

currently produces 12.5 million gallons of ethanol per year. It grinds 5 million bushels of corn and milo. Expansion is planned to double the capacity at a cost of 20 million and currently this is being engineered and scheduled to be on stream in late 1992, so progress has been made since this production credit was given. After expansion, the plant will grind 10 million bushels per year. The plant was purchased for \$10.5 million on November 1 of 1990 by Chief Industries and Chief was the seventh buyer that FSLIC, FDIC contracted to sell it to. Others could not get financing for the project. Decision to purchase was based on the economics and place at the time including the 20 cent gallon production tax credit. Expansion plans and the expending of thousands of dollars depend on the producers' credit being 20 cents in place for the long term. The economics of building new ethanol plants in the State of Nebraska requires the producers' credit to be viable, at least until the market is expanded substantially due to the Clean Air Act. Ethanol prices currently don't allow new plants to be built without the producers credit and the surrounding states, as I've already mentioned on the map that I showed you, have as much or more that they are providing in production credit. These are just some of the statements and I've also talked with him and he has said to me that he could get me further information following today if we needed it which really verifies that the plant is planning on financially utilizing and has a need for the production credit to be continued. That's really all I want to add at this point. I'll put my light on again. If there are some questions, I'll be glad to try to answer them. Thank you.

**SPEAKER BAACK:** Thank you, Senator Smith. The next speaker is Senator Kristensen.

**SENATOR KRISTENSEN:** Thank you, Mr. Speaker and members, I'm not really sure how I feel about the compromise amendment, simply because I guess that I have some observations and some feelings about the current state of affairs that we have with the ethanol industry and where we're at. But one thing I do know for sure is that there is really only one viable ethanol operation in this state and that is the Hastings plant. There are others proposed. There are others that are seeing a whole new industry. I don't think that is going to occur and I think Senator Schmit has told you and I think Senator Smith has told you that Sutherland probably, more than likely, is an option. Whether that actually will ever come into existence or not we don't know, but at the present time the best bet in the ethanol