

New York: Sowing the Seeds of Opportunity in Ethanol Production



New York Governor
George Pataki

When most people think of ethanol, they think of corn and the Midwest. But there are a number of exciting developments going on in New York State that are starting to change the way people think about ethanol.

I am committed to establishing New York as the nation's leader in the use, development, and production of renewable fuels like ethanol. Development of a biofuels industry will ensure that New York agricultural producers have profitable markets for their products and that agricultural land is kept in productive use. It will ensure jobs and economic activity, particularly in rural areas. It will harness the power of New York's abundant natural resources, making products from renewable resources that are more beneficial for our environment. And, perhaps most importantly, it will decrease our country's dependence on imported petroleum for its energy needs.

In 2000, New York became one of 17 states that banned the use of MTBE as an oxygenate for reformulated gasoline. As a result, New York is now one of the largest consumers of ethanol in the country.

Our goal now is to take New York beyond simple consumption, to become a leader in the production of biofuels and other forms of clean and renewable energy. Market analysts predict that the current profit margins on an ethanol plant can be as high as 20 to 25 percent. New York is at an advantage because not only do we have the climate and the land base to grow corn efficiently and economically, we also have millions of motorists to consume the ethanol produced here; and as the third largest dairy state in the nation, we have the livestock to consume the distillers dried grains byproduct. All of these factors have caused investors to look seriously at the production of ethanol in New York State.

Currently there are three ethanol plant projects in various stages of development in the state. Northeast Biofuels has plans for a 100 million gallon per year ethanol plant at a former brewing facility in Fulton, northwest of Syracuse. When completed, it will be the fourth largest plant in the nation, with room to grow even larger. Empire Biofuels, headed by a mostly farmer-led investor group consisting of members from the New York State Corn Growers Association, is planning a 50 million gallon per year plant in the Finger Lakes region. Finally, a group of business and agricultural leaders in western New York is planning an ethanol production facility that would be part of a larger energy-based agribusiness park.

In order to help these and other projects move forward and grow, I have proposed one of the most ambitious tax credits for biofuels production in the nation. If passed by the State Legislature, it will allow biofuels companies to claim a credit equal to 50 percent of the costs associated with the production of at least 10,000 gallons of ethanol or biodiesel, including the production facility construction or renovation costs.

In addition, I have proposed a new economic development initiative called the Strategic Partnership for Upstate Resurgence, or Operation SPUR, which is a new seven-point plan to provide targeted economic assistance to communities across Upstate New York. SPUR will provide tax credits, grants, reduced-cost power, and special benefits for businesses locating in Agribusiness Opportunity Zones. When combined with the other economic development programs the state offers, as well as the biofuels credits offered by the federal government, I believe we can stimulate significant investment in biofuels production in New York.

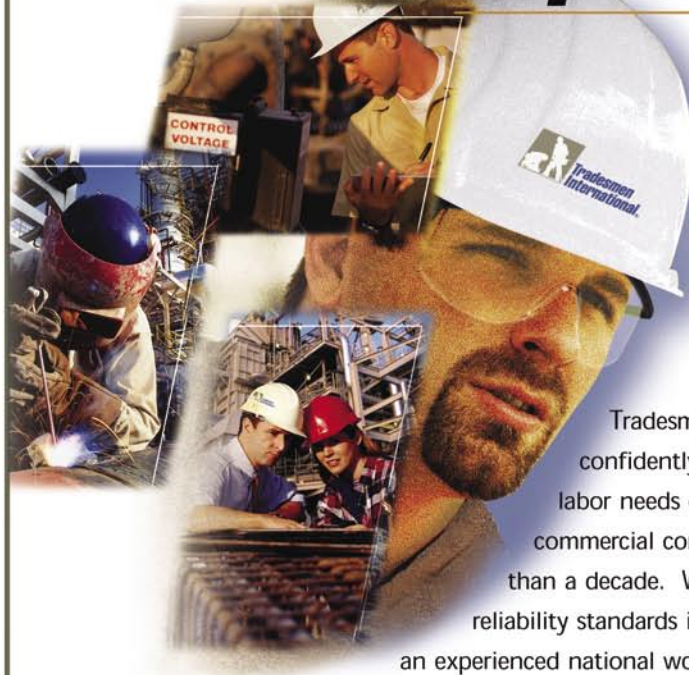
This investment in the current corn-to-ethanol technology is important, but New York is also

investing in the future of ethanol production technology. Ethanol of the future will be able to be produced by any number of feedstocks containing cellulose, including feedstocks that can be grown in abundance here in New York. Last year, I announced that we would expand the core mission at our Center of Excellence in Environmental Systems at Syracuse University to include research and development in renewable and clean energy sources. Like the other centers in our successful Centers of Excellence program, the center will partner state resources with private companies and research institutions like the State University of New York's College of Environmental Science and Forestry, Cornell University, and Clarkson University to research and commercialize advances in production and processing efficiencies, such as developing new techniques for making biodiesel or producing ethanol from cellulose sources as diverse as straw, hybrid willow, or paper mill wastes. The Center of Excellence is currently developing these private-university research and commercialization partnerships, and is hoping to break ground on new headquarters in downtown Syracuse later in 2005.

So the next time you fill up your tank with E85, think of New York and how we are changing the paradigm of energy production. We are more than just a consumer of renewable fuels. With our farmers, our students and researchers, and our entrepreneurs, New York will be leading the way in the development of the next generation of home-grown, renewable fuels for the 21st Century.

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