



Hundredth Legislature - First Session - 2007
Committee Statement
LB 343

Hearing Date: February 8, 2007
Committee On: Revenue

Introducer(s): (Langemeier)

Title: Provide an income tax credit for investments in biodiesel facilities

Roll Call Vote – Final Committee Action:

- Advanced to General File
 - X Advanced to General File with Amendments
 - Indefinitely Postponed
-

Vote Results:

8	Yes	Senators Burling, Cornett, Dierks, Janssen, Langemeier, Preister, Raikes and White
0	No	
0	Present, not voting	
0	Absent	

Proponents:

Senators Chris Langemeier
Steven Wellman
Ronald R. Demaray
Michael Kelsey
Debbie Borg
Pat Ptacek
Robert Byrnes

Burdette Piening

Representing:

Introducer
American Soybean Association
Horizon Biofuels Inc.
Nebraska Cattlemen
Nebraska Soybean Association
Nebraska Grain & Feed Association
Himself, NE Renewable Energy Systems,
Northeast Nebraska Biodiesel, LLC
Nebraska Farm Bureau

Opponents:

None

Representing:

Neutral:

Loren Isom

Representing:

University of Nebraska Industrial Agricultural
Products Center

Summary of purpose and/or changes:

LB 343 would enact an income tax credit equal to thirty percent of any investment in a biodiesel facility during the tax year. The maximum credit that may be allowed would be \$250,000 and no

more than half of the credit could be taken in any one tax year. The credit would also be limited to no more than half of the taxpayer's liability. It could be carried forward up to fifteen years.

The investment would be the taking of an ownership interest or the right to receive dividends. The investment is to be at risk of loss. If the investment is withdrawn, the credit could be recaptured. The entire investment is to be expended at the facility for plant, equipment, research and development, marketing, or working capital. The facility must produce B100, which is defined chemically. All processing must take place in Nebraska and the ownership must be at least 51 percent Nebraska individuals or organizations.

The facility must prove to the Department of Revenue that it has the proper licenses from the Bureau of Alcohol, Tobacco, Firearms, and Explosives and the Department of Environmental Quality. The facility must also submit to annual sampling and testing of the biodiesel. The facility must employ Nebraska residents whenever possible.

With regard to partnerships, subchapter S corporations, or LLCs, the \$250,000 limit is determined at the organizational level. The amount of the credit allowable is then to be passed through in proportion to the ownership interest.

Sections 1, 3, and 4 would amend sections 77-2701, 77-2715.07, and 77-2734.03 to incorporate the new credit into the Revenue Act, individual income tax credits, and corporate income tax credits. Section 5 would provide that the credit be operative for all tax years beginning on or after January 1, 2007. Section 6 would repeal the original sections.

Explanation of amendments, if any:

The Committee amendments:

1. Limit the investment made to generate the credit to investment made prior to January 1, 2015.
2. Defer the credit until the first year the facility produces biodiesel, and
3. Allow investments by a cooperative to be eligible for the credit.

Senator Ray Janssen, Chairperson