



MEDIA ALERT FOR
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**NEW JERSEY FARM BUREAU SUPPORTS PHASE-OUT OF MTBE AS GASOLINE OXYGENATE
'Ethanol can readily replace it, at lower cost'**

TRENTON, NJ (April 26, 2005) -- Tomorrow (Wednesday, April 27), at 11:00 AM, in Statehouse Annex Committee Room 10, will be a Senate Environment Committee public hearing on Bill S2018, banning gasoline containing more than .05% of methyl tertiary butyl ether (commonly called MTBE) from being sold in New Jersey as of January 1, 2008. The substance has been added to New Jersey and other states' gasoline since the 1990's when the federal Clean Air Act mandated oxygenates in states that did not meet federal air quality standards. Studies since have found MTBE in drinking water sources throughout New Jersey.

The petroleum industry has been using MTBE over equally effective ethanol, because it is derived from its own industry and, at the time of the mandate, it was cheaper than ethanol. Now, 19 states, including New York and Connecticut, have replaced MTBE with ethanol at no increase in the price of the additive. An MTBE phase-out would strengthen the east coast's commitment to renewable biofuels, while enhancing the viability of farmlands, which would benefit from the additional use of corn for the ethanol.

New Jersey Bill S2018 states, "The Legislature finds and declares that methyl tertiary butyl ether, more commonly referred to as MTBE, has become a threat to drinking water supplies in the state and nationwide due to the properties of MTBE that make it highly soluble and rapidly transported into groundwater." (Text of the bill follows this release.)

"A responsive legislature will enact this ban," says Richard Nieuwenhuis, president of the New Jersey Farm Bureau. "Water is a precious commodity in New Jersey and the state has taken a strong position in keeping it pure; the Highlands Act is a good example. Failure to enact this MTBE ban would fly in the face of what that act is designed to accomplish."

New Jersey water systems contain some of the country's highest and most widespread levels of MTBE. According to a survey by the Environmental Working Group, MTBE has seeped into 430 New Jersey water systems, affecting 4.8 million residents here, mainly in northern counties.

A U.S. Geological Survey found MTBE in private and municipal wells as well as in Cranberry Lake and Lake Lackawanna, where summer boating is popular. The concentration level of MTBE in Cranberry Lake was found to be *the highest* in the country.

"Ethanol is the only logical replacement for MTBE," continues Nieuwenhuis.. "Twenty-five years of progress have made it a cost-effective, non-contaminating home-grown renewable fuel. As a gasoline additive, it now costs 9 cents less per gallon than MTBE and significantly reduces CO-2 equivalent greenhouse gas emissions."

Moving toward energy independence

With today's technology, ethanol now produces 167% of the energy used to grow, harvest, transport and process the grain that goes into it -- a big change from 25 years ago, when it cost more to make it than it saved. It was listed on the Chicago Board of Trade as a commodity in March 2005 and currently trades at \$1.25 per gallon.

Gasoline blended with up to 10% ethanol can be used in all motor vehicles without modification. According to the Renewable Fuels Association (RFA), during 2004, an estimated 3.41 billion gallons of ethanol were produced nationwide from 1.26 billion bushels of corn. There are currently 83 existing ethanol plants, with 16 additional under construction, projected to expand annual production capacity to 4.4 billion gallons.

The ethanol industry projects that by 2012, blending ethanol with gasoline could reduce imports of crude oil by 1.6 billion barrels a year. The US Department of Agriculture estimated that higher corn prices stemming from demand created by the ethanol-use incentive actually reduced federal farm program costs by \$3.2-billion. Analysis of the economic impact of 2004 ethanol production showed that the increase of ethanol replacing imported barrels of MTBE or petroleum added \$1.3-billion in additional federal tax revenue, with \$1.2-billion going to state and local governments. Thus, the ethanol-use incentive actually netted US taxpayers a positive \$2.65-billion. Discontinuance of the ethanol-use incentive would actually cost taxpayers money, at the same time making us more reliant on imported oil.

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The New Jersey Farm Bureau is a member organization of more than 19,000 farmers and farm-related entities within the Garden State. It is the only organization solely dedicated to representing the grass- roots interests and directives of its members to educate all levels of government and the public on the farm community's policies and positions. The Farm Bureau also takes a lead in seeking out initiatives, activities and ventures to enhance the profitability of producer members and ensure the viability of agriculture in New Jersey -- *the Garden State for Good Reason -- our farms.*

For further information, contact the New Jersey Farm Bureau, at The Farmhouse, 168 West State Street, Trenton, NJ 08608. Phone 609-393-7163; fax 609-393-7072; email mail@njfb.org; website www.njfb.org

SENATE, No. 2018
STATE OF NEW JERSEY
211th LEGISLATURE

INTRODUCED NOVEMBER 8, 2004

Sponsored by:

Senator STEPHEN M. SWEENEY
District 3 (Salem, Cumberland and Gloucester)

Co-Sponsored by:

Senator Bark

SYNOPSIS

Prohibits the sale of gasoline containing MTBE.

CURRENT VERSION OF TEXT

As introduced.

(Sponsorship Updated As Of: 12/7/2004)

AN ACT prohibiting the sale of gasoline containing Methyl Tertiary Butyl Ether, and supplementing P.L.1954, c.212 (C.26:2C-1 et seq.).

BE IT ENACTED *by the Senate and General Assembly of the State of New Jersey:*

1. The Legislature finds and declares that methyl tertiary butyl ether, more commonly referred to as MTBE, has become a threat to drinking water supplies in the State and nationwide due to the properties of MTBE that make it highly soluble and rapidly transported into groundwater; that, although MTBE has become the most commonly used additive to fulfill the State's requirements pursuant to the federal "Clean Air Act Amendments of 1990," 42 U.S.C.s.7403 et seq., it is not only the additive available to meet

the federal requirements; that the Department of Environmental Protection began detecting trace amounts of MTBE in drinking water around the State in 1990 and, in 1996, the Department of Environmental Protection began requiring the testing of levels of MTBE in drinking water, even though it was not a federal requirement; and that, after serious study, in July 1999, the United States Environmental Protection Agency proposed that Congress authorize the reduction or elimination of the use of MTBE as a component of gasoline because it is found as a contaminant in drinking water supplies nationwide.

The Legislature therefore determines that in addition to the water testing currently conducted in the State and the investigation of remediation methods for existing contamination, it is of vital importance that no further contamination of drinking water from MTBE occur in the State, and that the sale of gasoline containing MTBE must be prohibited in the State.

2. As used in this act:

"Department" means the Department of Environmental Protection;

"MTBE" means methyl tertiary butyl ether.

3. a. No person shall manufacture, process, import or distribute in commerce, gasoline which contains more than 0.5% MTBE by volume.

b. Any person who violates this act, or any rule or regulation adopted pursuant thereto, shall be subject to the provisions of section 10 of P.L.1977, c.74 (C.58:10A-10).

4. The department shall adopt, pursuant to the "Administrative Procedure Act," P.L.1968, c.410 (C.52:14B-1 et seq.), rules and regulations necessary to implement the provisions of this act.

5. This act shall take effect immediately, except that section 3 of this act shall take effect on January 1, 2008.

STATEMENT

This bill would prohibit the sale of gasoline containing more than 0.5% in volume of methyl tertiary butyl ether, more commonly referred to as "MTBE," in the State, beginning on January 1, 2008.

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