

listened to your explanation, the 50 cents...if they paid a \$100,000...owed a \$100,000 in tax, you said they could get an income tax credit in the amount of 50 cents per gallon, as I understand it. But that income tax credit can be transferred to somebody else, sold to somebody else, as I understand it. What I'm trying to understand is, can the firm that is selling sell their income tax credit at a rate of 50 cents for every gallon of items that they have sold to somebody else who is going to pay income tax, but they could sell it to them for a million and then the firm that owed 5 million wouldn't have to pay 5 million, they would have the use of that credit? Is that how that works?

SENATOR SCHMIT: I do not know, Senator, if it's possible under state law for an individual to sell a tax credit to some other entity. I'm not familiar with that policy.

SENATOR WARNER: The provisions of your amendment says that you can transfer it and I'm wondering transfer it to who.

SENATOR SCHMIT: Well, Senator, the...let's see, I see, yes, you're correct, that is part of it. I'm sorry, I apologize. I was looking at the wrong part of the statute...of the bill. That would be a transferable income tax credit. Do you have objections to that, Senator Warner?

SENATOR WARNER: I'm trying to understand how it works.

SENATOR SCHMIT: I know that...

SENATOR WARNER: I will have an amendment or am preparing an amendment that will strike the two cents, maintain that as it is under existing...

SENATOR CONWAY: One minute.

SENATOR WARNER: ...law for 1992 and that will also have the ethanol fund paying all of the production credit after 1994 which also will necessitate, of course, the reinstatement of a checkoff which I will offer to your amendment as soon as I get it here.

SENATOR CONWAY: Thank you, Senator Warner. I will go to Senator Coordsen now, please.