

LEGISLATIVE BILL 776

Approved by the Governor May 26, 1971

Introduced by Loran Schmit, 23rd District; Fern Hubbard Orme, 29th District; J. W. Burbach, 19th District; Richard Lewis, 38th District

AN ACT to amend sections 66-410, 66-428, and 66-452, Revised Statutes Supplement, 1969, relating to motor fuel; to declare policy; to provide a reduced tax on fuels containing grain alcohol and no lead; to create a special fund and provide its source and use; to change the amount of gasoline tax refund as prescribed; to make an appropriation; to establish a committee and provide its composition, duties, and compensation; to repeal the original sections; and to declare an emergency.

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

Section 1. 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 motor fuels is a matter affecting the public interest, and that a reduced tax on motor fuels containing grain alcohol as a substitute for lead additives is necessary for the reduction of pollution and will further serve as an incentive for the agricultural economy in this state.

Sec. 2. That section 66-410, Revised Statutes Supplement, 1969, 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 shall be subject to a state motor fuel tax which is three cents per gallon less than gasoline which contains lead. When grain alcohol gasoline sales in Nebraska reaches a point where it constitutes more than 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. 3. That section 66-428, Revised Statutes Supplement, 1969, 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 alcohol and no lead, and eight and one half cents per gallon on gasoline which does not contain grain alcohol. 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. There is hereby created a fund, to be known as the Grain Alcohol Fuel Tax Fund, to provide a Nebraska program for the implementation of a Nebraska grain 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, 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 the effective date of this act; and such funds shall be placed in the state treasury and by the State Treasurer in the fund.

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 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 byproducts resulting from its manufacture, in the private marketplace; and

{4} Cooperation with private industry to establish privately-owned grain alcohol manufacturing plants in Nebraska to supply demand for such product.

Sec. 5. That section 66-452, Revised Statutes Supplement, 1969, 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, or 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 refund of one and one-eighth cent less than the amount of tax so paid per gallon under the provisions of section 66-410 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 refund shall be made to anyone other than the actual purchaser of such refund tax gasoline or motor vehicle fuel.

Sec. 6. 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.

Sec. 7. The committee shall meet at least once annually and report to the Legislature annually. The committee may rent office space and employ such personnel as may be necessary for the performance of its duties, may hire consultants, and contract with private firms. It shall have as an advisory committee three persons, one each representing the Department of Economic Development, the University of Nebraska, and the Department of Agriculture.

Sec. 8. All members of the Agricultural Products Industrial Utilization Committee shall be