

TRANSCRIPT PREPARED BY THE CLERK OF THE LEGISLATURE
Transcriber's Office
FLOOR DEBATE

April 5, 2004 LB 1065

amendment. It is implicated in one of our existing ethanol plants and it's, by the way, it's relatively consistent with other tax programs and the way that we handle things in the revenue area, and it was the recommendation of the Tax Commissioner that we do this. Several of the ethanol plants that we have now all get LB 775, and LB 775 benefits go to the owners of the plants and you get to reduce your income tax. LB 775 says, to qualify for LB 775 you have to be a taxpayer so you can take this credit. There are business entities which are not eligible for LB 775 because they include charitable trusts who are owners. As a charitable trust, they don't pay income tax, so they don't have a mechanism for taking the income tax credit that you get from LB 775. What the amendment says is, look, if up to 10 percent of your investors are these charitable trusts or are those kinds of interests that don't have income tax, it doesn't stop you from being able to claim LB 775 benefits. But understand that, let's say 10 percent of your membership were nontaxpayers, you would not distribute all the credits to the 90 percent who were taxpayers. You would allocate across all 100 percent, and 10 percent of them wouldn't be able to claim their credits. So you would reduce the total amount of credit the project would get by how much, up to 10 percent, of its investors were charitable trusts, if you will. It's a de minimis rule. It's suggested by the Revenue Department. I think it makes good sense and adds a measure of fairness, and it does not expand LB 775 operations. What it does is it says, in the one case where we have this, you still get to make application and use it, but you are...the credits that you get are reduced by the amount of your investors who are, in fact, charitable trusts. I would ask for the adoption of the amendment to the committee amendment. Thank you.

SENATOR CUDABACK: Thank you, Senator Landis. You've heard the opening on AM2845, which is an amendment to the Revenue Committee amendments to LB 1065. Open for discussion on that motion. Senator Connealy.

SENATOR CONNEALY: Thank you, Mr. President. Members, I rise in support of the Landis amendment. I think that this fixes a problem with the LB 775 credits to KAAPA and to...that was unintended. I do have some questions about the committee