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# Ethanol's Impact On Nebraska's Economy

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### **Ethanol's Impact on Nebraska's Economy**

By Kasey Rathke

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Many people do not think of Ethanol as more than just a type of fuel. It is not understood past the fact that it comes from corn, and that the E-10 blend tends to be a little cheaper at the pump. In Reality ethanol production is a science that has been around for hundreds of years. The distillation process for ethanol is basically the same for any type of alcohol. This includes food grade or the denatured alcohol that is produced right here in the Midwest, and then blended with gasoline. The process has been at times a nuisance to society, the prohibition moonshine era, but overall this is a process that has recently created a booming new industry in the Midwest's general economy. Recently policy questions have been floating around many news sources due to the upcoming presidential election. My purpose in this article is to show some of the effects of the ethanol industry on our economy. I want constituents in Nebraska to be informed with some basis facts about the ethanol industry.

I am going to narrow the facts of Ethanol's impact to my home state of Nebraska. It is the second largest Ethanol producing state behind Iowa, and I believe that ethanol's impacts here are very suggestive to the impacts of ethanol on other Midwest states (Nebraska Corn Board). Here are some of the facts. There are 24 ethanol plants that are currently under operation in Nebraska which currently have an average capacity of about 83 million gallons of ethanol per year (Nebraska Corn Refiners Association). According to the Nebraska Corn Board, these ethanol plants consume about 769 million bushels of corn annually. The state of Nebraska produced about 1.520 billion bushels of corn last year (2011 USDA Crop Production Report est.). That means that Nebraska's ethanol production corn usage is

50.5% of the entire state's corn production (Nebraska Corn Board). This makes a tremendous impact on not only the farm families of Nebraska, but also for all of the other jobs and economic stimulus that are created through these 24 plants.

According to the Nebraska Corn Refiners Association, the average ethanol plant employs around 40 employees. In a state with under 2 million residents the impact of 24 plants on the small states economy has a ripple effect through many different industries. After corn leaves the field where our hardworking farm families grow the actual crop it has to be moved, dried, stored, sold bought, graded, sampled, cleaned, and finally made into ethanol. There are people employed in areas of logistics, truck, and rail businesses, elevators, resellers, grain dealers, sampling, inspection and grading. It is not until after the corn has moved through all of these processes that it finally makes it to the ethanol plant. So many jobs are created by this ethanol industry, and so many dollars move into different industries because of this industry. The products from ethanol production go into the fuel ethanol industry, food products industries, and livestock feeding industries. All of these dollars go to benefit the State of Nebraska's economy.

I would like take a look at what just one ethanol plant can do for the state. The Archer Daniels Midland, Columbus, Nebraska located plant is the largest ethanol plant in the state and also the second largest in the country. This plant consumes around 550,000 bushels of corn per day or 200,750,000 bushels of corn per year. That is around 13% of Nebraska's total production. This plant is located in Platte County Nebraska. Platte County Nebraska along with the surrounding 8 counties that touch it do not produce enough bushels of corn in a year to keep this plant grinding for a year (Nebraska Corn Board). That is a total of nine counties. This is just one plant that has a huge impact on the state of Nebraska's economy.

Looking into the future, I say that Nebraska needs ethanol. It is a fact that ethanol creates jobs and ethanol keeps dollars in the state of Nebraska. Ethanol production is an end user of corn. Without

ethanol in Nebraska countless jobs would be lost. Demand for corn would be stagnant and Nebraska's basis levels would suffer tremendously. Farmers would have to travel farther to market their grain and even livestock producers would have to travel farther to find a viable protein feed for cattle. There are definitely question being raised as to whether or not we need blender's credits and such. I don't think the people asking those questions even know the answer. Ethanol producers are making a margin for grinding corn and selling their products even during times when corn is at such a high price level. I believe that ethanol has defiantly had a positive impact on the economy. If the ethanol industry does eventually give way to new renewable energy sources people need to remember what it did for states like Nebraska while it was booming.

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