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April 5, 2004            LB 1065

SENATOR BAKER:    Okay.    Thank you.

SENATOR CUDABACK:    Thank you, Senator Baker.    You've heard the opening on advancement of LB 1065.    There are Revenue Committee amendments, as stated by the Clerk.    Senator Landis, Chairman of Revenue Committee, you're recognized to open on AM2644 to LB 1065.

SENATOR LANDIS:    Mr. Speaker, members of the Legislature, the ethanol program as currently envisioned is maxed out.    We are in deficit spending, essentially, in ethanol.    We have more obligations than we have projected revenue.    This bill is part of a plan to bail ourselves out of preexisting obligations, and even as we're doing that there is contemplation on the floor to expand the amount of obligations where we are now, which we can't afford.    So when an ethanol plant goes into production, there are two ways in which the state helps out.    First thing we do is we give them an 18-cent a gallon credit, and that maxes out at about, if you make use of all of the production and you produce as much as in fact the law contemplates, you get \$22.5 million of this kind of assistance.    What it comes down to is a certificate that, if you can't make use of, you can sell on the open market.    So no matter whether you're making money or not, it's not an income tax credit.    You don't have to be making money to get the credit.    You're given a certificate essentially to forgive you from paying motor vehicle taxes and that has big value to any high gas user, and they'll turn around and buy their certificate, which means if you get this and you do your production, you get \$22.5 million of certificates which you can turn around and sell in the marketplace and get the money.    On top of that, you get LB 775 benefits.    Now we, realizing that there was a problem ahead, changed the law and we contemplated adding a half-cent checkoff and we did some General Fund money for seven years.    We, in LB 536, came up with 44.5 million bucks.    The 44.5 million bucks was to help us pay for ethanol plants, and that would be at a rate of about \$20 million or \$22 million a plant.    That would be two plants.    However, four plants are on-line and will be receiving benefits.    So, since LB 536, what we have is about \$90 million of reasonable expectation, and \$44.5 million of current plan for the spending and to support that \$90 million.    LB 1065 is the shortfall, the