

SENATE FILE 1
BY SCHUERER

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

A BILL FOR

1 An Act creating a super ethanol-powered motor vehicle purchase
2 tax credit for individual taxpayers, and providing an
3 applicability date.

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

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SF 1
WAYS & MEANS

1 Section 1. NEW SECTION. 422.11C SUPER ETHANOL-POWERED
2 MOTOR VEHICLE PURCHASE TAX CREDIT.

3 1. As used in this section:

4 a. "Motor vehicle" means the same as defined in section
5 321.1.

6 b. "Super ethanol-powered motor vehicle" means a motor
7 vehicle that is powered using a motor vehicle fuel as defined
8 in section 214A.1 that contains at least eighty-five percent
9 ethanol, according to standards established by rules adopted
10 by the department of agriculture and land stewardship pursuant
11 to chapter 214A.

12 2. The taxes imposed under this division, less the credits
13 allowed under sections 422.12 and 422.12B, shall be reduced by
14 a super ethanol-powered motor vehicle purchase tax credit for
15 the tax year in which the taxpayer purchases a new or used
16 super ethanol-powered motor vehicle from a retail seller of
17 new or used motor vehicles. The tax credit equals the lesser
18 of five hundred dollars or the amount paid by the taxpayer
19 less any discounts and trade-ins.

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

25 b. Married taxpayers who have filed joint federal returns
26 electing to file separate returns or to file separately on a
27 combined return form must determine the super ethanol-powered
28 motor vehicle purchase tax credit based upon their combined
29 net income and allocate the total credit amount to each spouse
30 in the proportion that each spouse's respective net income
31 bears to the total combined net income. Nonresidents or part-
32 year residents of Iowa must determine their super ethanol-
33 powered motor vehicle purchase tax credit in the ratio of
34 their Iowa-source net income to their all-source net income.
35 Nonresidents or part-year residents who are married and elect

1 to file separate returns or to file separately on a combined
2 return form must allocate the super ethanol-powered motor
3 vehicle purchase tax credit between the spouses in the ratio
4 of each spouse's Iowa-source net income to the combined Iowa-
5 source net income of the taxpayers. An individual may claim
6 the super ethanol-powered motor vehicle purchase tax credit
7 allowed a partnership, S corporation, limited liability
8 company, or estate or trust electing to have the income taxed
9 directly to the individual. The amount claimed by the
10 individual shall be based upon the pro rata share of the
11 individual's earnings of the partnership, S corporation,
12 limited liability company, or estate or trust.

13 Sec. 2. RETROACTIVE APPLICABILITY. This Act applies
14 retroactively to tax years beginning on or after January 1,
15 2001.

16 EXPLANATION

17 This bill establishes a super ethanol-powered motor vehicle
18 purchase tax credit for individual taxpayers. The bill
19 provides a tax credit equal to the lesser of \$500 or the
20 amount paid by the taxpayer less discounts and trade-ins for
21 individual taxpayers who purchase a new or used motor vehicle,
22 subject to registration, powered with a motor vehicle fuel
23 containing at least 85 percent ethanol. The bill provides for
24 refunding the tax credit in cases where the credit is in
25 excess of a tax liability and provides for allocation in cases
26 concerning married taxpayers filing separately on a combined
27 return, nonresidents, and part-year residents. The taxpayer
28 is also entitled to the credit if the taxpayer is a partner,
29 shareholder, or member of a partnership, S corporation, or
30 estate or trust which is entitled to the credit.

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