

**SUMMARY OF BIODIESEL/C-BED LEGISLATION
NEBRASKA LEGISLATURE'S 2007 SESSION**

LB 343 – Provide an Income Tax Credit for Investments in Biodeisel Facilities

This bill was introduced by Senator Chris Langemeier, District #23. The legislation provides income tax incentives for biodiesel fuel development. This Act, as advanced, will help develop alternative fuel sources that can lessen our reliance on foreign oil. The Act is an attempt to begin this initiative through tax credits that will be allowed for taxpayers investing in a biodiesel facility. The credit is only allowed if the plant produces B100 or pure biodiesel that can be made from soy, vegetable oil or animal fats, all ingredients in plentiful supply in Nebraska. Further requirements are that the facility must be located in Nebraska and 51% of the ownership interest is held by Nebraska individuals.

The credits may be no more than 10% of the amount invested in the first two years, increasing to no more than 50% of the taxpayer's liability in subsequent years. The credits would be available beginning with the tax year 2008 and continue for qualifying investments made prior to 2015. The total tax credit an investor, taxpayer may receive shall not exceed \$250,000. There was a graduated tax schedule added to assure the plant is up and running, producing biodiesel, before taxpayers can qualify for credits.

LB 629 - Adopt the Rural Community-Based Energy Development Act

This bill was introduced by Senator "Cap" Dierks, District #40. Essentially, the Act provides a framework to promote partnerships between private investors and local owners for development and ownership of wind generation units, commonly referred to as C-BED projects. The C-BED structure offers a strong, viable option for Nebraska public power to diversify its energy resources and increase renewable energy generation without increasing rates or spending tax dollars for incentives. The legislation was advanced as a tool for economic boost to rural communities by creating jobs and keeping the financial benefits in the area.

A typical C-BED project is a 20-year partnership to develop and own a wind power facility between a qualified power and a group of local owners such as farmers, ranchers, businesses and schools. For the first 10 years the project developer serves a majority owner, paying for most of the initial costs of the project while taking advantage of federal renewable tax credits for each of those years. After the tax credits expire, total ownership reverts back to the local owners who remain responsible for maintaining the facility.

The renewable power generated from C-BED projects would be sold to a utility. The Act does not obligate Nebraska's public utilities to purchase power from a C-BED project. It only requires that utilities first consider C-BED projects before constructing new renewable generation facilities.