

Illinois General Assembly: House Revenue and Finance Committee Submission of Testimony by the National Marine Manufacturers Association

On behalf of the National Marine Manufacturers Association (NMMA), I am writing to express the association's strong opposition to House Bill 1979, a bill that would create an open-ended allowance for the sale of gasoline with the highest level of ethanol allowed by law. This bill would establish a broad mandate while offering no protections for recreational boat owners and other off-road vehicle consumers.

By way of background, NMMA is the nation's largest recreational marine industry association, representing nearly 1,700 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 375,000 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 \$39 billion in total national retail expenditures on recreational marine products and services.

While HB 1979 does not specifically require the use of gasoline with a mix of 15 percent ethanol (E-15), the bill does move ahead with a definition that would approve the use of E-15 even while it is under litigation between the EPA and a broad coalition of stakeholders, including snowmobilers and recreational boaters. As importantly, the legislation fails to guarantee owners of recreational boat and off road vehicle engines access to fuel that is compatible and safe.

We believe the Department of Revenue, which is implicated in this legislation, is not well equipped to ascertain the safety of a product under its tax revenue jurisdiction without first obtaining significant input from the EPA. We ask this committee to postpone addressing the tax implications of E-15 retail sales until such time the EPA has completed its safety review, litigation on the matter is settled, and it has become apparent that E-15 will be permanently available.

The following points specifically address our E-15 concerns, as well as the basis for the lawsuit of which NMMA is a party.

1. **Marine Engines/Equipment Are Not Designed, Calibrated, EPA Certified or Warranted to run E15.** There is an enormous and diverse array of nearly 17 million legacy marine products currently operating in the United States—and those boats, engines, and fuel systems currently being manufactured—none of which has been designed, calibrated, or certified to be compatible with any gasoline fuel containing more than 10 percent ethanol by volume. Owner's manuals and warranty documents specifically advise consumers not to use more than E10.
2. **EPA/DOE have not yet completed testing of E-15 on Marine Engines or Equipment.** Neither EPA nor DOE, or any other federal agency, has completed any testing of E15 on marine equipment, although Congress explicitly strengthened the Clean Air Act Sec. 211(f)(4) fuel waiver petition process in the Energy Independence and Security Act of 2007 (EISA) to require EPA to evaluate the implications of a new fuel (e.g. E15) on non-road equipment, including recreational marine engines, fuel systems and their components. Given widespread and well-documented problems associated with E10 in marine engines, it is likely that independent scientific marine engine durability and emissions testing will demonstrate that E15 is simply not compatible with recreational boats and marine engines as well as other non-road equipment of similar design. NMMA is working with DOE and EPA to undertake these studies, yet such testing has not yet begun.

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3. **E-15 Will Increase Air Emissions from Marine Engines.** All available evidence indicates that the introduction and use of E15 or any ethanol-blended gasoline above E10 will result in an increase in NOx (a smog-forming pollutant) emissions due to leaner operation, higher combustion temperatures, gumming and corrosion of fuel systems, and degradation to air emission control devices. All recreational marine engines and heavily regulated by EPA, and these engines are certified as compliant with air emissions regulations only up to E10.
4. **E15 Will Cause Substantial Harm to Existing Marine Equipment.** There is a significant amount of technical and anecdotal information that concludes that the introduction of E10 into the gasoline supply has caused significant damage and failure to boats. Although boat and engine manufacturers have adjusted and now design equipment to run on E10, the introduction of E15 will result in: (1) Damage to rubber parts; (2) water contamination in the fuel system due to ethanol's hygroscopic properties; (3) increased water absorption and phase-separation of gasoline and water while in tank; (4) corrosion of fuel system components and fuel tanks; (5) higher exhaust gas temperature due to enleanment; (6) performance issues, such as drivability (i.e. starting, stalling, fuel vapor lock); (7) damage to valves, push rods, rubber fuel lines and gaskets.
5. **E-15 Poses Safety Risks for Boaters, Anglers.** Boats and their engines must be reliable and are designed to perform very specifically in relation to their power source. The harsh marine environment and the potential jeopardy boaters could be in as a result of product failure is a serious safety issue. Any performance problem resulting from the use of an incompatible fuel such as E15, including the temporary failure of an engine due to vapor lock, while out in the open ocean is an independently sufficient reason to ensure any new fuel introduced into the marketplace is compatible with marine equipment.
6. **Introduction of E15 Would Result in Widespread Misfueling.** Ethanol advocates have suggested that boaters could still buy E10 if E15 is introduced into the market. However, there is a substantial risk of consumer misfueling in such a scenario, particularly among boaters. The overwhelming majority of recreational boats are trailerable and refueled at regular automotive gas stations—95 percent of recreational boats are less than 26 feet in length. Boaters, and nearly all consumers, make fuel choices based on price, and most boaters know that manufacturers advise that they should run only regular grade gasoline in their engines. Should a new fuel, such as E15, be sold at gas stations as a general purpose fuel, no amount of labeling and virtually no economically viable safeguard would prevent the misfueling of recreational boats.

Given these concerns and the lack of data or testing that has been officially conducted by EPA or DOE as required by the Clean Air Act regulatory process, we strongly urge this committee to delay action on HB 1979 until such time as regulatory experts have resolved the serious issues of availability and compatibility of appropriate fuels for all engine types. 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.

Sincerely,

T. Nicole Vasilaros, Esq.
Manager, State Government Relations

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