

February 8, 2013

Dear Chairman Koehler and Members of the Senate Agriculture and Conservation Committee:

On behalf of the National Marine Manufacturers Association (NMMA), I am writing to express the association's strong opposition to Senate Bill 52, a bill that modifies the Use Tax Act, Service Use Tax Act, Service Occupation Tax Act, and retailers Occupation Tax Act to incentivize sales of gasohol, and gasoline blended with 20 percent (E20) and 30 percent (E30) ethanol. NMMA opposes this bill because gasoline blends above E10 are identified by the federal Environmental Protection Agency (EPA) as being harmful to many consumer products, including marine engines.

By way of background, NMMA is the nation's largest recreational marine industry association, representing nearly 1,400 boat, engine, and marine accessory manufacturers. NMMA is headquartered in Chicago, Illinois. NMMA members collectively produce more than 80 percent of all recreational marine products made in the United States. Recreational boating is a popular pastime in Illinois, with 371,000 registered boats, ranking it as the 11th most popular boating state. The recreational boating industry is an important contributor to the Illinois economy, adding substantially to the \$72 billion in annual economic impact for recreational marine products and services.

While SB 52 does not specifically require the use of gasoline with a high ethanol blend, the bill does provide tax incentives to develop ethanol blends that are illegal to sell to the public and well beyond the E15 blend that was granted a partial waiver by the EPA. As you are aware, the EPA bans the use of E15 in any off-road engine, marine or engines used to power chainsaws, snowblowers and the like. The EPA's national mandate is that E15 can only be used in motor vehicles manufactured after 2000. E15 is banned from use in older vehicles (which comprise about 50% of the vehicles on the road today) or in heavy-duty vehicles, motorcycles, marine engines, off-road vehicles, lawnmowers, snowmobiles, and outdoor power equipment. The EPA has not allowed fuel with ethanol content higher than E15 be sold in the marketplace. Why would Illinois spend taxpayer dollars on a fuel that is currently prohibited? Meanwhile, SB 52 does nothing to ensure consumers are protected by a known harmful fuel. By providing tax incentives for high ethanol blend development, while doing nothing to ensure consumer protection, SB 52 puts the welfare of developers above the protection of consumers.

Executive Committee

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The Department of Energy's Office of Energy Efficiency & Renewable Energy released two studies, in the fall of 2011 on the effects of using E15 in marine engines. The research found that E15 caused severe damage to engine components of outboard, stern drive, and inboard marine engines, and increased exhaust emissions well beyond EPA Clean Air mandates. Although this Department of Energy test only focused on marine engines, it is a valuable tool in predicting the negative consequence of E15 fuel for legacy vehicles (pre-2001 model year) and small off-road engines of any age. We ask that you and the Senate Agriculture and Conservation Committee review the following study and attached slides: <http://www.nrel.gov/docs/fy12osti/52909.pdf>

This study of marine engines confirms that even E15, which contains half the ethanol of E30, caused total engine failure, misfires and poor running quality. Simply put, the test engines were unable to run properly and dependably on E15. This is evident in the photos included in the report that show increased carbon deposits in the engine on the underside of the pistons and on the ends of the rods indicating higher engine temperatures. Additionally, deterioration of the fuel pump gasket was evident. A deteriorated gasket can cause fuel pump failure and disable the engine. The 300 HP, four-stroke supercharged engine in the study could not even complete the endurance test on E15 fuel. The engine encountered a valve failure after 285 hours of endurance testing.

The harmful effects of E15 on marine engines are real and E15 also will significantly impact millions of people who use pre-2000 motor vehicles, boats, snowmobiles and small engines. SB 52 will only exacerbate the problem and further harm consumers. This bill fails to acknowledge the mounting evidence against E15, and pushes forward with funding for even higher ethanol blends.

NMMA remains concerned regarding the potential negative effects of E15 fuel on boat engines, both new and in use, particularly because there seems to be little effort to ensure that E10 continues to be readily available to consumers and equitably priced. Without easy access to E10, half of all car owners, as well as millions of boat owners, are unavoidably at risk of paying for expensive engine repair bills caused by misfueling. There is also concern that the warranty for vehicles and engines will not be covered with the use of E15.

Given these concerns, we strongly urge this committee to oppose SB 52. Please do not hesitate to contact me with any questions or concerns regarding this position at 202-737-9763 or nvasilaros@nmma.org.

Thank you for your consideration of our views.

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Sincerely,



T. Nicole Vasilaros, Esq.

Manager, State Government Relations and Legislative Counsel

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