

SENATE FILE 1211

BY COMMITTEE ON WAYS AND MEANS

FILED

*Ways and Means 3/5,  
Pass per 2585 3/20*

Senate File 1211  
Stephens, Chairman  
Lankers  
Dunton

Passed Senate, Date 2-28-74 (575) Passed House, Date 4-15-74 (1723)

Vote: Ayes 43 Nays 5 Vote: Ayes 90 Nays 5

Approved May 10, 1974

*Passed Senate per amended House amendment  
4-24-74 (1563)*

*Passed House as amended by Senate  
4-25-74 (2098)  
85-1*

45-0

## A BILL FOR

1 An Act relating to a state fuel tax credit.

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

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1 Section 1. Chapter four hundred twenty-two (422), Code  
2 1973, is amended by adding sections two (2) through four (4)  
3 of this Act as a new division.

4 Sec. 2. NEW SECTION. Each person or corporation sub-  
5 ject to taxation under divisions two (II) or three (III) of  
6 this chapter, except those persons or corporations licensed  
7 under sections three hundred twenty-four point four (324.4)  
8 or three hundred twenty-four point thirty-six (324.36) of  
9 the Code, may receive an income tax credit in the amount of  
10 the Iowa fuel tax paid on fuel purchased by the person or  
11 corporation and used as follows:

12 1. Motor fuel as defined in section three hundred twenty-  
13 four point two (324.2), subsection one (1) of the Code, used  
14 for the purpose of operating or propelling farm tractors,  
15 corn shellers, roller mills, truck-mounted feed grinders,  
16 stationary engines, aircraft, for cleaning or dyeing, or for  
17 any purpose other than in watercraft or in motor vehicles  
18 operated or intended to be operated upon the public highways.

19 2. Special fuel as defined in section three hundred twenty-  
20 four point thirty-three (324.33), subsection one (1) of the  
21 Code, used for the purpose of operation of corn shellers,  
22 roller mills, and feed grinders mounted on trucks.

23 3. Motor fuel placed in motor vehicles and used, other  
24 than on public highways, in the extraction and processing  
25 of natural deposits.

26 4. Motor fuel or special fuel used by a bona fide com-  
27 mercial fisherman, licensed and operating under an owner's  
28 certificate for commercial fishing gear issued pursuant to  
29 section one hundred ten point one (110.1) of the Code.

30 However, no credit shall be given with respect to motor  
31 fuel taken out of the state in fuel supply tanks of motor  
32 vehicles, or motor fuel used in the performance of a contract  
33 which is paid out of state funds unless the contract for the  
34 work contains a certificate made under penalty for false  
35 certificate that the estimate, bid or price to be paid for

1 the work includes no amount representing motor fuel tax sub-  
2 ject to a credit. The right to a credit under this section  
3 is not assignable and the credit may be claimed only by the  
4 person or corporation that purchased the fuel.

5     Sec. 3. NEW SECTION. The fuel tax credit may be applied  
6 against the income tax liability of the person or corporation  
7 as determined on the tax return filed for the year in which  
8 the fuel tax was paid. The fuel tax credit for tax paid on  
9 motor fuel used for the purpose of operating aircraft must  
10 be itemized separately. The department shall provide forms  
11 for claiming the fuel tax credit. If the fuel tax credit  
12 would result in an overpayment of income tax, the person or  
13 corporation may apply for a refund of the amount of overpayment  
14 or may have the overpayment credited to income tax due in  
15 subsequent years. Each person or corporation that claims  
16 a fuel tax credit shall maintain the original invoices showing  
17 the purchase of the fuel on which a credit is claimed. No  
18 invoice is acceptable in support of a claim for credit unless  
19 it is a separate serially numbered invoice covering no more  
20 than one purchase of motor fuel or special fuel, prepared by  
21 the seller on a form approved by the department with double  
22 faced carbon paper under the original, nor unless it is legibly  
23 written with no corrections or erasures and shows the date  
24 of sale, the name and address of the seller and of the  
25 purchaser, the kind of fuel, the gallonage in words and  
26 figures, the per gallon price of the fuel, the per gallon  
27 rate of any tax added to the fuel price, the total purchase  
28 price including the Iowa fuel tax, and that the total purchase  
29 price has been paid. However, as to refund invoices made  
30 on a billing machine the department may waive these  
31 requirements. If an original invoice is lost or destroyed,  
32 the department may approve a credit supported by a copy  
33 identified and certified by the seller as being a true copy  
34 of the original. Each person or corporation that claims a  
35 fuel tax credit shall maintain complete records of purchases

1 of motor fuel or special fuel on which Iowa fuel tax was paid,  
2 and for which a fuel tax credit is claimed.

3 In order to verify the validity of a claim for credit the  
4 department of revenue shall have the right to require the  
5 claimant to furnish such additional proof of validity as the  
6 department of revenue may determine and to examine the books  
7 and records of the claimant. Failure of the claimant to  
8 furnish his books and records for examination shall consti-  
9 tute a waiver of rights to claim a credit related to that  
10 taxpayer's year and the department may disallow the entire  
11 credit claimed by the taxpayer for that year.

12 Sec. 4. NEW SECTION. The department shall certify  
13 quarterly to the treasurer of state the amount of credit that  
14 has been taken against income tax liability since the time  
15 of the last certification, for the Iowa fuel tax paid on motor  
16 fuel, special fuel and motor fuel used for the purpose of  
17 operating aircraft, and the treasurer of state shall transfer  
18 the amount of the total credit from the motor vehicle fuel  
19 tax fund, or in the case of aircraft motor fuel, from the  
20 separate fund established by section three hundred twenty-  
21 four point eighty-two (324.82) of the Code, to the general  
22 fund of the state.

23 Sec. 5. Section three hundred twenty-four point seventy-  
24 four (324.74), subsection four (4), Code 1973, is amended  
25 to read as follows:

26 4. For any claimant to alter any invoice or sales ticket,  
27 whether the invoice or sales ticket is to be used to support  
28 a claim for refund credit or not, ~~provided, however, if~~  
29 ~~claimant's refund permit shall have been revoked for cause~~  
30 ~~as provided in section 324.19 such revocation shall be a bar~~  
31 ~~to prosecution for violation of this subsection.~~

32 Sec. 6. Section three hundred twenty-four point eighty-  
33 two (324.82), Code 1973, is amended to read as follows:

34 324.82 AVIATION GAS TAX FUND. The portion of the moneys  
35 collected under the provisions of this chapter received on

1 account of aviation gasoline shall be deposited in a separate  
2 fund to be maintained by the treasurer. All moneys reim-  
3 ~~bursed-and-repaid~~ transferred pursuant to section 324.17 four  
4 (4) of this Act on account of motor fuel used for the purpose  
5 of operating aircraft shall be paid from said separate fund  
6 and all moneys remaining in said separate fund after all  
7 claims for refund and the cost of administering said fund  
8 have been paid shall be credited to the state aviation fund.

9 Sec. 7. Sections three hundred twenty-four point seventeen  
10 (324.17), three hundred twenty-four point eighteen (324.18)  
11 and three hundred twenty-four point nineteen (324.19), Code  
12 1973, are repealed.

13 Sec. 8. The provisions of sections one (1) through four  
14 (4) of this Act are applicable to purchases made on or after  
15 July 1, 1974.

16 EXPLANATION

17 This bill provides a credit against state income tax  
18 liability of individuals or corporations for the state fuel  
19 tax paid on motor fuel and special fuel used for nonhighway  
20 purposes, and replaces the present "gas tax refund" sections  
21 which require a quarterly filing of invoices in order to  
22 receive the refund. If the credit exceeds the income tax  
23 due, the person filing under division II of chapter 422, or  
24 the corporation filing under division III of chapter 422 may  
25 be given a refund. The treasurer of state will then transfer  
26 the total amount of fuel tax credit from the appropriate fund  
27 to the general fund of the state.

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H-2585

1 Amend Senate File 1211, page 3, lines 21 and 22, by  
2 striking the words "with double faced carbon paper under  
3 the original".

H--2585 Filed - *Adopted 4/15*  
March 20, 1974

By COMMITTEE ON WAYS AND MEANS  
STANLEY of Muscatine, Chairman

H-2683

1 Amend Senate File 1211, as passed by the Senate, as  
2 follows:  
3 1. Page 2, line 16, by inserting after the word "air-  
4 craft" the words:  
5 "watercraft on private waters,"  
6 2. Line 17, by inserting after the word "watercraft"  
7 the words:  
8 "on public water"

H-2683 Filed - *Adopted 4/15*  
March 28, 1974

By ANDERSON of Ringgold

H-2731

1 Amend Senate File 1211 as follows:  
2 1. Page 3, line 25, strike the words "words and".  
3 2. Page 3, lines 26 and 27, strike the words  
4 "the per gallon rate of any tax added to the fuel  
5 price".

H-2731 Filed - *Adopted 4/15*  
April 2, 1974

By FISCHER of Grundy

SENATE AMENDMENT TO THE HOUSE AMENDMENT TO  
SENATE FILE 1211

1 Amend the House amendment to Senate File 1211 as  
2 follows:  
3 1. Page 1, by inserting after line 6 the following:  
4 \_\_\_\_\_ Page 2, line 9, strike the words "receive  
5 an income tax credit in" and inserting in lieu  
6 thereof the following:  
7 "elect to receive an income tax credit for tax  
8 years beginning on or after January 1, 1975. The  
9 person or corporation which elects to receive an  
10 income tax credit shall cancel its refund permit ob-  
11 tained under section three hundred twenty-four point  
12 eighteen (324.18) of the Code within thirty days  
13 after the first day of its tax year. When the  
14 election to receive an income tax credit has been  
15 made, it remains effective for at least one tax  
16 year, and for subsequent tax years unless a change  
17 is requested and a new refund permit applied for  
18 within thirty days after the first day of the  
19 person's or corporation's tax year. The income  
20 tax credit shall be".  
21 2. Page 1, by striking lines 7 through 12.

Received from the Senate  
April 24, 1974

*House concurred 4/25*

FISCAL NOTE  
SENATE FILE 1211

Date prepared March 21, 1974

Requested by Representative Stanley.

Prepared in regard to Senate File 1211 - An Act relating to a state fuel tax credit. Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

The fiscal year effects of this proposal are dependent upon the timing of the reimbursements from the Motor Vehicle Fuel Unapportioned Fund to the General Fund for any fuel income tax credits allowed.

If the reimbursements occur the quarter following the one in which the credits are allowed, the expenditures of the Motor Vehicle Fuel Unapportioned Fund could be reduced by \$10.4 million in fiscal year 1975 and \$6.3 million in fiscal year 1976, and the General Fund would incur net additional income tax refunds and reduced receipts from the income tax returns amounting to \$8.2 million in fiscal year 1975 and \$7.3 million in fiscal year 1976. Fiscal year 1977 would be the first full year in which the reimbursement to the General Fund would closely approximate the additional costs due to the state fuel tax credit.

If the reimbursements occur in the quarter in which the credits are allowed, the expenditures of the Motor Vehicle Fund Unapportioned Fund would be reduced by \$2.2 million in fiscal year 1974 and increased by \$1.0 million in fiscal year 1976.

In making this estimate claims were anticipated to increase by \$500,000 in fiscal year 1975 and by \$1.0 million in fiscal year 1976. In addition, interest will accumulate in the Motor Vehicle Fuel Unapportioned Fund for those months in which no refunds are paid, and there will be a small reduction in interest paid to the General Fund. The amounts of interest are difficult to determine and are not included in the estimate.

Source: Department of Revenue.

Filed  
April 5, 1974

GERRY D. RANKIN  
Legislative Fiscal Director

H-2779

- 1 Amend Senate File 1211, as passed by the Senate,  
2 as follows:  
3 1. Page 2, line 4, strike the word "Each" and in-  
4 sert in lieu thereof the words and figures "In lieu of  
5 the fuel tax refund provided in sections three hundred  
6 twenty-four point seventeen (324.17) through three  
7 hundred twenty-four point nineteen (324.19) of the  
8 Code, each".  
9 2. Page 4, insert before line 23 the following:  
10 Sec. \_\_\_\_\_. Section three hundred twenty-four point  
11 seventeen (324.17), Code 1973, is amended by adding  
12 the following new subsection:  
13 NEW SUBSECTION. In lieu of the refund provided in  
14 this section, a person may receive an income tax  
15 credit as provided in sections two (2), three (3) and  
16 four (4) of this Act.  
17 3. Page 4, strike lines 28 through 31 and insert  
18 in lieu thereof the following:  
19 "a claim for refund or income tax credit or not,  
20 provided, however, if claimant's refund permit shall  
21 have been revoked for cause as provided in section  
22 324.19 such revocation shall be a bar to prosecution  
23 for violation of this subsection."  
24 4. Page 5, lines 2 and 3, strike the words "~~reim-~~  
25 ~~bursed-and-repaid~~ transferred pursuant to section  
26 ~~324.17~~" and insert in lieu thereof the words and  
27 figures "reimbursed and repaid pursuant to section  
28 324.17 or transferred pursuant to section".  
29 5. Page 5, strike lines 9 through 12.  
30 6. Renumber sections and correct internal refer-  
31 ences as needed to conform to this amendment.

H-2779 Filed *Lost 4/15* By FISCHER of Grundy  
April 4, 1974 *Reconsidered and adopted 7/15*

S-2844

- 1 Amend the House amendment to page 2 of Senate File  
2 1211 as passed by the Senate, as follows:  
3 1. Page 1, insert after line 6 the following:  
4 \_\_\_\_\_. Page 2, line 9, strike the words "receive  
5 an income tax credit in" and insert in lieu thereof  
6 the following:  
7 "elect to receive an income tax credit for tax years  
8 beginning on or after January 1, 1975. The person or  
9 corporation which elects to receive an income tax  
10 credit shall cancel its refund permit obtained under  
11 section three hundred twenty-four point eighteen  
12 (324.18) of the Code within thirty days after the  
13 first day of its tax year. When the election to  
14 receive an income tax credit has been made, it remains  
15 effective for at least one tax year, and for subse-  
16 quent tax years unless a change is requested and a  
17 new refund permit applied for within thirty days after  
18 the first day of the person's or corporation's tax  
19 year. The income tax credit shall be".

S-2844 Filed *Adopted 4/24* By SHAFF  
April 23, 1974

HOUSE AMENDMENT TO SENATE FILE 1211

1 Amend Senate File 1211, as passed by the Senate, as follows:  
2 1. Page 2, line 4, strike the word "Each" and insert in  
3 lieu thereof the words and figures "In lieu of the fuel tax  
4 refund provided in sections three hundred twenty-four point  
5 seventeen (324.17) through three hundred twenty-four point  
6 nineteen (324.19) of the Code, each".  
7 2. Page 2, line 16, by inserting after the word "aircraft"  
8 the words:  
9 " , watercraft on private waters".  
10 3. Page 2, line 17, by inserting after the word "watercraft"  
11 the words:  
12 "on public water".  
13 4. Page 3, lines 21 and 22, by striking the words "with  
14 double faced carbon paper under the original".  
15 5. Page 3, line 25, strike the words "words and".  
16 6. Page 3, lines 26 and 27, strike the words "the per  
17 gallon rate of any tax added to the fuel price,".  
18 7. Page 4, by inserting before line 23 the following:  
19 Sec. \_\_\_\_\_. Section three hundred twenty-four point  
20 seventeen (324.17), Code 1973, is amended by adding the  
21 following new subsection:  
22 NEW SUBSECTION. In lieu of the refund provided in this  
23 section, a person may receive an income tax credit as  
24 provided in sections two (2), three (3) and four (4) of this  
25 Act.

Page 2

1 8. Page 4, strike lines 28 through 31 and insert in lieu  
2 thereof the following:  
3 "a claim for refund or income tax credit or not, provided,  
4 however, if claimant's refund permit shall have been revoked  
5 for cause as provided in section 324.19 such revocation shall  
6 be a bar to prosecution for violation of this subsection."  
7 9. Page 5, lines 2 and 3, strike the words "~~reimbursed~~  
8 ~~and-repaid~~ transferred pursuant to section ~~324.17~~" and insert  
9 in lieu thereof the words and figures "reimbursed and repaid  
10 pursuant to section 324.17 or transferred pursuant to section".  
11 10. Page 5, strike lines 9 through 12.  
12 11. Renumber sections and correct internal references as  
13 needed to conform to this amendment.

Received from the House  
April 17, 1974

*Senate amended and concurred 4/24*

S-2859

1 Amend the House Amendment to Senate File 1211,  
2 page 1, by striking lines 7 through 12.

S-2859 Filed and adopted By BLOUIN  
April 24, 1974