

LEGISLATIVE BILL 1208

Approved by the Governor March 21, 1972

Introduced by Loran Schmit, 23rd District; Richard Lewis, 38th District

AN ACT to amend sections 66-410, 66-410.01, 66-428, 66-467, and 66-468, Revised Statutes Supplement, 1971, and section 66-452, Revised Statutes Supplement, 1971, as amended by section 8, Legislative Bill 343, Eighty-second Legislature, First Session, 1971, relating to motor vehicle fuels; to revise provisions relating to the use of agricultural alcohol in fuels; to change terms and requirements for the Agricultural Products Industrial Utilization Committee; to change the name of the Grain Alcohol Fuel Tax Fund and provide for deposits in such fund; to make an appropriation; to repeal the original sections; and to declare an emergency.

Be it enacted by the people of the State of Nebraska,

Section 1. That section 66-410, Revised Statutes Supplement, 1971, be amended to read as follows:

66-410. At the time of filing the statement, required by section 66-409, such dealer shall, in addition to the other taxes provided for by law, pay a tax of eight and one half cents per gallon upon all motor vehicle fuels as shown by such statement; Provided, that effective January 1, 1973, gasoline sold in Nebraska which contains a grain-alcohol-additive-in-place-of-lead minimum of ten per cent blend of an agricultural ethyl alcohol of at least one hundred ninety proof shall be subject to a state motor fuel tax which is three cents per gallon less than gasoline which contains-lead: does not contain such a blend. When grain--alcohol--gasoline sales the sale in Nebraska reaches--a--point--where--it constitutes-more-than of gasoline containing such a blend exceeds ten million gallons per year, an adjustment in the tax may be considered by the Legislature. Such dealers shall remit such tax to the Tax Commissioner.

Sec. 2. That section 66-410.01, Revised Statutes Supplement, 1971, be amended to read as follows:

~~66-410.01: 66-471.~~ It is hereby declared to be the public policy of the state that, in order to safeguard the life, health, property, and public welfare of its citizens, the production, sale, and use of motor

fuels and the pollution caused by ~~the--additives--in certain components of~~ motor fuels is a matter affecting the public interest, and that a reduced tax on motor fuels containing grain agricultural ethyl alcohol as a substitute for ~~lead--additives~~ polluting components is necessary for the reduction of pollution and will further serve as an incentive for the agricultural economy in this state.

Sec. 3. That section 66-428, Revised Statutes Supplement, 1971, be amended to read as follows:

66-428. There is hereby levied and imposed an excise tax of eight and one half cents per gallon upon the use of all motor vehicle fuels, as defined by section 66-401, used in this state, and due the State of Nebraska under the provisions of section 66-410 or Chapter 66, article 6; Provided, that such excise tax after January 1, 1973, shall be five and one half cents per gallon on motor fuel containing grain a minimum of ten per cent blend of agricultural ethyl alcohol and--no--lead of at least one hundred ninety proof, and eight and one half cents per gallon on gasoline which does not contain grain alcohol such a blend. Use of motor vehicle fuels subject to taxation under this section shall be allowed the same exemptions, deductions, and rights of reimbursement as are authorized and permitted by sections 66-413 and 66-414. For purposes of this section and section 66-429, use shall mean the purchase or consumption of motor vehicle fuels in this state.

Sec. 4. That section 66-452, Revised Statutes Supplement, 1971, as amended by section 8, Legislative Bill 343, Eighty-second Legislature, First Session, 1971, be amended to read as follows:

66-452. Every recipient of a permit, as described in section 66-449, shall be regarded as purchaser and claimant if he has paid for any one purchase the excise tax to a distributor upon forty or more gallons of gasoline or motor vehicle fuel, which gasoline or motor vehicle fuel was or is to be used solely and exclusively by such person for propelling or operating a stationary gas engine, tractor, combine, or machinery used solely for agricultural, quarrying, or industrial purposes in the state or for some purpose not involving the use of any highways in this state. As such purchaser and claimant he shall be entitled to a credit against the purchaser's Nebraska income tax liability for the amount of tax so paid during the taxable year of purchase of the fuel by the taxpayer less one and one-eighth cent per gallon of the tax paid upon compliance with the provisions of sections 66-445 to

66-466 and not otherwise. ~~One-eighth-of-one-cent-of--the refundable-tax-shall-be-deposited-in--the--Grain--Alcohol Fuel-Tax-Fund. No credit shall be made to anyone other than the actual purchaser of such tax credit gasoline or motor vehicle fuel.~~

Sec. 5. The Tax Commissioner shall transmit monthly to the State Treasurer a report of the number of gallons of tax credit gasoline or motor vehicle fuel for which credits have been approved, and the treasurer shall thereupon transfer from the Highway Trust Fund to the Agricultural Alcohol Fuel Tax Fund one-eighth of one cent per gallon approved for credit.

Sec. 6. That section 66-467, Revised Statutes Supplement, 1971, be amended to read as follows:

66-467. There is hereby created a fund, to be known as the Grain Agricultural Alcohol Fuel Tax Fund, to provide a Nebraska program for the implementation of a Nebraska grain agricultural alcohol industry for automotive fuels. There is hereby appropriated forty thousand dollars from the General Fund for the period of July 1, 1971, to June 30, 1972, for the purpose of funding such fund, ~~7-together-with-one-eighth-of-one cent-of-the-motor-fuels-tax-which-is-refundable-under section-66-452, for the next two years after May 26, 1971; and such funds shall be placed in the state treasury and by the State Treasurer in the fund.~~ In addition to such General Fund appropriation, there is hereby appropriated for the fiscal year ending June 30, 1973, such amounts as have been deposited in the fund pursuant to section 66-452 or section 5 of this act for the fiscal year ending June 30, 1972, and such further amounts as are deposited pursuant to section 5 of this act in the fiscal year ending June 30, 1973.

The fund shall be used for the following purposes:

(1) Establishment, with cooperation of private industry, of procedures and processes necessary to the manufacture and marketing of grain agricultural ethyl alcohol-blended fuels;

(2) Establishment of a procedure for entering such blended fuel into the marketplace by private enterprise;

(3) Analysis of the marketing process and testing of marketing procedures to assure acceptance of such blended fuels and by-products resulting from its manufacture, in the private marketplace; and

(4) Cooperation with private industry to establish privately-owned grain agricultural ethyl alcohol manufacturing plants in Nebraska to supply demand for such product; and :

(5) Sponsoring research and development of industrial uses for by-products resulting from the manufacture of agricultural ethyl alcohol in order to enhance economic feasibility.

Sec. 7. That section 66-468, Revised Statutes Supplement, 1971, be amended to read as follows:

66-468. The fund shall be administered by the Agricultural Products Industrial Utilization Committee which is hereby established. The committee shall consist of seven members to be appointed by the Governor, subject to confirmation by the Legislature, for terms of two years each. Four members shall be actually engaged in farming in this state, one in general farming, and one each in the production of corn, wheat, and milo. One member shall be actively engaged in the petroleum industry, and two members shall be actively engaged in business in this state. Upon the expiration of the terms of members serving on the effective date of this act, four members shall be appointed for terms of four years, and three members shall be appointed for two years, and upon expiration of those terms members shall be appointed for terms of four years. Not more than four members shall be members of the same political party, but this restriction shall not apply until the expiration of the terms of members serving on the effective date of this act.

Sec. 8. That original sections 66-410, 66-410.01, 66-428, 66-467, and 66-468, Revised Statutes Supplement, 1971, and section 66-452, Revised Statutes Supplement, 1971, as amended by section 8, Legislative Bill 343, Eighty-second Legislature, First Session, 1971, are repealed.

Sec. 9. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.