

August 6, 2015

The Honorable Barry Loudermilk
Chairman, Committee on Science, Space, and Technology, Subcommittee on Oversight
United States House of Representatives
238 Cannon House Office Building
Washington, DC 20515-1011

The Honorable Randy Weber
Chairman, Committee on Science, Space, and Technology, Subcommittee on Energy
United States House of Representatives
510 Cannon House Office Building
Washington, DC 20515-4314

Re: July 23, 2015 hearing, "The EPA Renewable Fuel Standard Mandate"

Dear Chairmen Loudermilk and Weber:

On behalf of the Specialty Equipment Market Association (SEMA), I thank you for holding the July 23rd joint subcommittee hearing on the Renewable Fuel Standard (RFS) and the consequences of increased use of E15 (gasoline that is 15 percent ethanol) on engines and transportation fuel distribution systems.

SEMA represents the \$36 billion specialty automotive industry. Our trade association is comprised of 6,800 mostly small businesses nationwide that manufacture, distribute and retail specialty parts and accessories for motor vehicles. The industry employs over 1 million Americans and produces performance, functional, restoration and styling-enhancement products for use on passenger cars, trucks and special interest collector and historic vehicles, like the ones that will be most directly and immediately affected by a change in the ethanol content of gasoline.

While the 2005 law that established the RFS was designed to reduce U.S. dependence on foreign oil, it did not take into consideration the fact that ethanol can cause metal corrosion and dissolve certain plastics and rubbers, especially in older cars that were not constructed with ethanol-resistant materials. The RFS was updated in 2007, increasing the amount of biofuels to be blended into gas each year through 2022, while providing the U.S. Environmental Protection Agency (EPA) with the ability to reduce the renewable volume obligation (RVO). The EPA recently proposed reduced volume levels for 2014, 2015 and 2016. This is a clear indication that the EPA recognizes that the current marketplace cannot sustain increased levels of ethanol through sales of gasoline with 10 percent ethanol (E10), and that sales of E15 are limited.

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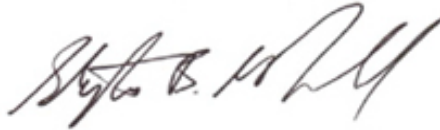


SEMA opposes E15, contending that the fuel poses a risk to 74 million older vehicles in addition to certain specialty high performance equipment installed on newer vehicles. EPA's decision to limit E15 sales to model year 2001 and newer vehicles acknowledges the risks that higher blends of ethanol pose to older vehicles. However, the agency only requires a gas pump warning label making it "illegal" for the consumer to fuel older vehicles with E15. This is insufficient protection for many motorists who may mistakenly fill their older vehicles with E15.

The EPA has been placed in a difficult position seeking to achieve artificial RFS mandates that place consumers and their vehicles at risk. There is a solution. SEMA and a coalition of more than 50 other organizations from the auto, boat, food and energy industries support H.R. 704, the "RFS Reform Act of 2015," which caps the amount of ethanol blended into gasoline at 10% and eliminates the RFS's corn-based ethanol requirement. We respectfully urge Congress to pass the bill.

I thank the committee for reviewing the RFS's impact and for its efforts to ensure that meaningful reforms to the law are considered. Please feel free to contact me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Stephen B. McDonald". The signature is fluid and cursive, with the first name being the most prominent.

Stephen B. McDonald
Vice President, Government Affairs
Specialty Equipment Market Association