

FILED FEB 27 '01

SENATE FILE

295

BY BOLKCOM

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

1 An Act providing an income tax credit for purchasing of new  
2 vehicles with high fuel economy ratings and including  
3 effective and retroactive applicability date provisions.

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

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SF 295

1 Section 1. NEW SECTION. 422.12F FUEL ECONOMY TAX CREDIT.

2 1. The taxes imposed under this division, less the credits  
3 allowed under sections 422.12 and 422.12B, shall be reduced by  
4 a fuel economy tax credit equal to five hundred dollars for  
5 each new motor vehicle which has attached a fuel economy  
6 label, as required by the United States environmental  
7 protection agency, listing the fuel economy rating for city  
8 driving of at least thirty miles per gallon. For purposes of  
9 this section, "new motor vehicle" means a motor vehicle as  
10 defined in section 321.1 which has never been sold at retail.

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

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

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

25 NEW SUBSECTION. 11. a. The taxes imposed under this  
26 division shall be reduced by a fuel economy tax credit equal  
27 to five hundred dollars for each new motor vehicle which has  
28 attached a fuel economy label, as required by the United  
29 States environmental protection agency, listing the fuel  
30 economy rating for city driving of at least thirty miles per  
31 gallon. For purposes of this subsection, "new motor vehicle"  
32 means a motor vehicle as defined in section 321.1 which has  
33 never been sold at retail.

34 b. Any credit in excess of the tax liability shall be  
35 refunded. In lieu of claiming a refund, a taxpayer may elect

1 to have the overpayment shown on the taxpayer's final,  
2 completed return credited to the tax liability for the  
3 following taxable year.

4 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This Act, being  
5 deemed of immediate importance, takes effect upon enactment  
6 and applies retroactively to January 1, 2001, for tax years  
7 beginning on or after that date.

8 EXPLANATION

9 This bill provides a refundable \$500 individual and  
10 corporate income tax credit for each new motor vehicle  
11 purchased which has listed on the required fuel economy label  
12 attached to the motor vehicle a fuel economy rating of 30  
13 miles per gallons or more for city driving.

14 The bill takes effect upon enactment and applies  
15 retroactively to January 1, 2001, for tax years beginning on  
16 or after that date.

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