

wet alcohol. At the present time the way the law reads we give a 50¢ per gallon subsidy to the production of anhydrous alcohol. We give a 5¢ per gallon subsidy to wet alcohol. If we adopt this amendment we will remove the special fuels tax which will be 13½¢ per gallon on wet alcohol, which is still less than one-third, almost one-fourth of the subsidy which is granted to anhydrous alcohol. I know that there is some concern about the loss of tax revenue. Let me explain to you that the loss of tax revenue is not going to be of any great concern because at the present time we have a very small number of plants in Nebraska that are producing wet alcohol. It is not used in any large amount and the idea behind this amendment is to encourage the construction of the plants which will produce the wet alcohol as a direct replacement for gasoline. I believe it can be economical. Those producers of alcohol in that category have told me they can compete with gasoline with that kind of a subsidy. It is less than a subsidy than anhydrous alcohol. I'm not suggesting that somebody might say lets wipe out that subsidy on anhydrous alcohol. What I'm saying is that in order to give to the small alcohol producer an equitable opportunity in the market place, that we need to adopt this kind of an amendment and that we need to adopt it at this time, because there is in the State of Nebraska a growing interest in service stations purchasing and selling direct to the public wet alcohol. There have been a number of them that have contacted me and have asked that we adopt this amendment. I would hope that you would adopt it. I do not believe the loss of revenue will be substantial. At the present time the only vehicles that I know of that are burning this alcohol, wet alcohol, are several state patrol vehicles. But there are a number of stations which have told me they will purchase the alcohol and sell it direct if the exemption becomes a part of the law. Another thing that this amendment does is that it applies the exemption to alcohol produced outside of Nebraska. The reason that I have done that is because I do not believe that it will hold up in court to limit that exemption to alcohol produced only in Nebraska. That has been tried in several states, it has been in the courts. I do not wish to find this amendment or this bill tied up in the courts, therefore, I am suggesting that we apply it to wet alcohol produced anywhere. I would hope that the Legislature would try it for one year. If we find that it does cause a serious loss of revenue, which I can not foresee because we do not have the alcohol plants