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FLOOR DEBATE

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LB 1065

SENATOR CUDABACK: (Visitors introduced.) On with discussion of the Chambers amendment, FA1669, Senator Raikes, followed by Senators Hartnett, Chambers, Baker, Landis, Loudon, Stuthman.

SENATOR RAIKES: Thank you, Mr. President and members of the Legislature. I have struggled with this bill in committee and continue to do so and I thought I would try to express some of my concerns. First off, we've talked about the success of this program, referring to the LB 536 program, and the fact that we have more ethanol plants than we had anticipated. And I would agree that that is true. I think there was general agreement that we would have two plants that would be supported by this. We have four now that are sure, either are or sure to make it. And I have a little different read on the success of this program. In my estimation, the program was too rich. It was mistakenly put together. It offers too much money. Some have argued, well, gee, what's the problem with that? This is all going to a good cause, the rural community. Let me just suggest what may be another outcome of this sort of thing. You have a program that's too rich in the way of offering more incentives than are needed in order to accomplish something. Here I come as an investor, looking into this program. So I decide that I'm going to go ahead and make an investment in a facility, I'm going to make sure I get lined up to accept all of the incentives you have to offer, and go ahead and proceed on that basis. And let's suppose that I get that done and I invest a total of \$20 million to get a plant in place and then I have a stream of revenues associated with it. If the program is too rich, likely what I can do is at that point head for the bright lights. I'm not going to stay in rural Nebraska, I'm going to head to wherever there's a market and sell this operation. And because it's too rich, I may be able to get, like, \$60 million for the \$20 million that I invested. So the point is, by making a program like this too rich, you are not, by any means, necessarily directing money into rural Nebraska. You may well be sending it out of state, which is exactly what was intended not to be done. There's been comments about farmers' support of ethanol. And I agree that there is a checkoff program, but I may have mentioned a time or two that there are some farmers who I think benefit from this program that don't pay at all and are