

April 18, 1979

LB 571

bill to raise revenues for road building as a gasohol bill right now?

SENATOR SCHMIT: You are correct again, Senator Fowler. Actually it is an increase in the gasoline tax for road construction purposes as of right now.

SENATOR FOWLER: Since there is another bill that deals with that issue separately, would you object to an amendment that would say that the gas tax would only be increased one cent if there is a demand on the grain alcohol fund?

SENATOR SCHMIT: Well, Senator Fowler, I really wouldn't do that because I support the increase in the gasoline tax for road construction purposes. I have always been a strong supporter of that and I really feel we need the gasoline tax increase for road construction purposes and we will not need it to back up the bonds.

SENATOR FOWLER: Okay, well, I guess that puts those of us who have not been convinced of the need for that gas tax increase for road funds in a rather difficult position. Second question is, with regards to the lease obligations of the state, would you object to an amendment that would make it clear that the State of Nebraska no way would be responsible for any sort of operating subsidy for any of the gasohol plants as far as the condition of the leases?

SENATOR SCHMIT: Senator, the reason for the Alcohol Plant Fund is to meet any requirements of the bond indebtedness, and as I said earlier, hopefully the plant will get into operation, they will show a profit and it will not be needed, but in the event those revenues are not sufficient to meet the obligation of the bonds, then we would have to call upon the fund but we are only obligated for one year at a time and this Legislature has to appropriate that money so I do not see any serious drain.

SENATOR FOWLER: So it is possible that if this does not turn out to be a financially sound operation, the plants are in fact run at a loss, that this money would have to be used to pick up operating deficits as well as pay off the bonds?

SENATOR SCHMIT: The obligation would be extended just to the bonds but the maturities of those bonds are dependent upon revenue coming from the operation of the plant, and if the plant doesn't make any money, then we would have to meet those obligations.