have to make in the country in order to deal with it.

Those of us on this side, and I think many on the other side, have very many concerns about this because Social Security, quite frankly, has been one of the most successfully administered Federal Government programs in the history of the United States of America.

We have talked over the past few months on how Social Security runs with only a 1 percent administrative cost. So there are a lot of government programs I think we all agree in this Chamber and across the country that are inefficient, that are ineffective, that maybe do not work, that maybe take too much money without getting the kind of results that we ultimately want.

Social Security is not one of those programs. Social Security has been an enormous success, and I think what is great really about Social Security in trying to advance this argument, I think why the President is having so much difficulty is that Social Security is a program that touches all of our lives.

We here in the 30-something Caucus watched our grandparents receive Social Security, and the story of my great-grandfather when Social Security was first implemented, he could