



Ninety-Ninth Legislature - First Session - 2005
Introducer's Statement of Intent
LB 526

Chairperson: David Landis
Committee: Revenue
Date of Hearing: February 2, 2005

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 526 creates an income tax incentive for ethanol production. To qualify, between January 1, 2006 and June 30, 2009, plants producing two million gallons of ethanol annually or 64,384 gallons in a thirty day period qualify may apply for this credit from the Department of Revenue.

An initial application fee of \$5,000 is required, and will be credited to the Ethanol Production Incentive Cash Fund (EPIC).

If qualified, eligible plants will receive income tax credits of eight cents per gallon up to a maximum of 12,500,000 gallons annually or 75 million gallons maximum over 72 consecutive months, with a maximum of six million dollars in credits per plant. LB 526 also removes current law's exclusions to other state tax incentives.

Funding for this incentive program comes from a combination of corn check off funds and transfers from the Petroleum Release Remedial Action Cash Fund (PERF). Specifically: Extend corn check off of $\frac{3}{4}$ cent under current program from an end date of October 1, 2010 to December 31, 2011 and continue corn check off of $\frac{1}{2}$ cent beginning January 1, 2012 through December 31, 2013. Increase the transfer from PERF to the EPIC fund from 1.5 million to five million dollars on October 1 of the following years: 2005 to 2011. Continue the transfer from PERF to the EPIC fund at three million dollars October 1, 2012 and October 1, 2013.

The bill also requires strengthening current law which provides that preference be given to Nebraska bidders if comparable bids are submitted to build ethanol plants by requiring the Nebraska Department of Labor to provide written confirmation of the producer's compliance to this section before the Department of Revenue provides income tax credits.

Principal Introducer: _____
Senator Matt Connealy