

Johnson's amendment takes a lot of money out of the Highway Trust Funds. And we think we have reached a fair compromise here. And in a matter of probably five, six years, or even sooner, this could deplete the Ethanol Authority's funds and I think that's what we've been looking at. The farmers have put in a lot of money in this ethanol fund and we want to use that fund. And if the fund is depleted, there is a possibility down the road that it could be replenished. But this is a good compromise, it's fair. It protects the people that are already producing ethanol and it helps the people that are building new plants. And I would urge you to support the Smith amendment.

SPEAKER BAACK: Thank you, Senator Schrock. I would like to introduce some guests of the Legislature. They're guests of Senator Robak and they are 22 fourth graders from Williams Elementary in Columbus, and their teacher. Would you please stand and wave and be welcomed by the Legislature. Thanks for being with us. The next speaker is Senator Schmit.

SENATOR SCHMIT: Well, Mr. President and members, it's been a long time since we started working on the ethanol program. It's been 20 years now and, as we know, conditions change. I visited with Senator Smith and Senator Schrock and others relative to this amendment and I'm not at all satisfied that it is the way we ought to go. I did tell them that I wanted to point out some of the problems that I believe may exist with the amendment. First of all, I was never a supporter of using production incentives for existing production. In other words, if there's \$12 million of production in existence in Nebraska at the present time, it does not make sense, to me, to pay 2.4 million per year to continue that production. Now there was some question last year, and Senator Smith and I and others discussed this at great length, as to whether or not the ethanol plant at Hastings could be sold. I want to correct the impression that the Hastings plant was not profitable. The Hastings plant was profitable. The parent company of the Hastings plant, the savings and loan went broke, and the FSLIC took possession of that plant and in the typical manner of the FSLIC they muddled along for a number of years to the point where almost everyone became disgusted with it. But, to the credit of the people who were operating that plant, the plant did function at a very efficient level and, to the best of my knowledge, it was always profitable. So the plant was making money. Chief Industries did buy the plant and they bought the plant based upon the language in the bill last year. The plant actually sold for