

are many problems associated with the construction of a grain alcohol plant. The federal government in the 1977 farm act provided for a loan guarantee, four separate loan guarantees of \$15,000,000 each to assist in the construction of grain alcohol plants, we thought. As you know, the last few days as has been evidenced by comments by Senator Jim Exon and other Senators from Washington, the federal government has allocated the last of those grants. Not even one of them went to the Midwest, none of them went to Nebraska. Three of the four will not be used at all for the production of grain alcohol and the fourth one that will be used for the development of alcohol went to a plant which has been producing grain alcohol for forty years. So it is a little bit difficult to follow the federal government's reasoning. I would like to point out that under section 1 of this bill, it provides for the production of grain alcohol in a plant constructed under the following sections. Under section 2, provides for the approval by the Department of Economic Development and subsequent further approval by both this Legislature and the Governor. Section 3 creates the fund. A grain alcohol plant fund of money to be transferred from the highway trust fund which will be used to pledge the bonds that any subdivision of government might use for the construction of this plant. Section 4 provides that any city, county or village or a combination thereof may bid for the contract to construct the grain alcohol plant. Section 5, provides that the Department of Economic Development shall establish the criteria by which the decision shall be reached as to who shall qualify and at this point in time I would like to point out where I believe the Department of Agriculture and the Commodity Credit Corporation and the Secretary of Agriculture, all three erred when they made the award of the four grants in Washington and point out that this Legislature does not wish to make the same error. It has an accepted fact that the department must provide rules whereby those groups who wanted to make bids for plants would be aware under the guidelines of it, they were making their bids. I do not believe that the Department of Agriculture has established sufficient rules. I do not believe that the Department of Agriculture secondly provided due process in the selection process when they made up their mind as to who would receive the grants and third, by virtue of the fact that they did not have sufficient rules and that due process was not followed, the awarding of the grants was arbitrary and discriminatory. I shall discuss that with members of our congressional delegation, the Governor of the State of Nebraska and determine whether or not we