

Klemme, Chair
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HSB 121
Agriculture

House File 716 ^{Preceded By}
(HF) 716
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON KLEMME)

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing an income tax credit relating to sales of
2 certain ethanol blended gasoline, making penalties applicable,
3 and providing an applicability date.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. NEW SECTION. 422.11C DESIGNATED ETHANOL
2 BLENDED GASOLINE TAX CREDIT.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Dealer" means a dealer as defined in section 452A.2
6 who is licensed pursuant to section 452A.4.

7 b. "Designated ethanol blended gasoline" or "designated
8 gasoline" means ethanol blended gasoline having an octane
9 number of less than eighty nine according to standards adopted
10 by the department of agriculture and land stewardship pursuant
11 to section 214A.2.

12 c. "Ethanol blended gasoline" means the same as defined in
13 section 452A.2.

14 d. "Gasoline" means gasoline that meets the specifications
15 required by the department of agriculture and land stewardship
16 pursuant to section 214A.2 that is dispensed through a metered
17 pump.

18 e. "Metered pump" means a motor vehicle fuel pump licensed
19 by the department of agriculture and land stewardship pursuant
20 to chapter 214.

21 f. "Sell" means to sell on a retail basis.

22 g. "Tax credit" means the designated ethanol blended
23 gasoline tax credit as provided in this section.

24 2. The taxes imposed under this division, less the credits
25 allowed under sections 422.12 and 422.12B, shall be reduced by
26 a designated ethanol blended gasoline tax credit for each tax
27 year that the taxpayer is eligible to claim the tax credit
28 under this section. In order to be eligible, all of the
29 following must apply:

30 a. The taxpayer is a dealer.

31 b. More than sixty percent of gasoline sold and dispensed
32 through a metered pump by the taxpayer is designated gasoline.

33 c. The taxpayer complies with requirements of the
34 department required to administer this section. The
35 department may require that a dealer claiming a tax credit be

1 certified to claim the tax credit, maintain records that the
2 dealer is eligible for the tax credit, or periodically report
3 to the department information that for each location at which
4 gasoline is dispensed, the total amount of gasoline sold and
5 dispensed through metered pumps, the amount of the gasoline
6 classified as designated ethanol blended gasoline sold and
7 dispensed through metered pumps, and the percentage of
8 gasoline sold and dispensed through metered pumps that is
9 classified as designated ethanol blended gasoline. The
10 department may make the requirements applicable under this
11 section or section 452A.9A.

12 A certificate, record, or report required under this
13 subsection shall be certified by the dealer under penalties
14 for false certification as provided in section 714.8.

15 3. The amount of the tax credit is equal to the product of
16 two cents multiplied by the total number of gallons of
17 designated gasoline that is sold and dispensed through a
18 metered pump by the taxpayer for the tax year.

19 4. Any credit in excess of the taxpayer's tax liability
20 shall be refunded. In lieu of claiming a refund, the taxpayer
21 may elect to have the overpayment shown on the taxpayer's
22 final, completed return credited to the tax liability for the
23 following tax year.

24 5. An individual may claim the tax credit allowed a
25 partnership, limited liability company, S corporation, estate,
26 or trust electing to have the income taxed directly to the
27 individual. The amount claimed by the individual shall be
28 based upon the pro rata share of the individual's earnings of
29 a partnership, limited liability company, S corporation,
30 estate, or trust.

31 Sec. 2. Section 422.33, Code 2001, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 11. a. As used in this subsection,
34 unless the context otherwise requires:

35 (1) "Dealer", "designated ethanol blended gasoline",

1 "designated ethanol blended gasoline" or "designated
2 gasoline", "gasoline", "metered pump", and "sell" mean the
3 same as defined in section 422.11C.

4 (2) "Tax credit" means the designated ethanol blended
5 gasoline tax credit as provided in this section.

6 b. The taxes imposed under this division shall be reduced
7 by a designated ethanol blended gasoline tax credit for each
8 tax year that the taxpayer is eligible to claim the tax credit
9 under this section. In order to be eligible, all of the
10 following must apply:

11 (1) The taxpayer is a dealer.

12 (2) More than sixty percent of gasoline sold and dispensed
13 through a metered pump by the taxpayer is designated gasoline.

14 (3) The taxpayer complies with requirements of the
15 department required to administer this subsection. The
16 department may require that a dealer claiming a tax credit be
17 certified to claim the tax credit, maintain records that the
18 dealer is eligible for the tax credit, or periodically report
19 to the department information that for each location at which
20 gasoline is dispensed, the total amount of gasoline sold and
21 dispensed through metered pumps, the amount of the gasoline
22 classified as designated ethanol blended gasoline sold and
23 dispensed through metered pumps, and the percentage of
24 gasoline sold and dispensed through metered pumps that is
25 classified as designated ethanol blended gasoline. The
26 department may make the requirements applicable under this
27 subsection or section 452A.9A.

28 A certificate, record, or report required under
29 subparagraph (3) shall be certified by the dealer under
30 penalties for false certification as provided in section
31 714.8.

32 c. The amount of the tax credit is equal to the product of
33 two cents multiplied by the total number of gallons of
34 designated gasoline that is sold and dispensed through a
35 metered pump by the taxpayer for the tax year.

1 d. Any credit in excess of the taxpayer's tax liability
2 shall be refunded. In lieu of claiming a refund, the taxpayer
3 may elect to have the overpayment shown on the taxpayer's
4 final, completed return credited to the tax liability for the
5 following tax year.

6 Sec. 3. NEW SECTION. 452A.9A DESIGNATED ETHANOL BLENDED
7 GASOLINE TAX CREDIT.

8 The department may require that a dealer claiming a
9 designated ethanol blended gasoline tax credit as provided in
10 section 422.11C or section 452.33 be certified to claim the
11 tax credit, maintain records that the dealer is eligible for
12 the tax credit, or periodically report to the department
13 information as otherwise required under those provisions as
14 part of the department's administration of this chapter.

15 Sec. 4. APPLICABILITY. This Act applies to tax years
16 beginning on or after January 1, 2002.

17 EXPLANATION

18 This bill provides an income tax credit for retail dealers
19 of gasoline (referred to as "dealers") who sell ethanol
20 blended gasoline having an octane number of not less than 89
21 (referred to as "designated ethanol blended gasoline" or
22 "designated gasoline"). The tax credit applies to both
23 taxpayers filing as individuals under Code section 422.11C and
24 businesses under Code section 422.33.

25 In order to claim the tax credit, more than 60 percent of
26 gasoline sold and dispensed through a metered pump by the
27 dealer must be designated gasoline. The amount of the tax
28 credit is equal to the product of two cents multiplied by the
29 total number of gallons of designated gasoline that the dealer
30 sells and dispenses. Any credit in excess of the taxpayer's
31 tax liability may be refunded or carried over to the following
32 tax year. The bill provides that an individual may claim the
33 tax credit allowed a partnership, limited liability company, S
34 corporation, estate, or trust electing to have the income
35 taxed directly to the individual.

1 The bill provides that the department may require that a
2 dealer claiming a tax credit as provided in Code section
3 422.11B be certified to claim the tax credit, maintain records
4 that the dealer is eligible for the tax credit, or
5 periodically report to the department information regarding
6 the sale of gasoline including designated gasoline. A person
7 who falsifies information is guilty of a fraudulent practice
8 as provided in Code section 714.8.

9 The bill applies to tax years beginning on or after January
10 1, 2002.

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APR 13 2001
WAYS & MEANS CALENDAR

HOUSE FILE 716
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 433)
(SUCCESSOR TO HSB 121)

Passed House, Date (P. 1456) 4/24/01 Passed Senate, Date (P. 1345) 4/26/01
Vote: Ayes 69 Nays 27 Vote: Ayes 38 Nays 10
Approved May 7, 2001

A BILL FOR

1 An Act providing for taxes relating to the sale of ethanol
2 blended gasoline, making penalties applicable, and providing
3 for the Act's applicability.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 716

1 Section 1. NEW SECTION. 422.11C ETHANOL BLENDED GASOLINE
2 TAX CREDIT.

3 1. As used in this section, unless the context otherwise
4 requires:

5 a. "Ethanol blended gasoline" means the same as defined in
6 section 452A.2.

7 b. "Gasoline" means gasoline that meets the specifications
8 required by the department of agriculture and land stewardship
9 pursuant to section 214A.2 that is dispensed through a metered
10 pump.

11 c. "Metered pump" means a motor vehicle fuel pump licensed
12 by the department of agriculture and land stewardship pursuant
13 to chapter 214.

14 d. "Retail dealer" means a retail dealer as defined in
15 section 214A.1 who operates a metered pump at a service
16 station.

17 e. "Sell" means to sell on a retail basis.

18 f. "Service station" means each geographic location in
19 this state where a retail dealer sells and dispenses gasoline
20 on a retail basis.

21 g. "Tax credit" means the designated ethanol blended
22 gasoline tax credit as provided in this section.

23 2. The taxes imposed under this division, less the credits
24 allowed under sections 422.12 and 422.12B, shall be reduced by
25 an ethanol blended gasoline tax credit for each tax year that
26 the taxpayer is eligible to claim the tax credit under this
27 section. In order to be eligible, all of the following must
28 apply:

29 a. The taxpayer is a retail dealer.

30 b. The taxpayer operates at least one service station at
31 which more than sixty percent of the total gallons of gasoline
32 sold and dispensed through one or more metered pumps by the
33 taxpayer in the tax year is ethanol blended gasoline.

34 c. The taxpayer complies with requirements of the
35 department required to administer this section.

1 3. The tax credit shall be calculated separately for each
2 service station site operated by the taxpayer. The amount of
3 the tax credit for each eligible service station is two and
4 one-half cents multiplied by the total number of gallons of
5 ethanol blended gasoline sold and dispensed through all
6 metered pumps located at that service station during the tax
7 year in excess of sixty percent of all gasoline sold and
8 dispensed through metered pumps at that service station during
9 the tax year.

10 4. Any credit in excess of the taxpayer's tax liability
11 shall be refunded. In lieu of claiming a refund, the taxpayer
12 may elect to have the overpayment shown on the taxpayer's
13 final, completed return credited to the tax liability for the
14 following tax year.

15 5. An individual may claim the tax credit allowed a
16 partnership, limited liability company, S corporation, estate,
17 or trust electing to have the income taxed directly to the
18 individual. The amount claimed by the individual shall be
19 based upon the pro rata share of the individual's earnings of
20 a partnership, limited liability company, S corporation,
21 estate, or trust.

22 Sec. 2. Section 422.33, Code 2001, is amended by adding
23 the following new subsection:

24 NEW SUBSECTION. 11. a. As used in this subsection,
25 unless the context otherwise requires:

26 (1) "Ethanol blended gasoline", "gasoline", "metered
27 pump", "retail dealer", "sell", and "service station" mean the
28 same as defined in section 422.11C.

29 (2) "Tax credit" means the designated ethanol blended
30 gasoline tax credit as provided in this subsection.

31 b. The taxes imposed under this division shall be reduced
32 by an ethanol blended gasoline tax credit for each tax year
33 that the taxpayer is eligible to claim the tax credit under
34 this subsection. In order to be eligible, all of the
35 following must apply:

1 (1) The taxpayer is a retail dealer.

2 (2) The taxpayer operates at least one service station at
3 which more than sixty percent of the total gallons of gasoline
4 sold and dispensed through one or more metered pumps by the
5 taxpayer is ethanol blended gasoline.

6 (3) The taxpayer complies with requirements of the
7 department required to administer this subsection.

8 c. The tax credit shall be calculated separately for each
9 service station site operated by the taxpayer. The amount of
10 the tax credit for each eligible service station is two and
11 one-half cents multiplied by the total number of gallons of
12 ethanol blended gasoline sold and dispensed through all
13 metered pumps located at that service station during the tax
14 year in excess of sixty percent of all gasoline sold and
15 dispensed through metered pumps at that service station during
16 the tax year.

17 d. Any credit in excess of the taxpayer's tax liability
18 shall be refunded. In lieu of claiming a refund, the taxpayer
19 may elect to have the overpayment shown on the taxpayer's
20 final, completed return credited to the tax liability for the
21 following tax year.

22 Sec. 3. Section 452A.3, subsection 1, Code 2001, is
23 amended by striking the subsection and inserting in lieu
24 thereof the following:

25 1. Except as otherwise provided in this section and in
26 this division, until June 30, 2007, this subsection shall
27 apply to the excise tax imposed on each gallon of motor fuel
28 used for any purpose for the privilege of operating motor
29 vehicles in this state.

30 a. The rate of the excise tax shall be based on the number
31 of gallons of ethanol blended gasoline that is distributed in
32 this state as expressed as a percentage of the number of
33 gallons of motor fuel distributed in this state, which is
34 referred to as the distribution percentage. The department
35 shall determine the percentage basis for each determination

1 period beginning January 1 and ending December 31. The rate
2 for the excise tax shall apply for the period beginning July 1
3 and ending June 30 following the end of the determination
4 period.

5 b. The rate for the excise tax shall be as follows:

6 (1) If the distribution percentage is not greater than
7 fifty percent, the rate shall be nineteen cents for ethanol
8 blended gasoline and twenty cents for motor fuel other than
9 ethanol blended gasoline.

10 (2) If the distribution percentage is greater than fifty
11 percent but not greater than fifty-five percent, the rate
12 shall be nineteen cents for ethanol blended gasoline and
13 twenty and one-tenth cents for motor fuel other than ethanol
14 blended gasoline.

15 (3) If the distribution percentage is greater than fifty-
16 five percent but not greater than sixty percent, the rate
17 shall be nineteen cents for ethanol blended gasoline and
18 twenty and three-tenths cents for motor fuel other than
19 ethanol blended gasoline.

20 (4) If the distribution percentage is greater than sixty
21 percent but not greater than sixty-five percent, the rate
22 shall be nineteen cents for ethanol blended gasoline and
23 twenty and five-tenths cents for motor fuel other than ethanol
24 blended gasoline.

25 (5) If the distribution percentage is greater than sixty-
26 five percent but not greater than seventy percent, the rate
27 shall be nineteen cents for ethanol blended gasoline and
28 twenty and seven-tenths cents for motor fuel other than
29 ethanol blended gasoline.

30 (6) If the distribution percentage is greater than seventy
31 percent but not greater than seventy-five percent, the rate
32 shall be nineteen cents for ethanol blended gasoline and
33 twenty-one cents for motor fuel other than ethanol blended
34 gasoline.

35 (7) If the distribution percentage is greater than

1 seventy-five percent but not greater than eighty percent, the
2 rate shall be nineteen and three-tenths cents for ethanol
3 blended gasoline and twenty and eight-tenths cents for motor
4 fuel other than ethanol blended gasoline.

5 (8) If the distribution percentage is greater than eighty
6 percent but not greater than eighty-five percent, the rate
7 shall be nineteen and five-tenths cents for ethanol blended
8 gasoline and twenty and seven-tenths cents for motor fuel
9 other than ethanol blended gasoline.

10 (9) If the distribution percentage is greater than eighty-
11 five percent but not greater than ninety percent, the rate
12 shall be nineteen and seven-tenths cents for ethanol blended
13 gasoline and twenty and four-tenths cents for motor fuel other
14 than ethanol blended gasoline.

15 (10) If the distribution percentage is greater than ninety
16 percent but not greater than ninety-five percent, the rate
17 shall be nineteen and nine-tenths cents for ethanol blended
18 gasoline and twenty and one-tenth cents for motor fuel other
19 than ethanol blended gasoline.

20 (11) If the distribution percentage is greater than
21 ninety-five percent, the rate shall be twenty cents for
22 ethanol blended gasoline and twenty cents for motor fuel other
23 than ethanol blended gasoline.

24 1A. Except as otherwise provided in this section and in
25 this division, after June 30, 2007, an excise tax of twenty
26 cents is imposed on each gallon of motor fuel used for any
27 purpose for the privilege of operating motor vehicles in this
28 state.

29 Sec. 4. Section 452A.3, subsection 2, paragraph b, Code
30 2001, is amended by striking the paragraph.

31 Sec. 5. APPLICABILITY.

32 1. Notwithstanding section 452A.3, as amended in this Act,
33 the excise tax imposed upon motor vehicle fuel, including
34 ethanol blended gasoline, as provided in that section shall be
35 the same as provided in that section on June 30, 2001, until

1 July 1, 2002. The excise tax for the period beginning July 1,
2 2002, and ending June 30, 2003, and for each subsequent
3 period, shall be based on a determination made by the
4 department of revenue and finance as provided in section
5 452A.3, subsection 1.

6 2. The ethanol blended gasoline tax credits provided in
7 sections 422.11C and 422.33 apply to tax years beginning on or
8 after January 1, 2002. The department of revenue and finance
9 shall perform functions, prior to the beginning of that tax
10 year, necessary in order to implement the tax credits.

11

EXPLANATION

12 This bill provides for the sale of ethanol blended
13 gasoline. According to Code section 452A.2, this means motor
14 fuel containing at least 10 percent alcohol distilled from
15 cereal grains.

16 The bill provides an income tax credit for retail dealers
17 of gasoline who sell ethanol blended gasoline. The tax credit
18 applies to both taxpayers filing as individuals under Code
19 section 422.11C and businesses under Code section 422.33. The
20 bill provides for the tax credit for each service station at
21 which more than 60 percent of the total gallons of gasoline
22 sold by the taxpayer is ethanol blended gasoline. The amount
23 of the tax credit is 2 1/2 cents multiplied by the total
24 number of gallons of ethanol blended gasoline sold at that
25 service station that is in excess of 60 percent of all
26 gasoline sold at the service station during the tax year. The
27 bill also provides for refund or carryforward of any credit in
28 excess of the taxpayer's liability.

29 The bill also amends provisions in Code section 452A.3 that
30 provides for an excise tax on each gallon of motor fuel sold
31 in the state. The general rate is 20 cents per gallon. The
32 section provides for a number of exceptions. One exception
33 provides that until June 30, 2007, the rate is 19 cents per
34 gallon of ethanol blended gasoline. The bill provides that
35 until that date the general rate and the special rate for

1 ethanol blended gasoline is determined each year beginning on
2 July 1 and ending on June 30 based on a determination by the
3 department of revenue and finance, based on the number of
4 gallons of ethanol blended gasoline that is distributed in
5 this state. The general rate is between 20 cents and 20.8
6 cents and the special rate for ethanol blended gasoline is
7 between 19 and 20 cents.

8 The bill contains special applicability provisions. It
9 provides that the tax credit applies to tax years beginning on
10 and after January 1, 2002. It also provides that the excise
11 tax provisions apply on and after July 1, 2002.

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H-1632

1 Amend House File 716 as follows:

2 1. Page 3, by inserting after line 21, the
3 following:

4 "Sec. ____ . Section 423.24, subsection 1, paragraph
5 b, Code 2001, is amended to read as follows:

6 b. Any Of such revenues remaining shall be amounts
7 shall be credited to the general fund of the state and
8 the road use tax fund as follows:

9 (1) The general fund of the state shall be
10 credited with an amount required in order to reimburse
11 the general fund of the state for the reduction of
12 revenues attributed to persons claiming an ethanol
13 blended gasoline tax credit under sections 422.11C and
14 422.33, as provided by the department.

15 (2) The road use tax fund shall be credited with
16 any remaining amount."

17 2. By renumbering as necessary.

By SHOULTZ of Black Hawk

H-1632 FILED APRIL 23, 2001

W/D

4/24/01 (P. 1455)

HOUSE FILE 716

H-1633

1 Amend House File 716 as follows:

2 1. By striking page 3, line 22, through page 6,
3 line 6, and inserting the following:

4 "Sec. ____ . APPLICABILITY. The ethanol blended
5 gasoline tax credits provided in".

6 2. Title page, line 1, by striking the word
7 "taxes" and inserting the following: "tax credits".

By SHOULTZ of Black Hawk

H-1633 FILED APRIL 23, 2001

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4/24/01

(P. 1456)

HOUSE FILE 716**H-1634**

1 Amend House File 716 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 214A.1, Code 2001, is amended
5 by striking the section and inserting in lieu thereof
6 the following:

7 214A.1 DEFINITIONS.

8 The following definitions shall apply to the
9 various terms used in this chapter:

10 1. "A.S.T.M." means the American society for
11 testing and materials.

12 2. "Dealer" means a retail dealer or a wholesale
13 dealer.

14 3. "Dispense" means to do any of the following:

15 a. Sell motor vehicle fuel on a retail basis.

16 b. Place motor vehicle fuel in the fuel tank of a
17 motor vehicle or small engine for the operation of
18 that motor vehicle or small engine.

19 c. Place motor vehicle fuel in or remove motor
20 vehicle fuel from a motor vehicle fuel container,
21 including for storage in a motor vehicle fuel storage
22 tank or transfer by motor vehicle storage tank piping.

23 4. "Fiberglass motor vehicle fuel storage tank" or
24 "fiberglass storage tank" means a motor vehicle fuel
25 storage tank that is fiberglass or fiberglass lined
26 when manufactured.

27 5. "Gasoline" means a motor vehicle fuel which is
28 not any of the following:

29 a. Diesel fuel.

30 b. Aviation gasoline or special fuel as defined in
31 section 452A.2.

32 6. "Gasoline station" means the location of a
33 profit or nonprofit business where gasoline is
34 dispensed by a retail dealer.

35 7. "Motor vehicle" means a self-propelled vehicle
36 that operates using gasoline, including but not
37 limited to any of the following:

38 a. An automobile as defined in section 321.1.

39 b. A motor truck as defined in section 321.1.

40 c. A motor bus as used in section 452A.57.

41 d. A motorcycle as defined in section 321.1.

42 e. A watercraft as defined in section 462A.2.

43 f. An off-road vehicle which is a snowmobile or an
44 all-terrain vehicle as defined in section 321G.1.

45 8. "Motor vehicle fuel" means the same as defined
46 in section 214.1.

47 9. "Motor vehicle fuel container" means a
48 container used for the temporary storage of motor
49 vehicle fuel by the consumer of that motor vehicle
50 fuel.

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Page 2

- 1 10. "Motor vehicle fuel pump" or "pump" means the
2 same as defined in section 214.1.
- 3 11. "Motor vehicle fuel storage tank" or "storage
4 tank" means a tank that is a fixture on the surface or
5 underground on the premises of a gasoline station, if
6 the tank and piping are used to store and dispense
7 gasoline to customers on a retail basis.
- 8 12. "Motor vehicle fuel storage tank equipment" or
9 "storage tank equipment" means a motor vehicle fuel
10 storage tank and motor vehicle fuel storage tank
11 piping.
- 12 13. "Motor vehicle fuel storage tank piping" or
13 "storage tank piping" means any rigid or flexible
14 piping used to transport motor vehicle fuel from a
15 motor vehicle fuel storage tank to a motor vehicle
16 storage tank pump.
- 17 14. "MTBE" means methyl tertiary butyl ether.
- 18 15. "Oxygenate octane enhancer" means oxygen-
19 containing compounds, including but not limited to
20 alcohols, ethers, or ethanol.
- 21 16. "Oxygenated gasoline" means gasoline that
22 contains an oxygenate octane enhancer as provided in
23 section 214A.2.
- 24 17. "Qualified motor vehicle" means a motor
25 vehicle that is any of the following:
- 26 a. A watercraft.
27 b. A motorcycle.
28 c. An antique vehicle registered under section
29 321.115.
30 d. An off-road vehicle that is a snowmobile or an
31 all-terrain vehicle.
- 32 18. "Raceway" means an enclosed area in which
33 there is located a public or private road used for
34 racing.
- 35 19. "Retail dealer" means a person who operates,
36 maintains, or conducts, either in person, or by any
37 agent, employee, or servant, any place of business
38 from which motor vehicle fuel is sold or offered for
39 sale, at retail.
- 40 20. "Sell" means to sell or offer to sell.
- 41 21. "Unoxygenated gasoline" means gasoline other
42 than oxygenated gasoline.
- 43 22. "Wholesale dealer" means a person, other than
44 a retail dealer, who provides motor vehicle fuel for
45 sale within this state.
- 46 Sec. 2. Section 214A.2, subsection 1, Code 2001,
47 is amended to read as follows:
- 48 1. a. The secretary department shall adopt rules
49 pursuant to chapter 17A for carrying out this chapter.
50 The rules ~~may~~ shall include, but are not limited to,

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Page 3

1 establishing specifications relating to motor vehicle
2 fuel or oxygenate octane enhancers.
3 b. In the interest of uniformity, the secretary
4 department shall adopt rules, by reference or
5 otherwise, to establish specifications relating to
6 tests and standards for motor vehicle fuel or
7 oxygenate octane enhancers, established. The
8 specifications shall be based on those established by
9 the American society for testing and materials
10 (A.S.T.M.), unless the secretary department determines
11 that those specifications are inconsistent with this
12 chapter or are not appropriate to the conditions which
13 exist in this state.

14 Sec. 3. Section 214A.2, Code 2001, is amended by
15 adding the following new subsection:

16 NEW SUBSECTION. 1A. An oxygenated gasoline must
17 contain at least three and five-tenths percent oxygen
18 by weight.

19 Sec. 4. Section 214A.2A, Code 2001, is amended to
20 read as follows:

21 214A.2A KEROSENE LABELING AND LOW GRAVITY
22 PETROLEUM PRODUCTS.

23 1. Fuel which is sold or is kept, offered, or
24 exposed for sale as kerosene shall be labeled as
25 kerosene. The label shall include the word "kerosene"
26 and a designation as either "K1" or "K2", and shall
27 indicate that the kerosene is in compliance with the
28 standard specification adopted by the A.S.T.M. in
29 specification D-3699 (1982).

30 2. Kerosene and distillate or petroleum products
31 of lower gravity (Baume scale), when not used to
32 propel a motor vehicle or compounded or combined with
33 a motor vehicle fuel, are exempt from this chapter.

34 Sec. 5. Section 214A.4, Code 2001, is amended to
35 read as follows:

36 214A.4 INTRASTATE SHIPMENTS.

37 A wholesale dealer or retail dealer shall not
38 receive or sell or hold for sale, within this state,
39 any motor vehicle fuel or an oxygenate octane enhancer
40 for which specifications are prescribed in this
41 chapter, unless the all of the following apply:

42 1. The motor vehicle fuel is subject to
43 specifications required in this chapter, other than
44 standards relating to the oxygen content of oxygenated
45 gasoline as provided pursuant to section 214A.2.

46 2. The dealer first secures receives from the
47 refiner or producer of the motor vehicle fuel or
48 oxygenate octane enhancer, a certified statement,
49 verified by the oath of by a competent chemist
50 qualified according to requirements of the department,

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1 who is employed by or ~~representing~~ represents the
2 refiner or producer, ~~showing~~. The statement shall
3 certify that the ~~true standards and tests of the motor~~
4 vehicle fuel or oxygenate octane enhancer, ~~obtained by~~
5 ~~the methods referred to~~ satisfies specifications for
6 the motor vehicle fuel as required by the department
7 pursuant to section 214A.2. The statement shall be
8 based on tests and standards approved by the
9 department as provided in section 214A.2. The
10 ~~verified tests are required and certified statement~~
11 must accompany the bill of lading or shipping
12 documents representing the shipment of the motor
13 vehicle fuel or oxygenate octane enhancer into this
14 state before the shipment can be received and
15 unloaded, and shall be included with any cargo
16 documents required pursuant to section 452A.12.

17 Sec. 6. NEW SECTION. 214A.21 GENERAL
18 REQUIREMENTS.

19 1. Except as provided in this section, a person
20 shall not dispense gasoline other than oxygenated
21 gasoline in this state.

22 2. This section shall not apply to gasoline used
23 to operate any of the following:

24 a. An aircraft as defined in section 328.1.

25 b. A motor vehicle used exclusively for motor
26 sports, including a raceway, if the motor vehicle
27 cannot operate on a highway as provided in chapter 321
28 or rules adopted by the state department of
29 transportation.

30 3. A person may dispense unoxygenated gasoline
31 only as provided in this subsection. All unoxygenated
32 gasoline dispensed in this state shall be premium
33 grade unleaded gasoline as provided in section 214A.2.
34 The unoxygenated gasoline shall only be dispensed for
35 one of the following purposes:

36 a. The operation of a qualified motor vehicle or a
37 small engine.

38 b. The temporary storage of unoxygenated gasoline
39 in a small motor vehicle fuel container. The small
40 motor vehicle fuel container shall meet all of the
41 following requirements:

42 (1) It shall comply with the standards set forth
43 in section 214A.15, or rules adopted by the
44 department.

45 (2) It shall have a capacity of not more than six
46 gallons.

47 c. A retail dealer shall only dispense
48 unoxygenated gasoline at a gasoline station. A
49 gasoline station that is a marina, mooring facility,
50 or resort shall only dispense unoxygenated gasoline

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1 for use by a watercraft.

2 Sec. 7. NEW SECTION. 214A.22 MOTOR VEHICLE FUEL
3 STORAGE TANK -- EQUIPMENT.

4 1. A retail dealer shall not install storage tank
5 equipment used to store or dispense gasoline, unless
6 the storage tank equipment is compatible with the
7 storage and dispensing of oxygenated gasoline.

8 2. a. Except as provided in this section, a
9 retail dealer shall not use more than one motor
10 vehicle fuel storage tank and connecting motor vehicle
11 fuel storage tank piping located on the premises of a
12 retail gasoline station for dispensing nonoxygenated
13 gasoline as provided in section 214A.21.

14 b. A retail dealer may use storage tank equipment
15 located on the premises of a retail gasoline station
16 for storing and dispensing nonoxygenated gasoline, if
17 the storage tank equipment is certified as exempt by
18 the department pursuant to this section.

19 c. In order to receive an exemption certificate,
20 the motor vehicle storage tank equipment must be
21 incompatible with the storage or dispensing of
22 oxygenated gasoline according to manufacturer
23 specifications. If the storage tank equipment is a
24 motor vehicle fuel storage tank, it must be a
25 fiberglass motor vehicle fuel storage tank.

26 3. The department shall grant an exemption
27 certificate upon application by the retail dealer in a
28 manner and according to procedures approved by the
29 department. The application shall contain all
30 information required by the department and shall at
31 least include all of the following:

32 a. The name of the retail dealer and the address
33 of the gasoline station.

34 b. A detailed description of the storage tank
35 equipment, including all of the following:

36 (1) The location of the storage tank equipment on
37 the premises of the gasoline station.

38 (2) The date that the storage tank equipment was
39 installed on the premises of the gasoline station.

40 (3) The model number of the storage tank
41 equipment, if available.

42 (4) A statement certified by the retail dealer
43 that the conversion necessary to store oxygenated fuel
44 in the fiberglass storage tank or dispense oxygenated
45 fuel using storage tank piping has not begun or been
46 completed since the date of installation.

47 c. A statement certified by the manufacturer of
48 the storage tank equipment verifying that the storage
49 tank equipment is not warranted for the storage or
50 dispensing of oxygenated fuel.

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1 4. The exemption certificate shall expire upon the
2 earlier of the following:

3 a. The date that the storage tank equipment is
4 replaced or converted with modifications necessary to
5 store or dispense oxygenated fuel. The retail dealer
6 shall immediately notify the department in writing of
7 the date that the exemption certificate expires under
8 this paragraph.

9 b. The twenty-year anniversary date of the
10 installation of the storage tank equipment.

11 5. The department shall extend an exemption
12 certificate upon application by the retail dealer in a
13 manner and according to procedures approved by the
14 department. The application shall contain all
15 information required in order to grant a certificate.

16 a. The retail dealer may apply for an extension
17 within one hundred eighty days from the certificate's
18 expiration date.

19 b. The retail dealer may apply for any number of
20 additional extensions within one hundred eighty days
21 from the last extended certificate's expiration date.
22 The department shall grant the extension if the
23 application meets all requirements for granting an
24 original certificate.

25 c. An extended exemption certificate shall expire
26 upon the earlier of the following:

27 (1) The date that the storage tank equipment is
28 replaced or converted with modifications necessary to
29 store or dispense oxygenated fuel. The retail dealer
30 shall immediately notify the department in writing of
31 the date that the exemption certificate expires under
32 this paragraph.

33 (2) The ten-year anniversary date of the
34 expiration of the original or an extended certificate.

35 Sec. 8. Section 452A.3, subsection 2, Code 2001,
36 is amended to read as follows:

37 2. ~~a-~~ For the privilege of operating aircraft in
38 this state an excise tax of eight cents per gallon is
39 imposed on the use of all aviation gasoline.

40 ~~b. For the privilege of operating motor vehicles~~
41 ~~in this state, an excise tax of nineteen cents per~~
42 ~~gallon until June 30, 2007, is imposed upon the use of~~
43 ~~motor fuel containing at least ten percent alcohol~~
44 ~~distilled from cereal grains grown in the United~~
45 ~~States and used for any purpose except as otherwise~~
46 ~~provided in this division.~~

47 Sec. 9. Section 452A.12, Code 2001, is amended to
48 read as follows:

49 452A.12 LOADING AND DELIVERY EVIDENCE ON
50 TRANSPORTATION EQUIPMENT.

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1 1. As used in this section, unless the context
2 otherwise requires:
3 a. "Cargo document" means a manifest or loading
4 and delivery evidence as provided in this section.
5 b. "Gasoline" means the same as defined in section
6 214A.1.
7 c. "Oxygenate octane enhancer" means the same as
8 defined in section 214A.1.
9 d. "Oxygenated gasoline" means the same as defined
10 in section 214A.1.
11 e. "Premium grade unleaded gasoline" means a
12 gasoline that complies with the requirements of
13 section 214A.2.
14 2. A cargo document shall describe any
15 transportation of motor fuel as required in this
16 section.
17 2A. a. A serially numbered manifest cargo
18 document shall be carried on every vehicle, except
19 small tank wagons, while in use in transportation
20 service, on which shall be entered the following. The
21 cargo document shall be a serially numbered manifest.
22 The manifest shall include information as to about the
23 cargo of motor fuel or special fuel being moved in the
24 vehicle as required by the department, including all
25 of the following:
26 (1) The date and place of loading, and the place
27 to be unloaded, the of unloading the cargo.
28 (2) The person for whom ~~it~~ the cargo is to be
29 delivered, the.
30 (3) The nature and kind of product, the being
31 delivered. The manifest shall state whether the motor
32 fuel is gasoline or another type of motor fuel.
33 (4) The amount of product, and other information
34 required by the department including the number of
35 gallons of motor fuel being delivered.
36 (5) If the motor fuel is gasoline, the manifest
37 shall include the provisions required in subsection 4.
38 b. The manifest for small tank wagons shall be
39 retained at the home office. The manifest covering
40 each load transported, upon consummation of the
41 delivery, shall be completed by showing the date and
42 place of actual delivery and the person to whom
43 actually delivered and shall be kept as a permanent
44 record for a period of three years. However, the The
45 record of the manifest of past cargoes need is not
46 required to be carried on the conveyance but shall be
47 preserved by the carrier for inspection by the
48 department. A carrier subject to this subsection when
49 distributing for a licensee may with the approval of
50 the department substitute the loading and delivery

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1 evidence ~~required in subsection 2 for~~ in lieu of the
2 manifest.

3 ~~2- 3.~~ A person while transporting motor fuel or
4 undyed special fuel from a refinery or marine or
5 pipeline terminal in this state or from a point
6 outside this state over the highways of this state in
7 service other than that under subsection ~~±~~ 2A shall
8 carry in the vehicle a ~~loading invoice~~ cargo document
9 which shall be loading and delivery evidence showing
10 all of the following:

11 a. The name and address of the seller or
12 consignor, ~~the.~~

13 b. The date and place of loading, ~~and the.~~

14 c. The kind and quantity of motor fuel or special
15 fuel loaded, ~~together with invoices.~~ The loading and
16 delivery evidence shall state whether the motor fuel
17 is gasoline or another type of motor fuel.

18 d. Invoices showing the kind and quantity of each
19 delivery and the name and address of each purchaser or
20 consignee. If the motor fuel is gasoline, the invoice
21 shall state the number of gallons of gasoline being
22 delivered. The loading invoice shall include the
23 provisions required in subsection 4.

24 4. a. Except as provided in paragraph "b", if the
25 cargo is gasoline, the cargo document shall identify
26 the volume percentage or gallons of oxygenate octane
27 enhancers in the gasoline, and the octane number for
28 the gasoline as provided in section 214A.2. The cargo
29 document shall include a statement printed in at least
30 ten point boldface type. The statement shall provide
31 as follows:

32 (1) If the motor fuel is oxygenated gasoline, the
33 statement shall provide: "This motor fuel is
34 oxygenated gasoline legal for sale in this state as
35 provided by Iowa Code chapter 214A."

36 (2) If the motor fuel is not oxygenated gasoline,
37 one of the following shall apply:

38 (a) If the unoxygenated gasoline is a premium
39 grade unleaded gasoline, the statement shall provide:
40 "This motor fuel is nonoxygenated unleaded premium
41 grade gasoline legal for restricted retail sale in
42 this state as provided in Iowa Code chapter 214A."

43 (b) If the unoxygenated gasoline is not a premium
44 grade unleaded gasoline, the statement shall provide:
45 "This motor fuel is nonoxygenated gasoline and shall
46 not be sold on a retail basis in Iowa."

47 b. This subsection shall not apply to the
48 transport of gasoline between refineries, between
49 terminals, or between a refinery and a terminal.

50 Sec. 10. STUDY -- ALTERNATIVE FUELS.

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1 1. As used in this section, "alternative fuels"
2 means electricity, compressed natural gas, liquefied
3 natural gas, biodiesel fuels, gasoline containing a
4 mixture of eighty-five or more percent ethanol, and
5 gasoline containing eighty-five percent or more
6 methanol.

7 2. The department of revenue and finance, in
8 consultation with the state department of
9 transportation, shall conduct a study regarding
10 methods to tax alternative fuels, including the amount
11 of revenue raised from such methods, in order to
12 ensure that such fuels are taxed on the same basis as
13 conventional motor vehicle fuels.

14 3. The department of revenue and finance shall
15 submit its report to the general assembly not later
16 than January 10, 2002."

17 2. Title page, by striking lines 1 through 3 and
18 inserting the following: "An Act relating to motor
19 vehicle fuels, by providing for standards regulated by
20 the department of agriculture and land stewardship,
21 providing for the transportation, sale, and dispensing
22 of oxygenated fuel, providing for tax revenues, and
23 making penalties applicable."

By SHOULTZ of Black Hawk

H-1634 FILED APRIL 23, 2001

*Lost
4-24-01
(P. 1452)*

**HOUSE FILE 716
FISCAL NOTE**

A fiscal note for **House File 716** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

House File 716 creates tax incentives designed to increase the use of gasoline containing at least 10.0% alcohol blended from grain cereals (ethanol).

The Bill creates an individual or corporate income tax credit equal to 2.5 cents for each gallon of ethanol sold at a retail service station above a 60.0% threshold. The threshold is calculated by dividing the total number of ethanol gallons sold in a calendar year at the station by the total number of ethanol and gasoline gallons sold at that station during the same year. The tax credit is first available for ethanol gallons sold in calendar year 2002.

The Bill also provides for changes in the per-gallon tax on gasoline and ethanol. Currently, the State taxes gasoline at 20.0 cents per gallon and ethanol at 19.0 cents. The Bill provides for changes in the tax rates based on the gallons of ethanol sold in the State during the previous calendar year compared to the total gallons of ethanol and gasoline sold during the same period. The following tax schedule would first be implemented on July 1, 2002, and would be effective through June 30, 2007.

	Ethanol Percentage	Ethanol Tax	Gasoline Tax
x\rr374x	0% - 50%	19.0	20.0
	50% - 55%	19.0	20.1
	55% - 60%	19.0	20.3
	60% - 65%	19.0	20.5
	65% - 70%	19.0	20.7
	70% - 75%	19.0	21.0
	75% - 80%	19.3	20.8
	80% - 85%	19.5	20.7
	85% - 90%	19.7	20.4
	90% - 95%	19.9	20.1
	95% - 100%	20.0	20.0

ASSUMPTIONS

1. The price of gasoline will stay above \$1.25 per gallon, and the price of corn will not rise to the point where production of ethanol for motor fuel is not economically feasible.
2. The federal tax difference between gasoline and ethanol will not be reduced.
3. Total motor fuel (gasoline and ethanol) sold in Iowa in 2002 will be 1.601 billion gallons (3.6% above actual 2000), and the total volume will grow by 1.8% each year through 2007.

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4. The total gallons of ethanol, ethanol market share, and station sales percentages will be as follows (CY 1999 and CY 2000 are actuals, the remainder are estimates):

Calendar Year	Estimated Ethanol Gallons Sold	Ethanol Market Share	Percent of Statewide sales at 60% Stations	Sales Percent at 60% Stations
CY 1999	667,921,000	43.2%	N/A	N/A
CY 2000	778,510,000	50.4%	N/A	N/A
CY 2001	825,000,000	52.4%	N/A	N/A
CY 2002	880,000,000	55.0%	40.0%	66.0%
CY 2003	938,080,000	57.5%	47.5%	71.7%
CY 2004	992,489,000	59.8%	54.1%	76.6%
CY 2005	1,046,083,000	61.9%	60.3%	80.9%
CY 2006	1,095,249,000	63.7%	65.7%	84.5%
CY 2007	1,141,249,000	65.2%	70.7%	87.7%

5. Without the Bill, the percentage of ethanol sold in Iowa will be 55.0% in CY 2002 and will grow to 56.9% by CY 2007.

FISCAL IMPACT

The tax credit portion of the Bill will decrease General Fund revenues from corporate and individual income tax receipts starting in FY 2003. The projected impact is as follows:

FY 2003 - \$0.5 million
 FY 2004 - \$1.3 million
 FY 2005 - \$2.2 million
 FY 2006 - \$3.3 million
 FY 2007 - \$4.4 million

The gasoline and ethanol tax portion of the Bill will first impact Road Use Tax Fund revenues in FY 2003. The ethanol tax incentives in the Bill will cause the percentage of ethanol sold to increase, which will lower Road Use Tax Fund receipts due to the one cent differential in the State tax rate. The provisions of the Bill raising the tax on gasoline as the percentage of ethanol sold increases will increase revenue to the Road Use Tax Fund. It is projected that the increased gasoline tax will more than offset the decrease in revenues due to the increased ethanol market share. The projected increase is \$400,000 to \$1.6 million per year.

Under current federal law, an increase in ethanol sales reduces federal highway funds received by Iowa. The amount of federal fuel tax revenues remitted by a state to the federal Highway Trust Fund is used as a factor in determining federal highway apportionments to states. Because the federal tax on ethanol is 5.3 cents per gallon less than gasoline, increasing sales percentage of ethanol will decrease Iowa's contribution to the federal Highway Trust Fund, which in turn will reduce Iowa's apportionment of revenues from the Fund. The amount of impact on the Road Use Tax Fund cannot be estimated because the

PAGE 3 , FISCAL NOTE, HOUSE FILE 716

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federal Transportation Reauthorization Act sunsets on October 1, 2003, and a new Reauthorization Act could have substantially different provisions.

SOURCES

Department of Revenue and Finance, Fuel Tax Monthly Report
Legislative Fiscal Bureau

(LSB 2151HZ, JWR)

FILED APRIL 23, 2001

BY DENNIS PROUTY, FISCAL DIRECTOR

HOUSE FILE 716

H-1654

1 Amend House File 716 as follows:

2 1. Page 1, by inserting before line 1 the
3 following:

4 "Section 1. Section 15.333, subsection 1, Code
5 Supplement 1999, as amended by 2000 Iowa Acts, chapter
6 1213, section 1, is amended to read as follows:

7 1. An eligible business may claim a corporate tax
8 credit up to a maximum of ten percent of the new
9 investment which is directly related to new jobs
10 created by the location or expansion of an eligible
11 business under the program. Any credit in excess of
12 the tax liability for the tax year may be credited to
13 the tax liability for the following seven years or
14 until depleted, whichever occurs earlier. Subject to
15 prior approval by the department of economic
16 development in consultation with the department of
17 revenue and finance, an eligible business whose
18 project primarily involves the production of value-
19 added agricultural products may elect to refund all or
20 a portion of an unused tax credit. For purposes of
21 this section, an eligible business includes a
22 cooperative described in section 521 of the Internal
23 Revenue Code which is not required to file an Iowa
24 corporate income tax return, and whose project
25 primarily involves the production of ethanol. The
26 refund may be used against a tax liability imposed
27 under chapter 422, division II, III, or V. If the
28 business is a partnership, subchapter S corporation,
29 limited liability company, or estate or trust electing
30 to have the income taxed directly to the individual,
31 an individual may claim the tax credit allowed. The
32 amount claimed by the individual shall be based upon
33 the pro rata share of the individual's earnings of the
34 partnership, subchapter S corporation, limited
35 liability company, or estate or trust. For purposes
36 of this section, "new investment directly related to
37 new jobs created by the location or expansion of an
38 eligible business under the program" means the cost of
39 machinery and equipment, as defined in section 427A.1,
40 subsection 1, paragraphs "e" and "j", purchased for
41 use in the operation of the eligible business, the
42 purchase price of which has been depreciated in
43 accordance with generally accepted accounting
44 principles, and the cost of improvements made to real
45 property which is used in the operation of the
46 eligible business and which receives a partial
47 property tax exemption for the actual value added
48 under section 15.332.

49 1A. An eligible business whose project primarily
50 involves the production of value-added agricultural

H-1654

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Page 2

1 products, that elects to receive a refund of all or a
2 portion of an unused tax credit, shall apply to the
3 department of economic development for tax credit
4 certificates. An eligible business whose project
5 primarily involves the production of value-added
6 agricultural products shall not claim a tax credit
7 under this section unless a tax credit certificate
8 issued by the department of economic development is
9 attached to the taxpayer's tax return for the tax year
10 during which the tax credit is claimed. For purposes
11 of this section, an eligible business includes a
12 cooperative described in section 521 of the Internal
13 Revenue Code which is not required to file an Iowa
14 corporate income tax return, and whose project
15 primarily involves the production of ethanol. A tax
16 credit certificate shall not be valid until the tax
17 year following the date of the project completion. A
18 tax credit certificate shall contain the taxpayer's
19 name, address, tax identification number, the date of
20 project completion, the amount of the tax credit,
21 other information required by the department of
22 revenue and finance. The department of economic
23 development shall not issue tax credit certificates
24 which total more than four million dollars during a
25 fiscal year. If the department receives applications
26 for tax credit certificates in excess of four million
27 dollars, the applicants shall receive certificates for
28 a prorated amount. The tax credit certificates shall
29 not be transferred. For a cooperative described in
30 section 521 of the Internal Revenue Code that is not
31 required to file an Iowa corporate income tax return,
32 the department of economic development shall require
33 that the cooperative submit a list of its members and
34 the share of each member's interest in the
35 cooperative. The department shall issue a tax credit
36 certificate to each member contained on the submitted
37 list."

38 2. Title page, line 1, by striking the words "the
39 sale of".

By TEIG of Hamilton
KUHNS of Floyd

H-1654 FILED APRIL 24, 2001

Adopted
4-24-01
(P. 1454)

HOUSE FILE 716**H-1661**

1 Amend House File 716 as follows:

2 1. Page 2, by inserting after line 21 the
3 following:

4 "____. The tax savings received by the retail
5 dealer as a result of the tax credit received under
6 this section shall be passed on to the consumer of
7 ethanol blended gasoline by means of a reduction in
8 the retail price of such gasoline. If the retail
9 dealer is a partnership, limited liability company, S
10 corporation, estate, or trust electing to have the
11 income taxed directly to its partners, members,
12 shareholders, or beneficiaries, the retail dealer
13 shall pass on the tax savings received by those
14 individuals to the consumer of ethanol blended
15 gasoline by means of a reduction in the retail price
16 of such gasoline."

17 2. Page 3, by inserting after line 21, the
18 following:

19 "____. The tax savings received by the retail
20 dealer as a result of the tax credit received under
21 this subsection shall be passed on to the consumer of
22 ethanol blended gasoline by means of a reduction in
23 the retail price of such gasoline."

By RICHARDSON of Warren

H-1661 FILED APRIL 24, 2001

*Lost
4-24-01
(p. 1455)*

HOUSE FILE 716**H-1669**

1 Amend the amendment, H-1654, to House File 716, as
2 follows:

3 1. Page 1, by striking line 2, and inserting the
4 following:

5 "____. By striking everything after the enacting
6 clause and inserting the".

7 2. Page 2, by striking lines 38 and 39, and
8 inserting the following:

9 "____. Title page, by striking lines 1 through 3,
10 and inserting the following: "An Act providing for
11 taxes relating to ethanol.""

By SHOULTZ of Black Hawk

H-1669 FILED APRIL 24, 2001

*Lost
4-24-01
(p. 1454)*

S- 4/26/01 Motion to R/C by
Greiner & Berratal
S- 4/27/01 Motions to R/C
Withdrawn

HOUSE FILE 716
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 433)

(SUCCESSOR TO HSB 121)

(As Amended and Passed by the House April 24, 2001)

Passed House, Date ^(P. 1456) 4/24/01 Passed Senate, Date ^(P. 1345) 4/26/01
Vote: Ayes 69 Nays 27 Vote: Ayes 38 Nays 10
Approved May 7, 2001

A BILL FOR

*1 An Act providing for taxes relating to ethanol blended gasoline,
2 making penalties applicable, and providing for the Act's
3 applicability.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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House Amendments _____
Deleted Language *

1 Section 1. Section 15.333, subsection 1, Code Supplement
2 1999, as amended by 2000 Iowa Acts, chapter 1213, section 1,
3 is amended to read as follows:
4 1. An eligible business may claim a corporate tax credit
5 up to a maximum of ten percent of the new investment which is
6 directly related to new jobs created by the location or
7 expansion of an eligible business under the program. Any
8 credit in excess of the tax liability for the tax year may be
9 credited to the tax liability for the following seven years or
10 until depleted, whichever occurs earlier. Subject to prior
11 approval by the department of economic development in
12 consultation with the department of revenue and finance, an
13 eligible business whose project primarily involves the
14 production of value-added agricultural products may elect to
15 refund all or a portion of an unused tax credit. For purposes
16 of this section, an eligible business includes a cooperative
17 described in section 521 of the Internal Revenue Code which is
18 not required to file an Iowa corporate income tax return, and
19 whose project primarily involves the production of ethanol.
20 The refund may be used against a tax liability imposed under
21 chapter 422, division II, III, or V. If the business is a
22 partnership, subchapter S corporation, limited liability
23 company, or estate or trust electing to have the income taxed
24 directly to the individual, an individual may claim the tax
25 credit allowed. The amount claimed by the individual shall be
26 based upon the pro rata share of the individual's earnings of
27 the partnership, subchapter S corporation, limited liability
28 company, or estate or trust. For purposes of this section,
29 "new investment directly related to new jobs created by the
30 location or expansion of an eligible business under the
31 program" means the cost of machinery and equipment, as defined
32 in section 427A.1, subsection 1, paragraphs "e" and "j",
33 purchased for use in the operation of the eligible business,
34 the purchase price of which has been depreciated in accordance
35 with generally accepted accounting principles, and the cost of

1 improvements made to real property which is used in the
2 operation of the eligible business and which receives a
3 partial property tax exemption for the actual value added
4 under section 15.332.

5 1A. An eligible business whose project primarily involves
6 the production of value-added agricultural products, that
7 elects to receive a refund of all or a portion of an unused
8 tax credit, shall apply to the department of economic
9 development for tax credit certificates. An eligible business
10 whose project primarily involves the production of value-added
11 agricultural products shall not claim a tax credit under this
12 section unless a tax credit certificate issued by the
13 department of economic development is attached to the
14 taxpayer's tax return for the tax year during which the tax
15 credit is claimed. For purposes of this section, an eligible
16 business includes a cooperative described in section 521 of
17 the Internal Revenue Code which is not required to file an
18 Iowa corporate income tax return, and whose project primarily
19 involves the production of ethanol. A tax credit certificate
20 shall not be valid until the tax year following the date of
21 the project completion. A tax credit certificate shall
22 contain the taxpayer's name, address, tax identification
23 number, the date of project completion, the amount of the tax
24 credit, other information required by the department of
25 revenue and finance. The department of economic development
26 shall not issue tax credit certificates which total more than
27 four million dollars during a fiscal year. If the department
28 receives applications for tax credit certificates in excess of
29 four million dollars, the applicants shall receive
30 certificates for a prorated amount. The tax credit
31 certificates shall not be transferred. For a cooperative
32 described in section 521 of the Internal Revenue Code that is
33 not required to file an Iowa corporate income tax return, the
34 department of economic development shall require that the
35 cooperative submit a list of its members and the share of each

1 member's interest in the cooperative. The department shall
2 issue a tax credit certificate to each member contained on the
3 submitted list.

4 Sec. 2. NEW SECTION. 422.11C ETHANOL BLENDED GASOLINE
5 TAX CREDIT.

6 1. As used in this section, unless the context otherwise
7 requires:

8 a. "Ethanol blended gasoline" means the same as defined in
9 section 452A.2.

10 b. "Gasoline" means gasoline that meets the specifications
11 required by the department of agriculture and land stewardship
12 pursuant to section 214A.2 that is dispensed through a metered
13 pump.

14 c. "Metered pump" means a motor vehicle fuel pump licensed
15 by the department of agriculture and land stewardship pursuant
16 to chapter 214.

17 d. "Retail dealer" means a retail dealer as defined in
18 section 214A.1 who operates a metered pump at a service
19 station.

20 e. "Sell" means to sell on a retail basis.

21 f. "Service station" means each geographic location in
22 this state where a retail dealer sells and dispenses gasoline
23 on a retail basis.

24 g. "Tax credit" means the designated ethanol blended
25 gasoline tax credit as provided in this section.

26 2. The taxes imposed under this division, less the credits
27 allowed under sections 422.12 and 422.12B, shall be reduced by
28 an ethanol blended gasoline tax credit for each tax year that
29 the taxpayer is eligible to claim the tax credit under this
30 section. In order to be eligible, all of the following must
31 apply:

32 a. The taxpayer is a retail dealer.

33 b. The taxpayer operates at least one service station at
34 which more than sixty percent of the total gallons of gasoline
35 sold and dispensed through one or more metered pumps by the

1 taxpayer in the tax year is ethanol blended gasoline.

2 c. The taxpayer complies with requirements of the
3 department required to administer this section.

4 3. The tax credit shall be calculated separately for each
5 service station site operated by the taxpayer. The amount of
6 the tax credit for each eligible service station is two and
7 one-half cents multiplied by the total number of gallons of
8 ethanol blended gasoline sold and dispensed through all
9 metered pumps located at that service station during the tax
10 year in excess of sixty percent of all gasoline sold and
11 dispensed through metered pumps at that service station during
12 the tax year.

13 4. Any credit in excess of the taxpayer's tax liability
14 shall be refunded. In lieu of claiming a refund, the taxpayer
15 may elect to have the overpayment shown on the taxpayer's
16 final, completed return credited to the tax liability for the
17 following tax year.

18 5. An individual may claim the tax credit allowed a
19 partnership, limited liability company, S corporation, estate,
20 or trust electing to have the income taxed directly to the
21 individual. The amount claimed by the individual shall be
22 based upon the pro rata share of the individual's earnings of
23 a partnership, limited liability company, S corporation,
24 estate, or trust.

25 Sec. 3. Section 422.33, Code 2001, is amended by adding
26 the following new subsection:

27 NEW SUBSECTION. 11. a. As used in this subsection,
28 unless the context otherwise requires:

29 (1) "Ethanol blended gasoline", "gasoline", "metered
30 pump", "retail dealer", "sell", and "service station" mean the
31 same as defined in section 422.11C.

32 (2) "Tax credit" means the designated ethanol blended
33 gasoline tax credit as provided in this subsection.

34 b. The taxes imposed under this division shall be reduced
35 by an ethanol blended gasoline tax credit for each tax year

1 that the taxpayer is eligible to claim the tax credit under
2 this subsection. In order to be eligible, all of the
3 following must apply:

4 (1) The taxpayer is a retail dealer.

5 (2) The taxpayer operates at least one service station at
6 which more than sixty percent of the total gallons of gasoline
7 sold and dispensed through one or more metered pumps by the
8 taxpayer is ethanol blended gasoline.

9 (3) The taxpayer complies with requirements of the
10 department required to administer this subsection.

11 c. The tax credit shall be calculated separately for each
12 service station site operated by the taxpayer. The amount of
13 the tax credit for each eligible service station is two and
14 one-half cents multiplied by the total number of gallons of
15 ethanol blended gasoline sold and dispensed through all
16 metered pumps located at that service station during the tax
17 year in excess of sixty percent of all gasoline sold and
18 dispensed through metered pumps at that service station during
19 the tax year.

20 d. Any credit in excess of the taxpayer's tax liability
21 shall be refunded. In lieu of claiming a refund, the taxpayer
22 may elect to have the overpayment shown on the taxpayer's
23 final, completed return credited to the tax liability for the
24 following tax year.

25 Sec. 4. Section 452A.3, subsection 1, Code 2001, is
26 amended by striking the subsection and inserting in lieu
27 thereof the following:

28 1. Except as otherwise provided in this section and in
29 this division, until June 30, 2007, this subsection shall
30 apply to the excise tax imposed on each gallon of motor fuel
31 used for any purpose for the privilege of operating motor
32 vehicles in this state.

33 a. The rate of the excise tax shall be based on the number
34 of gallons of ethanol blended gasoline that is distributed in
35 this state as expressed as a percentage of the number of

1 gallons of motor fuel distributed in this state, which is
2 referred to as the distribution percentage. The department
3 shall determine the percentage basis for each determination
4 period beginning January 1 and ending December 31. The rate
5 for the excise tax shall apply for the period beginning July 1
6 and ending June 30 following the end of the determination
7 period.

8 b. The rate for the excise tax shall be as follows:

9 (1) If the distribution percentage is not greater than
10 fifty percent, the rate shall be nineteen cents for ethanol
11 blended gasoline and twenty cents for motor fuel other than
12 ethanol blended gasoline.

13 (2) If the distribution percentage is greater than fifty
14 percent but not greater than fifty-five percent, the rate
15 shall be nineteen cents for ethanol blended gasoline and
16 twenty and one-tenth cents for motor fuel other than ethanol
17 blended gasoline.

18 (3) If the distribution percentage is greater than fifty-
19 five percent but not greater than sixty percent, the rate
20 shall be nineteen cents for ethanol blended gasoline and
21 twenty and three-tenths cents for motor fuel other than
22 ethanol blended gasoline.

23 (4) If the distribution percentage is greater than sixty
24 percent but not greater than sixty-five percent, the rate
25 shall be nineteen cents for ethanol blended gasoline and
26 twenty and five-tenths cents for motor fuel other than ethanol
27 blended gasoline.

28 (5) If the distribution percentage is greater than sixty-
29 five percent but not greater than seventy percent, the rate
30 shall be nineteen cents for ethanol blended gasoline and
31 twenty and seven-tenths cents for motor fuel other than
32 ethanol blended gasoline.

33 (6) If the distribution percentage is greater than seventy
34 percent but not greater than seventy-five percent, the rate
35 shall be nineteen cents for ethanol blended gasoline and

1 twenty-one cents for motor fuel other than ethanol blended
2 gasoline.

3 (7) If the distribution percentage is greater than
4 seventy-five percent but not greater than eighty percent, the
5 rate shall be nineteen and three-tenths cents for ethanol
6 blended gasoline and twenty and eight-tenths cents for motor
7 fuel other than ethanol blended gasoline.

8 (8) If the distribution percentage is greater than eighty
9 percent but not greater than eighty-five percent, the rate
10 shall be nineteen and five-tenths cents for ethanol blended
11 gasoline and twenty and seven-tenths cents for motor fuel
12 other than ethanol blended gasoline.

13 (9) If the distribution percentage is greater than eighty-
14 five percent but not greater than ninety percent, the rate
15 shall be nineteen and seven-tenths cents for ethanol blended
16 gasoline and twenty and four-tenths cents for motor fuel other
17 than ethanol blended gasoline.

18 (10) If the distribution percentage is greater than ninety
19 percent but not greater than ninety-five percent, the rate
20 shall be nineteen and nine-tenths cents for ethanol blended
21 gasoline and twenty and one-tenth cents for motor fuel other
22 than ethanol blended gasoline.

23 (11) If the distribution percentage is greater than
24 ninety-five percent, the rate shall be twenty cents for
25 ethanol blended gasoline and twenty cents for motor fuel other
26 than ethanol blended gasoline.

27 1A. Except as otherwise provided in this section and in
28 this division, after June 30, 2007, an excise tax of twenty
29 cents is imposed on each gallon of motor fuel used for any
30 purpose for the privilege of operating motor vehicles in this
31 state.

32 Sec. 5. Section 452A.3, subsection 2, paragraph b, Code
33 2001, is amended by striking the paragraph.

34 Sec. 6. APPLICABILITY.

35 1. Notwithstanding section 452A.3, as amended in this Act,

1 the excise tax imposed upon motor vehicle fuel, including
2 ethanol blended gasoline, as provided in that section shall be
3 the same as provided in that section on June 30, 2001, until
4 July 1, 2002. The excise tax for the period beginning July 1,
5 2002, and ending June 30, 2003, and for each subsequent
6 period, shall be based on a determination made by the
7 department of revenue and finance as provided in section
8 452A.3, subsection 1.

9 2. The ethanol blended gasoline tax credits provided in
10 sections 422.11C and 422.33 apply to tax years beginning on or
11 after January 1, 2002. The department of revenue and finance
12 shall perform functions, prior to the beginning of that tax
13 year, necessary in order to implement the tax credits.

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S-3545

1 Amend House File 716, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 3, by inserting after line 3, the
4 following:
5 "Sec. ____ . NEW SECTION. 214A.8A ETHANOL-BLENDED
6 GASOLINE REQUIREMENT FOR FARM USE.
7 1. As used in this section, unless the context
8 otherwise requires:
9 a. "Farm" means the same as defined in section
10 190C.1.
11 b. "Implement of husbandry" means the same as
12 defined in section 321.1.
13 2. A person shall not use an implement of
14 husbandry that operates using a motor powered with
15 gasoline on a farm, unless the motor is powered with
16 ethanol blended gasoline."
17 2. By renumbering as necessary.

By DICK L. DEARDEN

S-3545 FILED APRIL 26, 2001

LOST (P. 1345)

HOUSE FILE 716

AN ACT

PROVIDING FOR TAXES RELATING TO ETHANOL BLENDED GASOLINE,
MAKING PENALTIES APPLICABLE, AND PROVIDING FOR THE ACT'S
APPLICABILITY.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 15.333, subsection 1, Code Supplement 1999, as amended by 2000 Iowa Acts, chapter 1213, section 1, is amended to read as follows:

1. An eligible business may claim a corporate tax credit up to a maximum of ten percent of the new investment which is directly related to new jobs created by the location or expansion of an eligible business under the program. Any credit in excess of the tax liability for the tax year may be credited to the tax liability for the following seven years or until depleted, whichever occurs earlier. Subject to prior approval by the department of economic development in consultation with the department of revenue and finance, an eligible business whose project primarily involves the production of value-added agricultural products may elect to refund all or a portion of an unused tax credit. For purposes of this section, an eligible business includes a cooperative described in section 521 of the Internal Revenue Code which is not required to file an Iowa corporate income tax return, and whose project primarily involves the production of ethanol. The refund may be used against a tax liability imposed under chapter 422, division II, III, or V. If the business is a partnership, subchapter S corporation, limited liability company, or estate or trust electing to have the income taxed directly to the individual, an individual may claim the tax credit allowed. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of

the partnership, subchapter S corporation, limited liability company, or estate or trust. For purposes of this section, "new investment directly related to new jobs created by the location or expansion of an eligible business under the program" means the cost of machinery and equipment, as defined in section 427A.1, subsection 1, paragraphs "e" and "j", purchased for use in the operation of the eligible business, the purchase price of which has been depreciated in accordance with generally accepted accounting principles, and the cost of improvements made to real property which is used in the operation of the eligible business and which receives a partial property tax exemption for the actual value added under section 15.332.

1A. An eligible business whose project primarily involves the production of value-added agricultural products, that elects to receive a refund of all or a portion of an unused tax credit, shall apply to the department of economic development for tax credit certificates. An eligible business whose project primarily involves the production of value-added agricultural products shall not claim a tax credit under this section unless a tax credit certificate issued by the department of economic development is attached to the taxpayer's tax return for the tax year during which the tax credit is claimed. For purposes of this section, an eligible business includes a cooperative described in section 521 of the Internal Revenue Code which is not required to file an Iowa corporate income tax return, and whose project primarily involves the production of ethanol. A tax credit certificate shall not be valid until the tax year following the date of the project completion. A tax credit certificate shall contain the taxpayer's name, address, tax identification number, the date of project completion, the amount of the tax credit, other information required by the department of revenue and finance. The department of economic development shall not issue tax credit certificates which total more than four million dollars during a fiscal year. If the department receives applications for tax credit certificates in excess of

four million dollars, the applicants shall receive certificates for a prorated amount. The tax credit certificates shall not be transferred. For a cooperative described in section 521 of the Internal Revenue Code that is not required to file an Iowa corporate income tax return, the department of economic development shall require that the cooperative submit a list of its members and the share of each member's interest in the cooperative. The department shall issue a tax credit certificate to each member contained on the submitted list.

Sec. 2. NEW SECTION. 422.11C ETHANOL BLENDED GASOLINE TAX CREDIT.

1. As used in this section, unless the context otherwise requires:

a. "Ethanol blended gasoline" means the same as defined in section 452A.2.

b. "Gasoline" means gasoline that meets the specifications required by the department of agriculture and land stewardship pursuant to section 214A.2 that is dispensed through a metered pump.

c. "Metered pump" means a motor vehicle fuel pump licensed by the department of agriculture and land stewardship pursuant to chapter 214.

d. "Retail dealer" means a retail dealer as defined in section 214A.1 who operates a metered pump at a service station.

e. "Sell" means to sell on a retail basis.

f. "Service station" means each geographic location in this state where a retail dealer sells and dispenses gasoline on a retail basis.

g. "Tax credit" means the designated ethanol blended gasoline tax credit as provided in this section.

2. The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by an ethanol blended gasoline tax credit for each tax year that the taxpayer is eligible to claim the tax credit under this section. In order to be eligible, all of the following must apply:

a. The taxpayer is a retail dealer.

b. The taxpayer operates at least one service station at which more than sixty percent of the total gallons of gasoline sold and dispensed through one or more metered pumps by the taxpayer in the tax year is ethanol blended gasoline.

c. The taxpayer complies with requirements of the department required to administer this section.

3. The tax credit shall be calculated separately for each service station site operated by the taxpayer. The amount of the tax credit for each eligible service station is two and one-half cents multiplied by the total number of gallons of ethanol blended gasoline sold and dispensed through all metered pumps located at that service station during the tax year in excess of sixty percent of all gasoline sold and dispensed through metered pumps at that service station during the tax year.

4. Any credit in excess of the taxpayer's tax liability shall be refunded. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

5. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of a partnership, limited liability company, S corporation, estate, or trust.

Sec. 3. Section 422.33, Code 2001, is amended by adding the following new subsection:

NEW SUBSECTION. 11. a. As used in this subsection, unless the context otherwise requires:

(1) "Ethanol blended gasoline", "gasoline", "metered pump", "retail dealer", "sell", and "service station" mean the same as defined in section 422.11C.

(2) "Tax credit" means the designated ethanol blended gasoline tax credit as provided in this subsection.

b. The taxes imposed under this division shall be reduced by an ethanol blended gasoline tax credit for each tax year that the taxpayer is eligible to claim the tax credit under this subsection. In order to be eligible, all of the following must apply:

(1) The taxpayer is a retail dealer.

(2) The taxpayer operates at least one service station at which more than sixty percent of the total gallons of gasoline sold and dispensed through one or more metered pumps by the taxpayer is ethanol blended gasoline.

(3) The taxpayer complies with requirements of the department required to administer this subsection.

c. The tax credit shall be calculated separately for each service station site operated by the taxpayer. The amount of the tax credit for each eligible service station is two and one-half cents multiplied by the total number of gallons of ethanol blended gasoline sold and dispensed through all metered pumps located at that service station during the tax year in excess of sixty percent of all gasoline sold and dispensed through metered pumps at that service station during the tax year.

d. Any credit in excess of the taxpayer's tax liability shall be refunded. In lieu of claiming a refund, the taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

Sec. 4. Section 452A.3, subsection 1, Code 2001, is amended by striking the subsection and inserting in lieu thereof the following:

1. Except as otherwise provided in this section and in this division, until June 30, 2007, this subsection shall apply to the excise tax imposed on each gallon of motor fuel used for any purpose for the privilege of operating motor vehicles in this state.

a. The rate of the excise tax shall be based on the number of gallons of ethanol blended gasoline that is distributed in this state as expressed as a percentage of the number of

gallons of motor fuel distributed in this state, which is referred to as the distribution percentage. The department shall determine the percentage basis for each determination period beginning January 1 and ending December 31. The rate for the excise tax shall apply for the period beginning July 1 and ending June 30 following the end of the determination period.

b. The rate for the excise tax shall be as follows:

(1) If the distribution percentage is not greater than fifty percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty cents for motor fuel other than ethanol blended gasoline.

(2) If the distribution percentage is greater than fifty percent but not greater than fifty-five percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty and one-tenth cents for motor fuel other than ethanol blended gasoline.

(3) If the distribution percentage is greater than fifty-five percent but not greater than sixty percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty and three-tenths cents for motor fuel other than ethanol blended gasoline.

(4) If the distribution percentage is greater than sixty percent but not greater than sixty-five percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty and five-tenths cents for motor fuel other than ethanol blended gasoline.

(5) If the distribution percentage is greater than sixty-five percent but not greater than seventy percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty and seven-tenths cents for motor fuel other than ethanol blended gasoline.

(6) If the distribution percentage is greater than seventy percent but not greater than seventy-five percent, the rate shall be nineteen cents for ethanol blended gasoline and twenty-one cents for motor fuel other than ethanol blended gasoline.

(7) If the distribution percentage is greater than seventy-five percent but not greater than eighty percent, the rate shall be nineteen and three-tenths cents for ethanol blended gasoline and twenty and eight-tenths cents for motor fuel other than ethanol blended gasoline.

(8) If the distribution percentage is greater than eighty percent but not greater than eighty-five percent, the rate shall be nineteen and five-tenths cents for ethanol blended gasoline and twenty and seven-tenths cents for motor fuel other than ethanol blended gasoline.

(9) If the distribution percentage is greater than eighty-five percent but not greater than ninety percent, the rate shall be nineteen and seven-tenths cents for ethanol blended gasoline and twenty and four-tenths cents for motor fuel other than ethanol blended gasoline.

(10) If the distribution percentage is greater than ninety percent but not greater than ninety-five percent, the rate shall be nineteen and nine-tenths cents for ethanol blended gasoline and twenty and one-tenth cents for motor fuel other than ethanol blended gasoline.

(11) If the distribution percentage is greater than ninety-five percent, the rate shall be twenty cents for ethanol blended gasoline and twenty cents for motor fuel other than ethanol blended gasoline.

1A. Except as otherwise provided in this section and in this division, after June 30, 2007, an excise tax of twenty cents is imposed on each gallon of motor fuel used for any purpose for the privilege of operating motor vehicles in this state.

Sec. 5. Section 452A.3, subsection 2, paragraph b, Code 2001, is amended by striking the paragraph.

Sec. 6. APPLICABILITY.

1. Notwithstanding section 452A.3, as amended in this Act, the excise tax imposed upon motor vehicle fuel, including ethanol blended gasoline, as provided in that section shall be the same as provided in that section on June 30, 2001, until July 1, 2002. The excise tax for the period beginning July 1,

2002, and ending June 30, 2003, and for each subsequent period, shall be based on a determination made by the department of revenue and finance as provided in section 452A.3, subsection 1.

2. The ethanol blended gasoline tax credits provided in sections 422.11C and 422.33 apply to tax years beginning on or after January 1, 2002. The department of revenue and finance shall perform functions, prior to the beginning of that tax year, necessary in order to implement the tax credits.

BRENT SIEGRIST
Speaker of the House

MARY E. KRAMER
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 716, Seventy-ninth General Assembly.

MARGARET THOMSON
Chief Clerk of the House

Approved 5/7, 2001

THOMAS J. VILSACK
Governor