

LEGISLATIVE BILL 424

Approved by the Governor April 21, 1978

Introduced by Schmit, 23

AN ACT to adopt the Nebraska Gasohol and Energy Development Act; to declare intent; to define terms; to provide grants for the construction of plants or facilities related to the production or storage of grain alcohol; to create funds; to provide duties; to provide conditions for receiving a grant; to provide for hearings; to provide an appropriation; and to declare an emergency.

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

Section 1. The Legislature finds that Nebraska should immediately develop a gasohol development program to provide for:

(1) Expanded use of Nebraska agricultural products;

(2) Efficient and less-polluting energy sources and reserves which will make Nebraska more independent energy-wise of the Arab oil cartel and which will retain Nebraska dollars in the Nebraska economy to achieve a pyramid effect thereby generating additional jobs and tax income to the state rather than the export of Nebraska dollars to our Arab neighbors which causes dollars to come back in the form of balance of payment deficits, inflation, devaluation of the dollar, and purchase of Nebraska agricultural lands by foreigners;

(3) Development of protein which will be more efficiently stored and marketed to foreign nations rather than the present method of simple export of unprocessed grain products; and

(4) Alternative local outlets for Nebraska agricultural products which can be particularly utilized in times of depressed grain prices so as to give Nebraskans greater control of their crop marketing procedures rather than have crop marketing procedures too dependent upon federal agencies, major grain exporters, and foreign purchasers.

Sec. 2. The Legislature further finds:

(1) That Nebraska is the national leader in development of gasohol as an alternative energy source and Nebraska has an obligation to continue this research, development, and leadership;

(2) That time is of the essence if the previously enumerated goals are to be accomplished and that programs which are both experimental and functional must be initiated now if gasohol development is to proceed and if more economical and efficient programs are to follow;

(3) That the free enterprise system for the development of aviation, oil, railroads, and other major industries required the cooperation of government and that in 1977 the Legislature recognized this responsibility by enacting Legislative Bill 52 and the federal government has recognized this and that the net effect of this state and federal legislation was and is to provide substantial incentives to make gasohol economically feasible now, despite the fact that additional research and development of the coming years may show additional changes or benefits that can be derived from the gasohol program and may show that government assistance may not be necessary at some designated time in the future, to have gasohol or alcohol as an alternate energy source;

(4) That the Agricultural Products Industrial Utilization Committee is the proper agency to implement this law and that the Legislature's Committee on Agriculture and Environment as the prime developer of legislation developing gasohol has the direct responsibility to act as an oversight committee to insure compliance with this law and is in a position to inform other legislators as to any additional legislation necessary to accomplish the stated goals of this act; and

(5) That any experiment or developmental program will have a host of unanswered questions at its beginning, be subject to criticism and attack, and can give no absolute guarantees as to the final degree of success, but that these are reasons for moving forward in the development so as to find the answers.

Sec. 3. This act shall be known and may be cited as the Nebraska Gasohol and Energy Development Act.

Sec. 4. As used in this act, unless the context otherwise requires:

(1) Committee shall mean the Agricultural Products Industrial Utilization Committee; and

(2) Fund shall mean the Grain Alcohol Plant Construction Fund created under section 6 of this act.

Sec. 5. To carry out this act, the Agricultural Products Industrial Utilization Committee may make available up to five matching grants to qualified applicants to construct grain alcohol plants or facilities related to the production or storage of grain alcohol.

Sec. 6. There is hereby created, for the use of the committee, a fund to be known as the Grain Alcohol Plant Construction Fund, to consist of such money as may be appropriated to the fund by the Legislature. Any money in the Grain Alcohol Plant Construction Fund available for investment shall be invested by the state investment officer pursuant to the provisions of Chapter 72, article 12, Reissue Revised Statutes of Nebraska, 1943, and any amendments thereto.

Sec. 7. The proceeds of the fund shall be expended by the committee in the form of matching grants pursuant to this act.

Sec. 8. Any city, county, or village may apply for a matching grant from the committee to construct a grain alcohol plant or a facility related to the production or storage of grain alcohol. The grant shall be given to qualified applicants on a dollar to dollar matching basis. The applicant in demonstrating financial ability to build a plant or a facility related to the production or storage of grain alcohol may provide money or property towards the construction as its share of the cost. The grant shall be in an amount up to but not more than five hundred thousand dollars and no grant shall be provided unless the initial cost of such plant or a facility related to the production or storage of grain alcohol is at least one million dollars.

Sec. 9. The committee shall establish the criteria or guidelines for the applications to be submitted for the matching grants available under section 5 of this act within thirty days after the effective date of this act. Applications for such matching grants may be submitted within sixty days after the guidelines or criteria have been publicly announced.

Sec. 10. Any application made under section 5 of this act shall be filed with the committee. The committee shall establish application review procedures which shall include the Legislative Fiscal Analyst and other agencies as may be necessary.

Sec. 11. A resource statement shall be filed with the application. The resource statement, as prescribed by the committee, shall show in summary form plans, working drawings, and specifications prepared for the construction and equipping of the grain alcohol plant or a facility related to the production or storage of grain alcohol. The resource statement shall provide the total project cost, the amount and source of any local funds, the ability to repay any debts incurred in the construction of the plant or a facility related to the production or storage of grain alcohol, and financing available from other sources. The resource statement shall also include projection of costs and profits, the manner in which the project will be accomplished, and a proposed marketing program for the finished product. In projecting profits the applicant may take into account any available subsidies.

Sec. 12. Copies of all applications, statements, and reports required by this act shall be filed with the Legislature's Committee on Agriculture and Environment.

Sec. 13. The committee shall hold joint hearings with the Legislature's Committee on Agriculture and Environment within ten days of the application deadline to determine which applicants are qualified to receive the grants provided under section 5 of this act.

Sec. 14. In determining which applicants shall receive grants, the committees shall examine the proposed plans for the plant or a facility related to the production or storage of grain alcohol. The plans shall show an ability to complete construction and be in operation within nine months from the date of approval.

Sec. 15. Within ten days of the hearings conducted pursuant to section 13 of this act the committee shall determine which city, county, or village shall receive a grant. If there are more qualified applicants than grants available, priority shall be given to the applicants first to file an application.

Sec. 16. If no applications are received during the first application period, then a second application period will go into effect whereby only two grants will be awarded of up to, but not more than, one million dollars each and no grant shall be provided unless the initial cost of a grain alcohol plant or a facility related to the production or storage of grain alcohol is at least two million dollars.

Sec. 17. The committee shall submit a summary of all approved fund applications to the Executive Board of the Legislative Council. The board shall within ten days review the summary of approved fund applications and may object to any such fund application. A report shall be prepared for each application objected to stating the reason for such objection. Such reports shall be forwarded to the committee.

Sec. 18. If the Legislature's Committee on Agriculture and Environment determines by an affirmative vote of at least five members that the intent of this act is not being implemented in an appropriate and efficient manner it shall report to the Executive Board of the Legislative Council. The board shall recommend action so as to insure the construction of such grain alcohol plants or facilities related to the production or storage of grain alcohol pursuant to this act.

Sec. 19. The committee shall adopt rules and regulations to carry out this act and shall provide necessary assistance to applicants to properly and rapidly process grants.

Sec. 20. The committee shall become a member of any national gasohol promotion group. There is hereby appropriated thirty thousand dollars to the Agricultural Products Industrial Utilization Committee Membership Fund which is hereby created for purposes of membership in any national gasohol promotion group.

Sec. 21. Since an emergency exists, this act shall be in full force and take effect, from and after its passage and approval, according to law.