



**For Immediate Release**

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**Government Handouts to Ethanol Industry Have Unintended Consequences**

Bismarck, ND – The North Dakota Policy Council has released a report detailing the adverse effects that government handouts to ethanol plants have on other aspects of the North Dakota economy. The report also suggests alternative methods for growing the economy and increasing jobs.

“The state is actively supporting the ethanol and biodiesel industries over other very important industries,” North Dakota Policy Council Executive Director Brett Narloch said. “Giving payments to ethanol plants that are simply not profitable is no way to spend taxpayer money. The idea that taxpayer dollars will guide the so-called infant industry to profitability is a tired argument.”

According to Narloch, the Alchem ethanol plant in Grafton has received government payments every year since 1989.

“It is time the state sent out the message to current and prospective businesses that we will treat everyone equally. Using the tax code to favor some over others shows no faith in the taxpayer and no faith in the American way,” he said. “Even if the government’s interference in the market creates some economic growth in rural communities, history has shown that, when given the chance, people spend their money much better than the government. If people want ethanol, let them buy it in the marketplace. Don’t force everyone else to pay for it.”

Among other things, Narloch proposed eliminating the tax on personal and corporate income. “Economists everywhere agree that the economy is in a much better position to grow when people have more of their own hard-earned money. Furthermore, eliminating corporate income taxes will free up more capital for existing businesses to expand and

will attract new businesses, thus, eliminating the need for government subsidies. Let businesses succeed or fail on their own merits.”

The report backs up Narloch’s contention that other industries are being hurt by the increased subsidization of ethanol. Because of the increased demand for corn, the livestock industry is suffering from higher feed costs. “The North Dakota Agriculture Department states that the livestock industry is the second most important industry in North Dakota, yet the government is actively supporting its competition,” Narloch said. “Cattle, hog, and chicken producers have and will continue to see their profit margins shrink because of the increased cost of feed, which is a direct result of the government artificially inflating demand for ethanol.”

“The North Dakota Policy Council has no horse in the race; we are simply saying that the best system of taxation is a uniform system of taxation. If ethanol is a cure all, then it should easily succeed in the free market. If it isn’t, why should taxpayers pay for it?”

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