

News from Senator

BOB DOLE



(R - Kansas)

2213 Dirksen Building, Washington, D.C. 20510

FOR IMMEDIATE RELEASE

THURSDAY, NOVEMBER 30, 1979

CONTACT: BILL KATS, ROD DeARMENT
(202) 224-8947, -4416

DOLE INTRODUCES AMENDMENT PROVIDING MASSIVE STIMULANTS FOR GASOHOL PRODUCTION

WASHINGTON -- Senator Bob Dole (R-Kan.) today introduced a fuel alcohol compromise amendment to the windfall profits tax bill which is designed to significantly increase the use and production of gasohol throughout the United States.

The major features of the Dole amendment are:

- 1) An extension of the 4-cent-per-gallon federal excise tax exemption for gasohol from 1984 until the year 2000.
- 2) For alcohol fuel uses not eligible for the excise tax exemption, the amendment provides a non-refundable tax credit to the blender or user. The amount of this credit would be:
 - 40 cents per gallon for alcohol fuel above 190 proof;
 - 30 cents per gallon for alcohol fuel between 150 and 190 proof;
 - 10 cents per gallon for alcohol made from coal.
- 3) A proposal providing persons purchasing tax-paid gasoline used in the production of tax-exempt gasohol with a payment equivalent to the amount of excise tax paid.
- 4) The treasury secretary would be required to make recommendations within 180 days of enactment as to what methods, if any, may be used to limit the importation of alcohol for fuel purposes.

Dole, ranking Republican on the Senate Finance Committee, which oversees the tax aspects involved in gasohol production, was the author of the original 4-cent-per-gallon federal excise tax exemption. Current law mandates that that exemption will expire Oct. 1, 1984. The Dole amendment would extend that exemption 16 years, until the year 2000.

"The excise tax exemption for gasohol has only been in place for about one year, and it is just beginning to work to stimulate both gasohol production and consumer interest," Dole said. "There are currently more than 2,000 service stations around the country involved in the sale of gasohol, and I am committed to seeing that number increase. By extending the tax exemption until the year 2000, we can create a more favorable environment for the sale of gasohol. The National Gasohol Commission has estimated that nearly \$700 million is tied up in the final stages of financing of alcohol production plants. What is needed is stability in federal tax policy toward gasohol -- a sudden abolition of the excise tax exemption will delay or perhaps even kill many of these projects."

In introducing provisions to grant tax credits, Dole and other senators deeply involved with the furthering of gasohol as an alternative fuel reasoned that in many cases the taxable 40-cent-per-gallon tax credit will not be the economic equivalent of the current 4-cent-per-gallon excise tax exemption. Thus, gasohol dealers might not be able to pass along the current level of price reduction which makes gasohol somewhat competitive with unleaded gasoline. By including both the tax credit and the exemption, the compromise is aimed at averting that difficulty.

"This amendment is an important step in making gasohol more marketable," Dole said. "The move to alternative fuels such as gasohol is all the more pressing when seen in the light of recent hostile actions by foreign oil-producing countries. The more we rely on our own resources and technology, the freer we will be to maneuver in both the energy and diplomatic realms."