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LB 360

we clarify the language with the Department of Revenue so that the tax is not collected, they will continue to collect it and it will mean for all practical purposes wood alcohol will never become a source of energy here in the State of Nebraska. So I move adoption of the amendment.

SPEAKER MARVEL: Senator Warner, do you want to speak to the Schmit amendment?

SENATOR WARNER: Mr. President, first I would have a question of Senator Schmit so I understand for sure what he said. Do I understand that your amendment expands the coverage for the five cents exemption or does this exempt this particular fuel from the full fuel tax, the full current 13.6?

SENATOR SCHMIT: Senator Warner, I am not just exactly sure how they arrive at a tax on special fuels but the Department of Energy has determined or rather the Department of Revenue has determined that this would be...that alcohol would come under this category, wood alcohol. I think the law is vague and I don't believe that we intended to collect that tax on alcohol. Now maybe some people did but it is counterproductive. It is inconsistent for us on one hand to exempt the gasohol blend from five cents per gallon when it is a ten percent mixture, and on the other hand to collect the 13.6 tax from the wood alcohol.

SENATOR WARNER: Well, is the exemption going to be 5 cents or 13.6 cents for this wood alcohol?

SENATOR SCHMIT: No, the exemption is going to be...the tax is 13.6 on special fuels. The wood alcohol is considered by the Department of Revenue as a special fuel and, therefore, it is going to make it impossible to sell alcohol competitively in the State of Nebraska.

SENATOR WARNER: Would you be willing to hold this till Select File so I could be sure to understand?

SENATOR SCHMIT: Sure will.

SENATOR WARNER: As you all know I have a real concern about exemptions being expanded significantly for different fuels because that is the funds, obviously, that support roads.

SENATOR SCHMIT: Right.

SENATOR WARNER: And the more vehicles that are exempt from any support for roads the load gets higher for those that do have to pay, and if you are only expanding it the nickel,