



**Testimony of the  
Biotechnology Industry Organization (BIO)**

Hearing of the Joint Committee on Environment and Natural Resources  
*March 20, 2013*

**Regarding Maine Legislative Document 453**

**"AN ACT TO PROHIBIT THE SALE OF GASOLINE THAT CONTAINS ETHANOL AS  
AN ADDITIVE AT A LEVEL GREATER THAN 10 PERCENT BY VOLUME"**

The Honorable James A. Boyle, Chair  
The Honorable Joan W. Welsh, Chair  
The Honorable Bernard L.A. Ayotte, Ranking Member

Committee Chairs Boyle and Welsh, Ranking Member Ayotte, and Members of the Committee, the Biotechnology Industry Organization ("BIO") appreciates this opportunity to provide comment on Legislative Document ("LD") 453, legislation to prohibit the sale of gasoline that contains ethanol as an additive at a level greater than 10 percent by volume. This proposal, along with LD 105, LD 115, and LD 261, is of significant concern to BIO and its members in the State of Maine and throughout the country.

BIO is the world's largest biotechnology organization with more than 1,100 member companies worldwide. BIO represents leading technology companies in the production of conventional and advanced biofuels and other sustainable solutions to energy and climate change challenges. BIO also represents the leaders in developing new crop technologies for food, feed, fiber, and fuel.

BIO opposes LD 453, in addition to LD 105, LD 115, and LD 261; because of the impact such legislation would have on energy security, on research and development of cellulosic and advanced biofuels underway in Maine, on the commercialization of such technologies throughout the country, the price of gasoline for Maine consumers, and economic development in rural communities.

The national adoption of ethanol and other conventional biofuels has played an important role in reducing U.S. dependence on foreign sources of petroleum, in reducing transportation fuel costs to the consumer, and in beginning to reduce the carbon intensity of the nation's transportation fuels. It has also paved the way for promising next generation cellulosic and advanced biofuels being developed in the State of Maine and throughout the country. Cellulosic and advanced biofuels, which can be produced from forest residues, algae, municipal solid waste, or other renewable sources of biomass, offer some of the most promising solutions to high gas prices, U.S. dependence on foreign petroleum, and job losses in resource-dependent regions of the country, such as Maine.



Innovative companies such as BioProcess Algae, LLC, which has site locations in Maine and is working to provide sustainable solutions for human nutrition, animal feeds, and biofuels, already face a very challenging environment trying to secure private capital to commercialize their technologies. Actions by the State of Maine and other states to ban or limit conventional ethanol as a gasoline additive only exacerbate the financing challenge by destabilizing the policy environment for all biofuels. This legislation also puts at risk collaborative research efforts between private companies such as BioProcess Algae, LLC, and the Bigelow Laboratory for Ocean Sciences in West Boothbay Harbor, recognized as a leader in Maine's emerging innovation economy.<sup>i</sup> These limitations on fuel choice would also close a future market to cellulosic biofuels produced from forest biomass and other materials in Maine. Cellulosic biofuels development has been greatly advanced by the research done at the Forest Bioproducts Research Institute at the University of Maine, which has been exploring ways of converting forest biomass into fuels, chemicals and advanced materials in a sustainable manner.<sup>ii</sup>

This legislation also ignores the fact that conventional ethanol continues to play an important role in the development of these new technologies by supporting the growth of the infrastructure for commercial levels of advanced and cellulosic biofuels to be developed, produced and distributed. Passing LD 453, or LD 105, LD 115, and LD 261 would send the industry and its investors negative messages and would chill investment in research and development for advanced and cellulosic biofuels – as well as other promising biobased technologies, such as renewable chemicals and plastics produced from wood, being developed in Maine<sup>iii</sup> – and possibly send the unintended signal to investors that Maine is hostile to all biotechnology and biofuels.

Limiting ethanol blends in gasoline sold in Maine would also drive up the cost of gasoline for consumers in the State. Maine imports all of its motor gasoline from other states, so refiners would have to supply special fuel to the State at an added cost. Additionally, the presence of an alternative in any market helps drive down price. Economists have estimated that gasoline prices could be \$0.20-0.50 per gallon higher if not for the incremental supply provided by ethanol.<sup>iv</sup> In 2010, the use of ethanol saved the U.S. approximately \$34 billion in oil imports.<sup>v</sup> With the continued implementation of the federal Renewable Fuel Standard ("RFS")<sup>vi</sup> it is likely further opening of the markets to renewable fuels, such as cellulosic and advanced biofuels, will ensure that new fuels will also present significant value to consumers.

Companies like BioProcess Algae and the more than 80 BIO members developing next generation biofuels and biobased products can revitalize communities suffering from the loss of jobs in industries like forestry and paper. A recent report, *U.S. Economic Impact of Advanced Biofuels Production: Perspectives to 2030*,<sup>vii</sup> the executive summary of which we append to this testimony, indicates that cellulosic and advanced biofuels production spurred by the RFS could create over half a million jobs in the U.S., many of which would be tied to sustainable sources of renewable biomass like wood. However, this will only be possible if the developers of these industries have the market certainty, which LD 453 and other anti-biofuels legislation threatens to erode.



In conclusion, BIO urges the Maine State Legislature and its Joint Committee on Environment and Natural Resources to reject LD 453, along with LD 105, LD 115, and LD 261. The proposed limit on blends of ethanol in the State would hurt consumers at the pump, undermine investment in the continued research, development, and production of advanced and cellulosic biofuels, and the economic development of rural communities.

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<sup>i</sup> [http://www.bigelow.org/news/news\\_archives/news-2011/bioprocess-algae-agreement/](http://www.bigelow.org/news/news_archives/news-2011/bioprocess-algae-agreement/)

<sup>ii</sup> <http://forestbioproducts.umaine.edu/>

<sup>iii</sup> <http://bangordailynews.com/2013/03/12/opinion/biofuels-development-in-maine-using-trees-to-oil-the-wheels-of-sustainability/>

<sup>iv</sup> P. Barta, "As Biofuels Catch On, Next Task Is to Deal with Environmental, Economic Impact" Wall Street Journal, March 24, 2008, page A2.

<sup>v</sup> See Urbanchuk, J.M. :Contribution of the Ethanol Industry to the Economy of the United States," Renewable Fuels Association, February 2011.

<sup>vi</sup> <http://www.epa.gov/otaq/fuels/renewablefuels/index.htm>

<sup>vii</sup> <http://www.bio.org/articles/us-economic-impact-advanced-biofuels-production-1>