

United States Senate

November 14, 2017

The Honorable Kim Reynolds
Office of the Governor of Iowa
1007 East Grand Avenue
Des Moines, Iowa, 50319

Dear Governor Reynolds,

Congratulations on recently becoming Iowa's 43rd Governor. I have great respect and affection for the amazing people of Iowa. Traveling throughout all 99 counties in the state over the last few years, I had the opportunity to learn firsthand what Iowans care about most. Listening to corn farmers, school teachers, union workers, and small business owners from Sioux County to Scott County, and everywhere in between, it was clear that they want to secure the opportunity to succeed for all Americans – Iowans and Texans alike.

Accordingly, I write to respond to your recent public comments regarding my position on U.S. Department of Agriculture (USDA) nominee Bill Northey and to clarify the intent of my efforts to find a win-win solution to unleash an American energy renaissance that will revitalize the fuel industry and help both Iowans and Texans thrive.

As you know, I, along with eight other senators representing states whose constituents depend on a strong and robust refining industry, recently requested that President Trump convene a meeting with us and our colleagues representing various Midwest states, to discuss elements of the Renewable Fuel Standard (RFS). Our goal in requesting this meeting is simple: to bring together diverse interests in an effort to come together and find a mutually beneficial outcome that will help both Iowa corn growers as well as protect blue-collar, refinery jobs that are at risk in too many states across our great nation. For example, a recent study found that if the most endangered U.S. independent refiners go out of business, an estimated 75,000 to 150,000 high-paying and skilled American jobs are potentially at risk. That should be unacceptable for any of us who care deeply about American workers.

One of the main issues in RFS policy that has recently come under particular scrutiny is Renewable Identification Numbers (RINs). As you know, refiners must meet their annual obligation under the RFS by submitting a set amount of credits, or RINs. Unfortunately, RIN prices – an artificial government-created construct – continue to skyrocket and the result is hurting refiners and the men and women they employ all across the country. The real beneficiaries of unsustainably high RIN prices, however, are not corn farmers or reinvestment in RFS infrastructure, but rather market speculators. Indeed, the data show that when RIN prices are highest, corn prices are often lowest. Surely, we can agree that our nation's RFS policy should benefit corn farmers and hardworking refinery workers on Main Street, not fast-talking bankers on Wall Street.

And just like my colleagues from Iowa and elsewhere, I also must fulfill my constitutional responsibility to provide advice and consent to the President's nominees. As you know, the RFS is implemented by the Environmental Protection Agency (EPA), in close consultation with the USDA and the Department of Energy. The USDA therefore plays a critical role in formulating RFS policy. Accordingly, I have placed a hold on the nomination of Bill Northey to be the Undersecretary of Agriculture for Farm Production and Conservation until and unless we secure the aforementioned meeting where we can bring diverse interests together to try to find meaningful short-term solutions while setting the stage for longer-term policy certainty. With jurisdiction over the Farm Service Agency and the Commodity Credit Corporation, the Undersecretary for Farm Production and Conservation will have a particularly important voice in the USDA's promotion of renewable biofuels.

As you are aware, your own home state senators similarly placed holds on multiple EPA nominees (and threatened to do the same on all judicial nominees) when they were trying to exert influence over the EPA's internal review of the RFS just a couple of weeks ago. I greatly respect Mr. Northey's experience as a 4th generation farmer and his good reputation and history of service to Iowa, and hope that he will use his background and expertise to help the USDA do great things for the nation's farmers going forward.

Indeed, I believe that the only sensible path forward must provide wins for both refinery workers in Texas and Pennsylvania, and corn farmers in Iowa and Nebraska. We should find a solution that allows corn farmers to sell much more corn, but without costing thousands of blue-collar union members their jobs because of government-created RIN speculators. Both sides of this debate must negotiate, in good faith, to find a mutually agreeable solution that secures the future of liquid fuel production in America. I stand ready to work with you, my Senate colleagues from Iowa and elsewhere, and anyone else, to find that common ground. Our constituents deserve and should demand nothing less.

Sincerely,



Ted Cruz
U.S. Senator