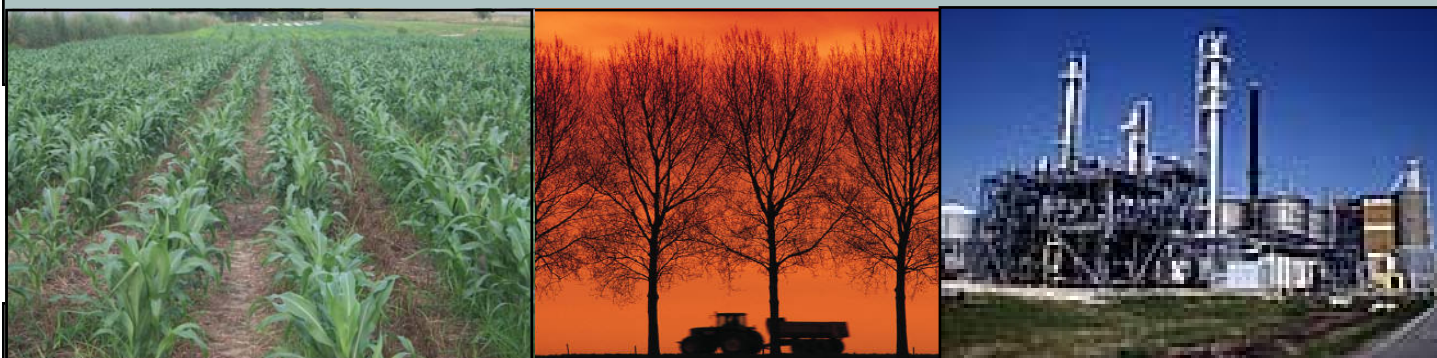


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Economic Impacts of a Large Food and Energy Processing Facility in West Tennessee



Bioenergy Development

Ethanol and biodiesel markets are experiencing a period of dynamic growth. While many ethanol facilities are using corn as a feedstock and biodiesel facilities rely on soybeans as a feedstock, there is potential for a horizontally integrated facility that produces not only ethanol, but also biodiesel, high protein feed, and corn oil. This analysis projects the economic impacts from a horizontally integrated bioenergy facility located in Tiptonville, Tennessee.

Currently, construction of a large horizontally integrated bioenergy facility on the Mississippi River in Lake County, Tennessee is under consideration. If built, the estimated economic impacts such a facility could be as large as \$2 billion adding an estimated 12,000 jobs to the region. The plant,

as reported by Rod Miller when completed, is designed to produce 196,000 tons of food grade corn oil, 520 million gallons of ethanol, 3.1 million tons of fish meal, and 81.5 million gallons of biodiesel. The plant will require 177 million bushels of corn and 52 million bushels of soybeans annually.

Based on preliminary projections, about 15 percent of the crops used in the facility will come from local sources, although a larger

Did You Know?

Tennessee farmers planted 650,000 acres of corn last year and produced 77.35 million bushels or 130 bushels per acre. They also planted 1.1 million acres of soybeans and harvested 41.8 million bushels for an average yield of 38 bushels/acre (Tennessee Agricultural Statistical Service).

share would be welcomed. Thus, it is estimated that 26.6 million bushels of corn and nearly 8 million bushels of soybeans will be drawn from counties located within a fifty mile radius. Price projections are that these bushels would command between a \$0.07 and \$0.12 per bushel price premium. In our analysis, we assumed a \$ 0.10 per bushel premium would be added to farmers receipts. The impacts of adding an ethanol industry to the area's economy (defined as a 50 mile radius from Tiptonville), and the premium paid to the farmers for their corn and soybean production, will result in an estimated annual economic impact of \$2.7 billion in the region with an estimated \$3.7 million increase in the re-



Fifty mile radius around Tiptonville in Lake County, Tennessee

In a recent survey, soybean growers were asked their interest in forming a new generation cooperative to produce biodiesel. A majority of the survey respondents (75.6%) were interested in the cooperative concept. The study was instrumental in initiating a review of Tennessee's existing cooperative legislation and adopting legislation to allow new generation cooperatives as a new business structure in the state.

gion's farm income. The impact could be greater (up to \$2.8 billion of additional impact) if other industries that produce inputs required by this processing facility decide to locate within Northwest Tennessee, Western Kentucky, Panhandle Missouri, or Northeast Arkansas region or if a greater proportion of feedstock were generated within the region.

Employment at the plant is estimated at 165 people, with an annual average salary in excess of \$30,000. Most of the impacts beyond the operation of the ethanol plant occur as a result of additional employee compensation. Sectors that are projected to benefit the most from the increase in employee compensation include the housing in-

dustry, health care, restaurants, wholesale trade, banking, automobile retail establishments, real estate, and communications.

