

SENATE BILL NO. 374

INTRODUCED BY FRANKLIN, WYATT, CHRISTIAENS, WISEMAN,  
STRIZICH, HALLIGAN, HOCKETT, YELLOWTAIL, DOHERTY, WILSON,  
RYAN, FOSTER, TUSS, DOLEZAL, S. RICE, GALVIN, JERGESON,  
COBB, SIMPKINS, MESAROS, SCHYE

IN THE SENATE

FEBRUARY 12, 1993

INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FIRST READING.

MARCH 25, 1993

COMMITTEE RECOMMEND BILL  
DO PASS AS AMENDED. REPORT ADOPTED.

MARCH 26, 1993

PRINTING REPORT.

MARCH 27, 1993

SECOND READING, DO PASS.

MARCH 29, 1993

ENGROSSING REPORT.

THIRD READING, PASSED.  
AYES, 41; NOES, 7.

TRANSMITTED TO HOUSE.

IN THE HOUSE

MARCH 30, 1993

INTRODUCED AND REFERRED TO COMMITTEE  
ON TAXATION.

FIRST READING.

APRIL 12, 1993

COMMITTEE RECOMMEND BILL BE  
CONCURRED IN AS AMENDED. REPORT  
ADOPTED.

APRIL 13, 1993

SECOND READING, CONCURRED IN.

APRIL 14, 1993

THIRD READING, CONCURRED IN.  
AYES, 72; NOES, 27.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 16, 1993

SECOND READING, AMENDMENTS  
CONCURRED IN.

APRIL 17, 1993

THIRD READING, AMENDMENTS  
CONCURRED IN.

APRIL 21, 1993

SENT TO ENROLLING.

REPORTED CORRECTLY ENROLLED.

Senat BILL NO. 374

INTRODUCED BY *Shanklin, West, K... Wiseman, Halligan, Heckitt, Yellowtail, ...*  
A BILL FOR AN ACT ENTITLED: "AN ACT ALLOWING ADDITIONAL TAX INCENTIVES FOR THE PRODUCTION OF ALCOHOL BY ALLOWING UNUSED MONEY AVAILABLE FOR INCENTIVES TO BE DISTRIBUTED TO PRODUCERS BASED ON PRODUCTION; AND AMENDING SECTION 15-70-522, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

Section 1. Section 15-70-522, MCA, is amended to read:

"15-70-522. Tax incentive for production of alcohol -- written plan required -- reservation of incentives -- rules.

(1) (a) If the alcohol was produced in Montana from Montana agricultural products, including Montana wood or wood products, or if the alcohol was produced from non-Montana agricultural products when Montana products are not available, there is a tax incentive payable to alcohol distributors for distilling alcohol that:

- (i) was blended with gasoline for sale as gasohol in Montana;
- (ii) was exported from Montana and has been blended with gasoline for sale as gasohol; or
- (iii) was used in the production of ethyl butyl ether for use in reformulated gasoline.

(b) Payment must be made by the department out of the amount collected under 15-70-204.

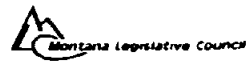
(2) (a) Except as provided in subsections (3) and (4), the tax incentive on each gallon of alcohol distilled in accordance with subsection (1) is:

- (a)--beginning-July-17-19837-70-cents-per-gallon;
- (b)--beginning-April-17-19857-50-cents-per-gallon;
- (c)--beginning-April-17-19877-30 cents per gallon7-and.
- (d)(b) beginning Beginning July 1, 2001, and thereafter7 there is no tax incentive.

(3) Regardless of the alcohol tax incentive provided in subsection (2), the total payments made for the incentive under this part may not exceed \$6 million in any consecutive 12-month period beginning April 1, 1985.

(4) An alcohol distributor may not receive tax incentive payments under subsection (2) that-exceed of \$1.5 million in any consecutive 12-month period beginning April 1, 1985. Alcohol distributors with plants that have production that would qualify them for more than \$1.5 million in payments are entitled to the unexpended balance of the tax incentive provided for in subsection (2) on a prorated basis computed on the actual production of alcohol. The total incentive may not exceed the \$6-million limit established in subsection (3).

(5) An alcohol distributor who begins production after



1 July 1, 1991, may not receive tax incentive payments under  
 2 subsection (2) unless he the distributor has provided a  
 3 written plan to the department of transportation at least 18  
 4 months before his the distributor's anticipated collection  
 5 of the tax incentives. The plan must contain the following  
 6 information:

7 (a) the source or sources of financing for the  
 8 acquisition of the plant, land, and equipment used for the  
 9 production of gasohol;

10 (b) the anticipated source of agricultural products  
 11 used in the production of gasohol; and

12 (c) the anticipated time, quantity, and duration of  
 13 production of gasohol.

14 (6) An alcohol distributor in production before July 1,  
 15 1991, is entitled to apply for the maximum tax incentive  
 16 payment allowed under subsection (4) without providing a  
 17 written plan as required in subsection (5).

18 (7) (a) Except as provided in subsection (7)(b), the  
 19 department shall reserve, in the order that written plans  
 20 required under subsection (5) are received by the  
 21 department, alcohol tax incentives based on the anticipated  
 22 time, quantity, and duration of production. Payment of the  
 23 alcohol tax incentives must be based on actual production.

24 (b) No later than 1 year after the written plan is  
 25 received under subsection (5), the department shall

1 determine whether an alcohol distributor is complying with  
 2 the written plan. The department may reduce or cancel the  
 3 reservation of the tax incentive provided in this subsection  
 4 if the department determines that the alcohol distributor  
 5 has not materially complied with the written plan.

6 (8) A new tax incentive payment may not be made if the  
 7 total tax incentive established in subsection (3) has been  
 8 reserved--or paid. If an alcohol tax incentive has been  
 9 reduced or canceled, the amount by which the tax incentive  
 10 has been reduced or canceled is available for reservation as  
 11 provided in subsection (7)(a). The maximum amount set forth  
 12 in subsection (3) may be paid based on actual production in  
 13 any current year even if there are one or more reservations  
 14 for future years.

15 (9) The department shall prescribe rules necessary to  
 16 carry out the provisions of this section."

-End-

STATE OF MONTANA - FISCAL NOTE

Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0374, as introduced.

DESCRIPTION OF PROPOSED LEGISLATION:

An act allowing additional tax incentives for the production of alcohol by allowing unused money available for incentives to be distributed to producers based on production.

ASSUMPTIONS:

1. Payments made for the tax incentive for production of alcohol are reductions to gasoline tax revenues. Additional amounts paid out will reduce the money available for the highway trust fund.
2. Additional workloads resulting from this bill will be absorbed by current staff.
3. American Ethanol Corporation will begin producing in mid-1995. Production will be at least 40% of maximum the first year. Current law payments would be a maximum of \$1.5 million in FY95.
4. Unexpended balance of tax incentive would be paid at fiscal year end.

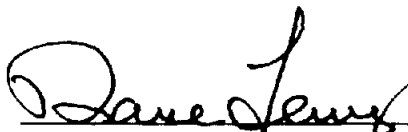
FISCAL IMPACT:

Revenues:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Gasoline Tax	\$83,395,801	\$ 83,395,801	\$ 0	\$83,459,651	\$ 83,459,651	\$ 0
Alcohol Tax Incentive	(633,037)	(633,037)	0	(2,128,305)	(6,000,000)	(3,871,695)
Net Revenue	\$82,762,764	\$ 82,762,764	\$ 0	\$81,331,346	\$ 77,459,651	\$(3,871,695)

Funding:

State Special Revenue	\$82,762,764	\$ 82,762,764	\$ 0	\$81,331,346	\$ 77,459,651	\$(3,871,695)
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 2-16-93  
 DAVID LEWIS, BUDGET DIRECTOR DATE  
 Office of Budget and Program Planning

2/18/93  
 \_\_\_\_\_  
 EVE FRANKLIN, PRIMARY SPONSOR DATE

Fiscal Note for SB0374, as introduced

SB 374

STATE OF MONTANA - FISCAL NOTE  
Form BD-15

In compliance with a written request, there is hereby submitted a Fiscal Note for SB0374, second reading.

DESCRIPTION OF PROPOSED LEGISLATION:

An act increasing the tax incentives for the production of alcohol.

ASSUMPTIONS:

1. Payments made for the tax incentive for production of alcohol are reductions to gasoline tax revenues. Additional amounts paid out will reduce the money available for the highway trust fund.
2. Additional workloads resulting from this bill will be absorbed by current staff.
3. American Ethanol Corporation will begin producing in mid-1995. Production will be at least 40% of maximum the first year. Current law payments would be a maximum of \$1.5 million in FY95.

FISCAL IMPACT:

Revenues:

	FY '94			FY '95		
	Current Law	Proposed Law	Difference	Current Law	Proposed Law	Difference
Gasoline Tax	\$83,395,801	\$ 83,395,801	\$ 0	\$83,459,651	\$ 83,459,651	\$ 0
Alcohol Tax Incentive	(633,037)	(633,037)	0	(2,128,305)	(3,628,305)	(1,500,000)
Net Revenue	\$82,762,764	\$ 82,762,764	\$ 0	\$81,331,346	\$ 79,831,346	\$(1,500,000)

*David Lewis* 4-1-93  
DAVID LEWIS, BUDGET DIRECTOR DATE  
Office of Budget and Program Planning

*Eve Franklin* 4/5/93  
EVE FRANKLIN, PRIMARY SPONSOR DATE

Fiscal Note for SB0374, second reading

SB 374

APPROVED BY COMMITTEE  
ON TAXATION

SENATE BILL NO. 374

INTRODUCED BY FRANKLIN, WYATT, CHRISTIAENS, WISEMAN,  
STRIZICH, HALLIGAN, HOCKETT, YELLOWTAIL, DOHERTY, WILSON,  
RYAN, FOSTER, TUSS, DOLEZAL, S. RICE, GALVIN, JERGESON,  
COBB, SIMPKINS, MESAROS, SCHYE

A BILL FOR AN ACT ENTITLED: "AN ACT ~~ALLOWING--ADDITIONAL~~  
INCREASING THE TAX INCENTIVES INCENTIVE FOR THE PRODUCTION  
OF ALCOHOL ~~BY--ALLOWING--UNUSED--MONEY--AVAILABLE--FOR--INCENTIVES~~  
~~TO--BE--DISTRIBUTED--TO--PRODUCERS--BASED--ON--PRODUCTION; AND~~  
AMENDING SECTION 15-70-522, MCA; AND PROVIDING A TERMINATION  
DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-70-522, MCA, is amended to read:

"15-70-522. Tax incentive for production of alcohol --  
written plan required -- reservation of incentives -- rules.

(1) (a) If the alcohol was produced in Montana from Montana  
agricultural products, including Montana wood or wood  
products, or if the alcohol was produced from non-Montana  
agricultural products when Montana products are not  
available, there is a tax incentive payable to alcohol  
distributors for distilling alcohol that:

(i) was blended with gasoline for sale as gasohol in  
Montana;

(ii) was exported from Montana and has been blended with  
gasoline for sale as gasohol; or

(iii) was used in the production of ethyl TERTIARY butyl  
ether for use in reformulated gasoline.

(b) Payment must be made by the department out of the  
amount collected under 15-70-204.

(2) (a) Except as provided in subsections (3) and (4),  
the tax incentive on each gallon of alcohol distilled in  
accordance with subsection (1) is:

~~(a)--beginning-July-17-1983-70-cents-per-gallon;~~

~~(b)--beginning-April-17-1985-50-cents-per-gallon;~~

~~(c)--beginning-April-17-1987, 30 cents per gallon; and~~

~~(d)(b) beginning Beginning July 1, 2001, and~~  
thereafter, there is no tax incentive.

(3) Regardless of the alcohol tax incentive provided in  
subsection (2), the total payments made for the incentive  
under this part may not exceed \$6 million in any consecutive  
12-month period beginning April 1, 1985.

(4) An alcohol distributor may not NOT receive tax  
incentive payments under subsection (2) that-exceed of \$1.5  
THAT EXCEED \$3 million in any consecutive 12-month period  
beginning April 1, 1985. ~~Alcohol-distributors-with-plants~~  
~~that--have--production-that-would-qualify-them-for-more-than~~  
~~\$1.5-million-in-payments--are-entitled--to--the--unexpended~~  
~~balance--of-the-tax-incentive-provided-for-in-subsection-(2)~~



~~on-a-prorated-basis-computed-on-the-actual-production-of  
alcohol--The-total-incentive-may-not-exceed-the-\$6-million  
limit-established-in-subsection-(3);~~

(5) An alcohol distributor who begins production after July 1, 1991, may not receive tax incentive payments under subsection (2) unless he the distributor has provided a written plan to the department of transportation at least 18 months before ~~his~~ the distributor's anticipated collection of the tax incentives. The plan must contain the following information:

(a) the source or sources of financing for the acquisition of the plant, land, and equipment used for the production of ~~gasohol~~ ALCOHOL;

(b) the anticipated source of agricultural products used in the production of ~~gasohol~~ ALCOHOL; and

(c) the anticipated time, quantity, and duration of production of ~~gasohol~~ ALCOHOL.

(6) An alcohol distributor in production before July 1, 1991, is entitled to apply for the maximum tax incentive payment allowed under subsection (4) without providing a written plan as required in subsection (5).

(7) (a) Except as provided in subsection (7)(b), the department shall reserve, in the order that written plans required under subsection (5) are received by the department, alcohol tax incentives based on the anticipated

time, quantity, and duration of production. Payment of the alcohol tax incentives must be based on actual production.

(b) No later than 1 year after the written plan is received under subsection (5), the department shall determine whether an alcohol distributor is complying with the written plan. The department may reduce or cancel the reservation of the tax incentive provided in this subsection if the department determines that the alcohol distributor has not materially complied with the written plan.

(8) A new tax incentive payment may not be made if the total tax incentive established in subsection (3) has been ~~reserved--or~~ RESERVED OR paid. If an alcohol tax incentive has been reduced or canceled, the amount by which the tax incentive has been reduced or canceled is available for reservation as provided in subsection (7)(a). ~~The--maximum  
amount--set--forth--in--subsection--(3)--may--be--paid--based--on  
actual--production--in--any--current--year--even--if--there--are--one  
or--more--reservations--for--future--years.~~

(9) The department shall prescribe rules necessary to carry out the provisions of this section."

NEW SECTION. SECTION 2. TERMINATION. [THIS ACT]  
TERMINATES JULY 1, 1997.

-End-



## 1 SENATE BILL NO. 374

2 INTRODUCED BY FRANKLIN, WYATT, CHRISTIAENS, WISEMAN,  
3 STRIZICH, HALLIGAN, HOCKETT, YELLOWTAIL, DOHERTY, WILSON,  
4 RYAN, POSTER, TUSS, DOLEZAL, S. RICE, GALVIN, JERGESON,  
5 COBB, SIMPKINS, MESAROS, SCHYE  
6

7 A BILL FOR AN ACT ENTITLED: "AN ACT ~~ALLOWING--ADDITIONAL~~  
8 INCREASING THE TAX INCENTIVES INCENTIVE FOR THE PRODUCTION  
9 ~~OF ALCOHOL BY--ALLOWING--UNUSED--MONEY--AVAILABLE--FOR--INCENTIVES~~  
10 ~~TO--BE--DISTRIBUTED--TO--PRODUCERS--BASED--ON--PRODUCTION; AND~~  
11 AMENDING SECTION 15-70-522, MCA; AND PROVIDING A TERMINATION  
12 DATE."  
13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 Section 1. Section 15-70-522, MCA, is amended to read:

16 "15-70-522. Tax incentive for production of alcohol --  
17 written plan required -- reservation of incentives -- rules.

18 (1) (a) If the alcohol was produced in Montana from Montana  
19 agricultural products, including Montana wood or wood  
20 products, or if the alcohol was produced from non-Montana  
21 agricultural products when Montana products are not  
22 available, there is a tax incentive payable to alcohol  
23 distributors for distilling alcohol that:

24 (i) was blended with gasoline for sale as gasohol in  
25 Montana;

1 (ii) was exported from Montana and has been blended with  
2 gasoline for sale as gasohol; or

3 (iii) was used in the production of ethyl TERTIARY butyl  
4 ether for use in reformulated gasoline.

5 (b) Payment must be made by the department out of the  
6 amount collected under 15-70-204.

7 (2) (a) Except as provided in subsections (3) and (4),  
8 the tax incentive on each gallon of alcohol distilled in  
9 accordance with subsection (1) is:

10 (a) ~~beginning July 1, 1983, 70 cents per gallon;~~

11 (b) ~~beginning April 1, 1985, 50 cents per gallon;~~

12 (c) ~~beginning April 1, 1987, 30 cents per gallon; and.~~

13 (d) (b) beginning Beginning July 1, 2001, and  
14 thereafter, there is no tax incentive.

15 (3) Regardless of the alcohol tax incentive provided in  
16 subsection (2), the total payments made for the incentive  
17 under this part may not exceed \$6 million in any consecutive  
18 12-month period beginning April 1, 1985.

19 (4) An alcohol distributor may not NOT receive tax  
20 incentive payments under subsection (2) that exceed of \$1.5  
21 THAT EXCEED \$3 million in any consecutive 12-month period  
22 beginning April 1, 1985. Alcohol distributors with plants  
23 that have production that would qualify them for more than  
24 \$1.5 million in payments are entitled to the unexpended  
25 balance of the tax incentive provided for in subsection (2)

~~on-a-prorated-basis-computed-on--the--actual--production--of  
alcohol--The--total--incentive--may--not--exceed--the--\$6--million  
limit--established--in--subsection--(3);~~

(5) An alcohol distributor who begins production after July 1, 1991, may not receive tax incentive payments under subsection (2) unless he the distributor has provided a written plan to the department of transportation at least 18 months before his the distributor's anticipated collection of the tax incentives. The plan must contain the following information:

(a) the source or sources of financing for the acquisition of the plant, land, and equipment used for the production of ~~gasohol~~ ALCOHOL;

(b) the anticipated source of agricultural products used in the production of ~~gasohol~~ ALCOHOL; and

(c) the anticipated time, quantity, and duration of production of ~~gasohol~~ ALCOHOL.

(6) An alcohol distributor in production before July 1, 1991, is entitled to apply for the maximum tax incentive payment allowed under subsection (4) without providing a written plan as required in subsection (5).

(7) (a) Except as provided in subsection (7)(b), the department shall reserve, in the order that written plans required under subsection (5) are received by the department, alcohol tax incentives based on the anticipated

time, quantity, and duration of production. Payment of the alcohol tax incentives must be based on actual production.

(b) No later than 1 year after the written plan is received under subsection (5), the department shall determine whether an alcohol distributor is complying with the written plan. The department may reduce or cancel the reservation of the tax incentive provided in this subsection if the department determines that the alcohol distributor has not materially complied with the written plan.

(8) A new tax incentive payment may not be made if the total tax incentive established in subsection (3) has been reserved--or RESERVED OR paid. If an alcohol tax incentive has been reduced or canceled, the amount by which the tax incentive has been reduced or canceled is available for reservation as provided in subsection (7)(a). ~~The--maximum  
amount--set--forth--in--subsection--(3)--may--be--paid--based--on  
actual--production--in--any--current--year--even--if--there--are--one  
or--more--reservations--for--future--years;~~

(9) The department shall prescribe rules necessary to carry out the provisions of this section."

NEW SECTION. SECTION 2. TERMINATION. [THIS ACT]  
TERMINATES JULY 1, 1997.

-End-

HOUSE STANDING COMMITTEE REPORT

April 12, 1993

Page 1 of 1

Mr. Speaker: We, the committee on Taxation report that Senate Bill 374 (third reading copy -- blue) be concurred in as amended .

Signed: Bob Gilbert  
Bob Gilbert, Chair

And, that such amendments read:

Carried by: Rep. Dolezal

1. Title, line 10.

Following: ";"

Insert: "PROVIDING FOR A PROPORTIONAL REDUCTION IN THE TAX  
INCENTIVE FOR ALCOHOL PRODUCED FROM OUT-OF-STATE  
AGRICULTURAL OR WOOD PRODUCTS;"

2. Page 2, line 12.

Following: "gallon"

Insert: "for each gallon that is 100% produced from Montana  
products, with the amount of the tax incentive per gallon  
reduced proportionately, based upon the amount of  
agricultural or wood products used in the production of the  
alcohol that are not produced in Montana"

Committee Vote:

Yes . No .

HOUSE  
SB 374

## SENATE BILL NO. 374

INTRODUCED BY FRANKLIN, WYATT, CHRISTIAENS, WISEMAN,  
STRIZICH, HALLIGAN, HOCKETT, YELLOWTAIL, DOHERTY, WILSON,  
RYAN, FOSTER, TUSS, DOLEZAL, S. RICE, GALVIN, JERGESON,  
COBB, SIMPKINS, MESAROS, SCHYE

A BILL FOR AN ACT ENTITLED: "AN ACT ~~ALLOWING--ADDITIONAL~~  
~~INCREASING THE TAX INCENTIVES INCENTIVE~~ FOR THE PRODUCTION  
~~OF ALCOHOL BY--ALLOWING--UNUSED--MONEY--AVAILABLE--FOR--INCENTIVES~~  
~~TO--BE--DISTRIBUTED--TO--PRODUCERS--BASED--ON--PRODUCTION;~~  
~~PROVIDING FOR A PROPORTIONATE REDUCTION IN THE TAX INCENTIVE~~  
~~FOR ALCOHOL PRODUCED FROM OUT-OF-STATE AGRICULTURAL OR WOOD~~  
~~PRODUCTS; AND AMENDING SECTION 15-70-522, MCA; AND PROVIDING~~  
~~A TERMINATION DATE."~~

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

**Section 1.** Section 15-70-522, MCA, is amended to read:

"15-70-522. Tax incentive for production of alcohol --  
written plan required -- reservation of incentives -- rules.

(1) (a) If the alcohol was produced in Montana from Montana  
agricultural products, including Montana wood or wood  
products, or if the alcohol was produced from non-Montana  
agricultural products when Montana products are not  
available, there is a tax incentive payable to alcohol  
distributors for distilling alcohol that:

(i) was blended with gasoline for sale as gasohol in  
Montana;

(ii) was exported from Montana and has been blended with  
gasoline for sale as gasohol; or

(iii) was used in the production of ethyl TERTIARY butyl  
ether for use in reformulated gasoline.

(b) Payment must be made by the department out of the  
amount collected under 15-70-204.

(2) (a) Except as provided in subsections (3) and (4),  
the tax incentive on each gallon of alcohol distilled in  
accordance with subsection (1) is:

~~(a)--beginning--July--1--1983--70--cents--per--gallon;~~

~~(b)--beginning--April--1--1985--50--cents--per--gallon;~~

~~(c)--beginning--April--1--1987, 30 cents per gallon FOR~~  
~~EACH GALLON THAT IS 100% PRODUCED FROM MONTANA PRODUCTS,~~  
~~WITH THE AMOUNT OF THE TAX INCENTIVE PER GALLON REDUCED~~  
~~PROPORTIONATELY, BASED UPON THE AMOUNT OF AGRICULTURAL OR~~  
~~WOOD PRODUCTS USED IN THE PRODUCTION OF THE ALCOHOL THAT ARE~~  
~~NOT PRODUCED IN MONTANA;--and.~~

~~(d)(b) beginning Beginning July 1, 2001, and~~  
~~thereafter, there is no tax incentive.~~

(3) Regardless of the alcohol tax incentive provided in  
subsection (2), the total payments made for the incentive  
under this part may not exceed \$6 million in any consecutive  
12-month period beginning April 1, 1985.

1 (4) An alcohol distributor may not NOT receive tax  
 2 incentive payments under subsection (2) ~~that exceed of~~ \$1.5  
 3 ~~THAT EXCEED \$3~~ million in any consecutive 12-month period  
 4 beginning April 1, 1985. ~~Alcohol distributors with plants~~  
 5 ~~that have production that would qualify them for more than~~  
 6 ~~\$1.5 million in payments are entitled to the unexpended~~  
 7 ~~balance of the tax incentive provided for in subsection (2)~~  
 8 ~~on a prorated basis computed on the actual production of~~  
 9 ~~alcohol. The total incentive may not exceed the \$6 million~~  
 10 ~~limit established in subsection (3).~~

11 (5) An alcohol distributor who begins production after  
 12 July 1, 1991, may not receive tax incentive payments under  
 13 subsection (2) unless he the distributor has provided a  
 14 written plan to the department of transportation at least 18  
 15 months before his the distributor's anticipated collection  
 16 of the tax incentives. The plan must contain the following  
 17 information:

18 (a) the source or sources of financing for the  
 19 acquisition of the plant, land, and equipment used for the  
 20 production of ~~gasohol~~ ALCOHOL;

21 (b) the anticipated source of agricultural products  
 22 used in the production of ~~gasohol~~ ALCOHOL; and

23 (c) the anticipated time, quantity, and duration of  
 24 production of ~~gasohol~~ ALCOHOL.

25 (6) An alcohol distributor in production before July 1,

1 1991, is entitled to apply for the maximum tax incentive  
 2 payment allowed under subsection (4) without providing a  
 3 written plan as required in subsection (5).

4 (7) (a) Except as provided in subsection (7)(b), the  
 5 department shall reserve, in the order that written plans  
 6 required under subsection (5) are received by the  
 7 department, alcohol tax incentives based on the anticipated  
 8 time, quantity, and duration of production. Payment of the  
 9 alcohol tax incentives must be based on actual production.

10 (b) No later than 1 year after the written plan is  
 11 received under subsection (5), the department shall  
 12 determine whether an alcohol distributor is complying with  
 13 the written plan. The department may reduce or cancel the  
 14 reservation of the tax incentive provided in this subsection  
 15 if the department determines that the alcohol distributor  
 16 has not materially complied with the written plan.

17 (8) A new tax incentive payment may not be made if the  
 18 total tax incentive established in subsection (3) has been  
 19 ~~reserved or~~ RESERVED OR paid. If an alcohol tax incentive  
 20 has been reduced or canceled, the amount by which the tax  
 21 incentive has been reduced or canceled is available for  
 22 reservation as provided in subsection (7)(a). ~~The maximum~~  
 23 ~~amount set forth in subsection (3) may be paid based on~~  
 24 ~~actual production in any current year even if there are one~~  
 25 ~~or more reservations for future years.~~

1 (9) The department shall prescribe rules necessary to  
2 carry out the provisions of this section."

3 NEW SECTION. SECTION 2. TERMINATION. [THIS ACT]

4 TERMINATES JULY 1, 1997.

-End-