

MINUTES OF THE HOUSE COMMITTEE ON AGRICULTURE AND LIVESTOCK

The meeting was called to order by Rep. Bill Fuller at
Chairperson

9:00 a.m. ~~XXX~~ on March 25, 1983 in room 423-S of the Capitol.

All members were present except: Reps. Arbuthnot, Johnson, Adam, Bussman, Hamm,
Solbach and Teagarden, excused

Committee staff present:

Bruce Hurd, Revisor of Statutes' Office
Raney Gilliland, Legislative Research Department
Kathleen Moss, Committee secretary

Conferees appearing before the committee:

Chairman Fuller explained to the committee that the meeting yesterday had to adjourn while still dealing with SB 1 since the Senate Agriculture and Small Business Committee was scheduled in the room at 10:00 a.m. He checked for proper procedures for continuing the meeting with a motion pending. The Chairman had been informed that if no one on the committee objected, the meeting could continue on Monday. No one objected and Chairman Fuller stated we would meet on Monday to continue working on SB 1.

Chairman Fuller stated that a special presentation will be made to the committee today. Rep. Shelor had requested committee time to present a program on the potentials of ethanol production in Kansas. Chairman Fuller turned the meeting over to Rep. Shelor.

Rep. Shelor had several products made with alcohol to show potential for its use. Rep. Shelor invited people from the Conklin Company who gave a film presentation. He introduced Norman Francis of Clyde, Wayne Terrill of Smith Center and Keenan Elliott of Belleville. The film was on the production of fuel alcohol and shows ways the farmer can profit from by-products. Rep. Shelor said he will request an interim committee study to take a good look at the alcohol alternative in this country. See Attachments Nos. 1, 2 and 3.

Chairman Fuller reminded the committee if they had any interim committee requests to submit them in writing.

The meeting was adjourned at 10:03 a.m.

The next meeting of the committee will be at 9:00 a.m. on March 28, 1983 in Room 423-S.

Kernel of Wheat

The kernel of wheat is a storehouse of nutrients needed and used by man since the dawn of civilization.

This cross section shows the nutrients in each part of the kernel. They are considered essential in the human diet.

ENDOSPERM

... about 83% of the kernel

Source of white flour. Of the nutrients in the whole kernel the endosperm contains about:

- 70-75% of the protein
 - 43% of the pantothenic acid
 - 32% of the riboflavin
 - 12% of the niacin
 - 6% of the pyridoxine
 - 3% of the thiamine
- } B-complex vitamins

Enriched flour products contain added quantities of riboflavin, niacin and thiamine, plus iron, in amounts equal to or exceeding whole wheat--according to a formula established on the basis of popular need of those nutrients.

BRAN

... about 14½% of the kernel

Included in whole wheat flour.

Of the nutrients in whole wheat, the bran, in addition to indigestible cellulose material contains about:

- 86% of the niacin
- 73% of the pyridoxine
- 50% of the pantothenic acid
- 42% of the riboflavin
- 33% of the thiamine
- 19% of the protein

GERM

... about 2½% of the kernel

The embryo or sprouting section of the seed, usually separated because it contains fat which limits the keeping quality of flours. Available separately as human food. Of the nutrients in whole wheat, the germ contains about:

- 64% of the thiamine
- 26% of the riboflavin
- 21% of the pyridoxine
- 8% of the protein
- 7% of the pantothenic acid
- 2% of the niacin



A Grain of Wheat
(enlarged approximately 35 times)

Kansas is the largest wheat state in the United States.

Approximately 300 million bushels of hard red winter wheat are harvested annually. This wheat is planted in the fall. The seeds root; shoots and leaves emerge. In the spring, the wheat plants which have been dormant during the winter, begin to grow again to reach maturity in June and July. Hard red winter wheat is used in bread and all-purpose flours.

Atch. 1

Tuesday, March 22, 1983 The Lyons Daily News, Page Three

Gasohol in Nebraska gain

Lincoln, Neb. — AP — Gasohol marketing efforts have led to an increase in the sale of the fuel in Nebraska, according to the administrator of the Nebraska Gasohol Committee.

Todd Sneller says gasohol sells better in Nebraska when it's marketed as Super Unleaded.

In January 1982, 3.9 million gallons of gasohol were pumped in Nebraska. In January of this year, 11.3 million gallons of Super Unleaded were sold in the state.

Sneller said the increase in sales should be a good sign for ethanol plants planned to be built in Nebraska.

The profit picture will depend on what happens to the price of grain and petroleum, but Sneller said the situation looks promising.

He said the new plants, with a total production capacity of 50 million gallons of ethanol, will have a direct economic effect on Nebraska. He said the effect is estimated to be \$134 million a year at the plants, which could provide jobs for 400 persons when they are operating at full capacity.

The largest scheduled for construction is the \$85 million Agricultural Food and Fuel Cooperative at Benkelman. It will have a 20-million-gallon production capacity.

Grain for that plant will come from Nebraska and from northwest Kansas and northeast Colorado.

Attch. 2

NEBRASKA GASOHOL COMMITTEE

SUMMARY OF LEGISLATION

L.B. 776 Passed 1971

Established the Agricultural Products Utilization Committee to promote research and development of Gasohol, and to analyze the marketing and testing of Gasohol. The Grain Alcohol Fuel Tax Fund was created with an initial appropriation of \$40,000 and a provision whereby 1/8¢ of the motor fuels tax which is refundable to non-highway uses is used to promote the activities of the Committee. LB 776 also provided for a 3¢ tax credit for the sale of Gasohol.

L.B. 1207 Passed 1972

Made changes in L.B. 776 - Stated that in order to qualify as a special fuel that blend had to be at least 10% agricultural ethyl alcohol of at least 190 proof. L.B. 1207 also directed the Committee to sponsor research and development of industrial uses of by-products resulting from the production of Gasohol.

L.B. 52 Passed 1977

Amended L.B. 776 to increase the exemption from 3¢ to 5¢ on Gasohol and increased the legislative tax review limitation from 10 million to 20 million gallons of Gasohol sold which permits the legislature to review the tax credits.

L.B. 424 Passed But Not Appropriated 1978

Provided for matching funds, up to \$500,000, to any city, county or village wishing to build a Gasohol plant.

L.B. 74 Passed 1979

Requires that the Department of Roads implement a program using Gasohol in its vehicles to the extent that Gasohol supplies are available. Gasohol must contain Nebraska produced alcohol.

L.B. 571 Passed 1979

The Governor is authorized to enter into agreements with municipalities or counties to build and maintain grain alcohol plants, the State of Nebraska will have the option to purchase the plant. An Alcohol Plant Fund is created, to be established from funds transferred from the Highway Trust Fund or as appropriated from the Legislature; the state gas tax is increased one cent to provide additional revenue for the Highway Fund to support the Alcohol Plant Fund. As of July 1, 1982, the 5¢ per gallon tax exemption shall apply only to

Gasohol which contains agricultural ethyl alcohol produced in Nebraska by an alcohol plant in operation or under construction prior to July 1, 1982.

L.B. 876 Passed 1980

Increased from 1/8¢ to 1/4¢ per gallon of the motor fuels tax which is refundable to users of gasoline for off-highway purposes to be used to promote the activities of the A.P.I.U.C.

L.B. 80 Passed 1981

Changes the name of the Agricultural Products Industrial Utilization Committee to the Nebraska Gasohol Committee.

L.B. 104 Passed 1981

Excludes the legislative tax review limitation of 20 million gallons per year. Also excludes the clause which states that as of July 1, 1982, the 5¢ per gallon exemption applies only to ethyl alcohol produced in Nebraska by a plant in operation or under construction by July 1, 1982.

L.B. 331 Passed 1981

Provides that the Nebraska Gasohol Committee may accept donations and may award a development gratuity of up to \$50,000 to a person who develops and produces a high-protein food product for human consumption from distiller's grains.

L.B. 360 Passed 1981

Exempts 5¢ of the state special fuels tax on each gallon of agricultural ethyl alcohol produced in the State of Nebraska for use as a motor vehicle fuel.

LEGISLATIVE BILL 52

Became law May 31, 1977, without approval of the Governor

Introduced by DeCamp, 40

AN ACT to amend sections 66-410 and 66-428, Revised Statutes Supplement, 1976, as amended by sections 2 and 3, respectively, Legislative Bill 139, Eighty-fifth Legislature, First Session, 1977, relating to motor vehicle fuels; to state legislative intent; to change provisions relating to the use of agricultural alcohol in fuels as prescribed; and to repeal the original sections.

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 of Nebraska to protect and foster the prosperity and general welfare of its people by providing a new domestic source of energy and by stimulating the agricultural economy of Nebraska. In furtherance of such policy, it is the purpose of this act to provide the efforts necessary to build, operate, and maintain a grain alcohol plant in Nebraska to manufacture and market grain alcohol.

Sec. 2. That section 66-410, Revised Statutes Supplement, 1976, as amended by section 2, Legislative Bill 139, Eighty-fifth Legislature, First Session, 1977, 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 nine and one half cents per gallon upon all motor vehicle fuels as shown by such statement; Provided, that effective January 1, 1978, gasoline sold in Nebraska which contains a minimum of ten per cent blend of an agricultural ethyl alcohol of whose purity shall be at least one--hundred--ninety--proof ninety-nine per cent alcohol shall be subject to a state motor fuel tax which is three five cents per gallon less than gasoline which does not contain such a blend. When the sale in Nebraska of gasoline containing such a blend exceeds ten twenty 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, 1976, as amended by section 3, Legislative Bill 139, Eighty-fifth Legislature, First Session, 1977, be amended to read as follows:

LB52

66-428. There is hereby levied and imposed an excise tax of nine 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 August 1, 1977, shall be ~~six~~ four and one half cents per gallon on motor fuel containing a minimum of ten per cent blend of agricultural ethyl alcohol of whose purity shall be at least one--hundred--ninety--proof ~~ninety-nine per cent alcohol~~, and nine and one half cents per gallon on gasoline which does not contain such a blend. Users 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 original sections 66-410 and 66-428, Revised Statutes Supplement, 1976, as amended by sections 2 and 3, respectively, Legislative Bill 139, Eighty-fifth Legislature, First Session, 1977, are repealed.