



February 24, 2025

House Agriculture Finance and Policy Committee
Chair Paul Anderson
2nd Floor Centennial Office Building
Saint Paul, MN 55155

Dear Chair Anderson and members of the committee,

On behalf of the Minnesota Corn Growers Association's (MCGA) nearly 7,000 members and the Minnesota Bio-Fuels Association's (MBA) ten ethanol producer members, we want to thank you for the opportunity to provide written testimony regarding the Office of the Legislative Auditor's (OLA) performance audit on the Minnesota Department of Agriculture's (MDA) Biofuels Infrastructure and Bioincentive program.

We are happy to see a positive report from the OLA and MDA's quick response to correct the two recommendations in the OLA's findings. Both the Biofuels Infrastructure and Bioincentive Program provide tremendous economic value to Minnesota's agricultural producers and consumers, while helping to lower greenhouse gas (GHG) emissions across the state. We appreciate the MDA's commitment to effective implementation of these programs.

The Biofuels Infrastructure Grant Program was established by the Legislature in 2021. In the first three years of the program MDA awarded a total of 60 grants totaling \$9.5 million with grantees contributing an estimated \$11.6 million in matching funds once the projects are completed. The program provides grants up to \$199,000 to fuel retailers to upgrade their equipment and begin offering mid and higher level blends of biofuels including E15, a fuel blend containing 15 percent ethanol.

E15, often marketed as Unleaded 88, is approved for use in all vehicles 2001 and newer and offers higher octane at a lower price without sacrificing gas mileage. Unleaded 88 also cuts GHG emissions by about 2.5 percent compared to regular E10 gasoline and nearly 7.5 percent compared to gasoline without any ethanol added. In 2024, Minnesota surpassed 500 stations offering Unleaded 88 with record sales of over 140 million gallons sold. But with over 2,000 fuel stations in Minnesota, there is still room to grow. Additionally, in 2024 Unleaded 88 saved consumers over \$25 million at the pump compared to regular 87.

The Bioincentive Program was enacted in 2015 to encourage the commercial-scale production of advanced biofuels through a performance-based production incentive with local feedstock sourcing requirements. Importantly, there are no payments made by MDA for production that does not occur and for production that does not source 80 percent renewable biomass from within our state's borders. These requirements ensure that the program spurs economic development and benefits local agricultural producers.

While most ethanol today is produced from the starch and sugars contained in corn, many MBA producer members have made the capital investments necessary to bring to market advanced biofuel made from

the non-edible fibrous material in each kernel of corn – sometimes referred to as “corn kernel fiber” ethanol. This type of cellulosic advanced biofuel has been shown to reduce lifecycle GHG emissions by over 70 percent as compared to baseline gasoline. Additionally, the feedstock purchases and labor income generated by the program’s enrolled biobased industrial companies helps support rural economic vitality, including an estimated \$600 million in economic activity according to a 2019 study by the University of Minnesota.

Thank you for the opportunity to submit written testimony. If you or your staff have any questions, please feel free to reach out to MCGA’s Senior Public Policy Director Amanda Bilek at 952-460-3604 or at abilek@mncorn.org or MBA’s Executive Director Brian Werner at 952-460-3617 or at bwerner@mnbiofuels.org.

Sincerely,

Jim Kanten
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Minnesota Corn Growers Association

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Executive Director
Minnesota Bio-Fuels Association