Ninety-Ninth Legislature - Second Session - 2006
Committee Statement
LB 526

Hearing Date: February 2, 2005
Committee On: Revenue

Introducer(s): (Connealy, Cunningham, Synowiecki)
Title: Provide ethanol production incentives and funding

Roll Call Vote – Final Committee Action:

Advanced to General File

Advanced to General File with Amendments

X Indefinitely Postponed

Vote Results:

6	Yes	Senators Baker, Cornett, Janssen, Landis, Raikes and Redfield
1	No	Senator Connealy
0	Present, not voting	
1	Absent	Senator Preister

Proponents:	**Representing:**
Senator Matt Connealy	Introducer
Mayor Daryl Reitmajer	Wahoo
Tom Willnerd	South Platte United Chamber of Commerce, HCS Development Corporation
Steve Sorum	Nebraska Ethanol Board
Ron Friehe	Himself
Marlan Ferguson	Grand Island Area Economic Develop. Corp.
Everett Vogel	NEDAK Ethanol LLC Board
Mark McColley	Steamfitters & Plumbers Local Union 464
John K. Hansen	Nebraska Farmers Union
Sam Scarpello	Omaha Building & Construction Trades Council
Matt Jedlicka	Nebraska Farm Bureau
Steve Ebke	Nebraska Corn Growers Association
Allen Sievertsen	Husker Ag LLC
Loran Schmit	Himself

Opponents:	**Representing:**
Tim Keigher	Nebraska Petroleum Marketers and Convenience Stores Association
Jon Gross	RDG Geoscience & Engineering, Inc.
Fred Jones	Geotechnical Services, Inc.

Neutral:	Representing:
None	

Summary of purpose and/or changes:

LB 526 would have amended section 66-1344 to provide a new ethanol incentive program for plants coming on line from January 1, 2006 through June 30, 2009. The incentive was eight cents per gallon for six years. Plants had to produce at least two million gallons annually and the incentive was limited to 12,500,000 gallons annually, or 75 million gallons total. Therefore, the total credits that could have been earned by a plant under this new incentive could not exceed $6 million.

The bill would have required that samples be provided to the Department of Revenue to test the quality. No credits would be granted if the samples fail to meet the industry standard for ethanol. The plant must 1) receive approval to operate from the Department of Environmental Quality and the Bureau of Alcohol, Tobacco, Firearms and Explosives, and 2) generate at least 164,384 gallons over a 30-day period before the July 1, 2009 deadline to receive credits. A new ethanol facility could not be the expansion of an existing facility. The application must include a $5,000 application fee, which was credited to the EPIC Fund.

This section also stated that the Department of Revenue shall not allow credits until the Department of Labor provides written confirmation that the producer publicly bid the plant construction project and gave preference to Nebraska bidders. Finally, this section permitted qualifiers under this program to also receive benefits under the Employment and Investment Growth Act (LB 775) and the Invest Nebraska Act (LB 620), reversing the policy enacted by LB 479 (2004).

Section 2 would have amended section 66-1344.01 to include this new production incentive into the section calling for contracts between ethanol producers and the state regarding the incentives to be granted. Section 3 amended section 66-1345.01 to extend the life of the EPIC fund to 2015. Section 4 amended section 66-1345.01 to extend the checkoff on corn and sorghum from October 1, 2010 until December 31, 2011 and provide a ½ cent checkoff for calendar years 2012 and 2013.

Finally, section 5 would have amended section 66-1519 to increase the diversion from the Petroleum Release Remedial Action Cash Fund (LUST fund) to EPIC from $1.5 million annually to $5 million annually until 2011, and provide an additional $3 million diversion for 2012 and 2013.

Explanation of amendments, if any:

Senator David Landis, Chairperson