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## Biofuels Bill: Federal Subsidies Will Top \$400 Billion, Enviros Say

Replacing oil with home-grown biofuels is already proving to be an [environmental headache](#) for Washington. Fixing that could turn out to be an expensive headache, as well.

Environmental groups Earth Track and Friends of the Earth [just put out a study](#) quantifying biofuels subsidies through 2022, as the U.S. plans to massively increase production of biofuels. The upshot? The cost to taxpayers would be about \$420 billion over that period, or an average of about \$28 billion a year.

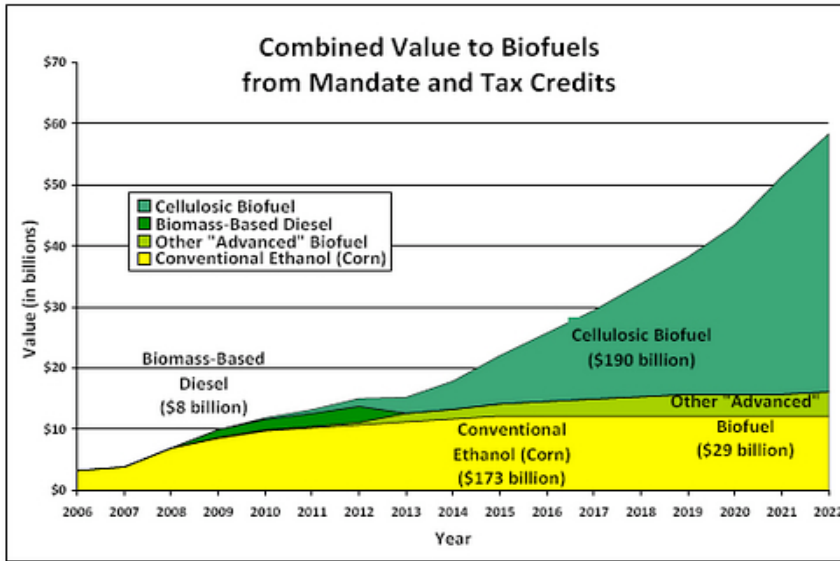
That's largely because so-called cellulosic ethanol, made from non-edible stuff like grass, gets bigger subsidies than corn ethanol. And government [targets](#) mandate that cellulosic ethanol make up the biggest share of the pie, because it seems to be better for the environment—cellulosic ethanol is seen as the big winner in the administration's new biofuels roadmap.

For example, biofuels subsidies in 2008—all corn—totaled \$9.5 billion, Friends of the Earth says. That would grow to \$60.7 billion in 2022, with more than \$40 billion going just to cellulosic ethanol.

The study assumes that biofuels subsidies will stay the same through 2022, since there's nothing on the books to automatically rein them in. While it's true, as the study notes, that "no federal tax subsidy that has been granted to the biofuels industry over the past 30 years has ever been eliminated," subsidies do occasionally get scaled back. Like the blenders credit, which was reduced from 51 cents a gallon to 46 cents a gallon this year.

The study also assumes that cellulosic ethanol makers will hit their stride and produce the billions of gallons per year mandated by federal law; so far, there are no commercial-scale cellulosic ethanol plants operating in the U.S. Less production would also mean fewer subsidy payouts by Washington.

Still, the total biofuels bill could get even bigger, Friends of the Earth argues: If President Obama makes good on campaign promises to increase U.S. ethanol production even more between 2022 and 2030—from 36 billion to 60 billion gallons—the total price tag could come to \$1.2 trillion.



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