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SENATE FILE 179

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HOUSER

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 a  
3 retroactive applicability date.

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

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SF 179  
WAYS & MEANS

1 Section 1. NEW SECTION. 422.11H 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 one hundred dollars or the amount paid by the taxpayer less  
19 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 2003.

16 Sec. 3. Section 422.11H is repealed on January 1, 2008.

17 EXPLANATION

18 This bill establishes a super ethanol-powered motor vehicle  
19 purchase tax credit for individual taxpayers. The bill  
20 provides a tax credit equal to the lesser of \$100 or the  
21 amount paid by the taxpayer less discounts and trade-ins for  
22 individual taxpayers who purchase a new or used motor vehicle,  
23 subject to registration, powered with a motor vehicle fuel  
24 containing at least 85 percent ethanol. The bill provides for  
25 refunding the tax credit in cases where the credit is in  
26 excess of a tax liability and provides for allocation in cases  
27 concerning married taxpayers filing separately on a combined  
28 return, nonresidents, and part-year residents. The taxpayer  
29 is also entitled to the credit if the taxpayer is a partner,  
30 shareholder, or member of a partnership, S corporation, or  
31 estate or trust which is entitled to the credit. The bill  
32 provides that the tax credit applies retroactively to January  
33 1, 2003, and is repealed on January 1, 2008.

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