

Reprinted 4/24

FILED APR 22 1980

SENATE FILE 2376

By COMMITTEE ON WAYS AND MEANS
Appropriation 22 (p. 1574)
(FORMERLY SSB 2298)

Passed Senate, Date 4/23/80 (p. 1621) Passed House, Date 4/26/80 (p. 2223)
Vote: Ayes 45 Nays 2 Vote: Ayes 58 Nays 42
Approved 5/23/80

A BILL FOR

1 An Act to impose an excise tax on motor fuel containing at
2 least ten percent alcohol distilled from agricultural
3 products, including a sales tax exemption for motor
4 fuel containing at least ten percent alcohol distilled
5 from agricultural products, subject to penalties provided
6 by law.

7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
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1 Section 1. Section three hundred twenty-four point two
2 (324.2), Code 1979, as the section is amended by Acts of the
3 Sixty-eighth General Assembly, 1979 Session, chapter seventy-
4 five (75), section one (1), is amended by adding the following
5 new subsection:

6 NEW SUBSECTION. "Gasohol" means motor fuel containing
7 at least ten percent alcohol distilled from agricultural
8 products.

9 Sec. 2. Section three hundred twenty-four point three
10 (324.3), Code 1979, is amended by adding the following new
11 unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. For the privilege of operating
13 motor vehicles in this state an excise tax of five cents per
14 gallon for the period beginning May 1, 1981 and ending June
15 30, 1983, is hereby imposed upon the use of gasohol used for
16 any purpose except as otherwise provided in this division.

17 Sec. 3. Chapter three hundred twenty-four (324), Code
18 1979, is amended by inserting after section three hundred
19 twenty-four point five (324.5), Code 1979, the following new
20 section:

21 324.6 GASOHOL BLENDERS LICENSE. Any person other than
22 a distributor licensed under this division who blends motor
23 fuel containing at least ten percent alcohol distilled from
24 agricultural products shall obtain a blender's license. The
25 license shall be obtained by following the procedure as set
26 forth in section three hundred twenty-four point four (324.4)
27 of the Code and the license shall be subject to the same re-
28 strictions as contained therein. Each blender shall maintain
29 records as required by section three hundred twenty-four point
30 ten (324.10) of the Code as to motor fuel, alcohol and gasohol.

31 Sec. 4. Section three hundred twenty-four point eight
32 (324.8), subsections four (4) and five (5), Code 1979, are
33 amended to read as follows:

34 4. From the total number of invoiced gallons of motor
35 fuel "received" by the distributor within the state during

1 the next preceding calendar month shall be made the following
2 deductions:

3 First, the gallonage of motor fuel received and thereafter
4 sold within the exemptions provided for in section 324.3;

5842 5 and second, the gallonage of motor fuel received which at
6 the time of receipt is gasohol as defined in this division;

7 third, the gallonage of motor fuel blended with alcohol to
8 produce gasohol; and fourth, the number of gallons of motor

9 fuel equal to three per centum of the first three hundred
10 thousand gallons and one and one-quarter per centum of all
11 gallonage in excess of three hundred thousand gallons of
12 invoiced gallons of motor fuel received by the distributor
13 within this state during the next preceding calendar month
14 after deduction provided in this subsection, this percentage
15 being a flat allowance to cover evaporation, shrinkage, and
16 losses, ~~other than those provided for in section 324.3,~~ and
17 the distributor's expenses and losses in collection, accounting
18 for, and paying over the motor fuel tax.

19 5. The number of invoiced gallons remaining after the
20 deductions hereinabove set forth shall be multiplied by the
21 per gallon motor fuel tax rate ~~and resulting figure shall~~
22 ~~be the amount of motor fuel tax in dollars and cents due from~~
23 ~~the distributor for the next preceding calendar month. Any~~
24 ~~outstanding credit memoranda issued by the department of~~
25 ~~revenue to the distributor may be applied against the amount~~
26 due.

27 Sec. 5. Chapter three hundred twenty-four point eight
28 (324.8), Code 1979, is amended by adding the following new
29 unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. For the purpose of determining
31 the amount of the tax liability on alcohol blended to produce
5935 32 gasohol, each licensed blender shall, not later than the last
33 day of each month, file with the department of revenue a
34 monthly report, signed under penalty for false certificate,
35 which shall include the following: The number of gallons

1 of gasoline blended into gasohol, the number of gallons of
2 alcohol blended into gasohol. The amount of alcohol blended
3 shall be multiplied by the per gallon motor fuel tax rate
4 applicable to gasohol.

5 Sec. 6. Section three hundred twenty-four point eight
6 (324.8), Code 1979, is amended by adding the following new
7 subsection:

8 NEW SUBSECTION. The sum of the number of invoiced gallons
9 of gasohol which are received tax free by the distributor
10 during the next preceding calendar month and the number of
11 gallons of gasohol blended by the distributor during the next
12 preceding calendar month shall be multiplied by the per gallon
13 motor fuel tax rate applicable to gasohol.

14 Sec. 7. Section three hundred twenty-four point eight
15 (324.8), Code 1979, is amended by adding the following new
16 subsection:

17 NEW SUBSECTION. The sum of the tax due under subsection
18 six (6) of this section and section five (5) of this Act shall
19 be the amount of motor fuel tax in dollars and cents due from
20 the distributor for the next preceding calendar month. Any
21 outstanding credit memoranda issued by the department of
22 revenue to the distributor may be applied against the amount
23 due.

24 Sec. 8. Section three hundred twenty-four point eighteen
25 (324.18), Code 1979, is amended to read as follows:

26 324.18 REFUND PERMIT. No person may claim a refund under
5838 27 section 324.17 or sections six (6) and seven (7) of this Act
28 until ~~he~~ the person shall have obtained a refund permit from
29 the department of revenue and paid the fee therefor. A special
30 permit shall be obtained by applicants claiming a refund under
31 the provisions of this chapter on account of motor fuel used
32 for the purpose of operating aircraft or used to blend gasohol.
33 Application for a refund permit shall be made to the department
34 of revenue on a form provided by the department of revenue,
35 shall be certified by the applicant under penalty for false

1 certificate and shall contain among other things, the name,
2 the address and occupation of the applicant, the nature of
3 ~~his~~ the applicant's business and a sufficient description
4 for identification of the machines and equipment in which
5 is to be used motor fuel for which refund may be claimed under
6 the permit. Each permit shall bear a separate number and
7 each claim for refund shall bear the number of the permit
8 under which it is made. The department of revenue shall keep
9 a permanent record of all permits issued and a cumulative
10 record of the amount of refund claimed and paid under each.
11 A fee of one dollar shall be collected by the department of
12 revenue from each person to whom a refund permit is issued.
13 A refund permit shall continue in effect until revoked as
14 ~~hereinafter-provided~~ or until the claimant shall have moved
15 from the county with which ~~his~~ the claimant's refund permit
16 is identified.

17 Sec. 9. Chapter three hundred twenty-four (324), division
18 one (I), Code 1979, is amended by adding the following new
19 section:

20 NEW SECTION. GASOHOL REFUND--CREDIT. Persons other than
21 distributors licensed under this division who blend motor
22 fuel and alcohol to produce gasohol may file for a refund
23 for the difference between taxes paid on the motor fuel
24 purchased to produce gasohol and the tax due on the gasohol
25 blended. If, during any month, a person licensed as a
26 distributor under this division uses tax paid motor fuel to
27 blend gasohol and the refund otherwise due under this section
28 is greater than the distributor's total tax liability for
29 that month, the distributor will be entitled to a credit.
30 The claim for credit shall be filed as part of the report
31 required by section three hundred twenty-four point eight
32 (324.8) of the Code.

33 In order to obtain the refund established by this section,
34 the person shall do all of the following:

35 1. Obtain a blender's permit as provided in section three

1 hundred twenty-four point eighteen (324.18) of the Code.

2 2. File a refund claim containing the information as re-
3 quired by the department of revenue and certified by the
4 claimant under penalty for false certificate.

5 3. Retain invoices meeting the requirements of section
6 three hundred twenty-four point seventeen (324.17), subsec-
7 tion three (3), of the Code for the motor fuel purchased.

8 4. Retain invoices for the purchase of alcohol.

9 A refund or credit memorandum will not be issued unless
10 the claim is filed within ninety days following the end of
11 the month during which the gasohol was actually blended.

12 If a person files an incorrect refund claim, there shall
13 be added a penalty of five percent to the amount by which
14 the amount claimed and refunded exceeds the amount actually
15 due. If a fraudulent refund claim is filed with intent to
16 evade the tax, the penalty shall be fifty percent in lieu
17 of five percent. The person shall also pay interest on the
18 excess refunded at a rate of three-fourths of one percent
19 per month counting each fraction of a month as an entire
20 month, computed from the date the refund was issued to the
21 date the excess refund is repaid to the state.

22 Sec. 10. Section four hundred twenty-two point forty-five
23 (422.45), subsection eleven (11), Code 1979, as the section
24 is amended by Acts of the Sixty-eighth General Assembly, 1979
25 Session, chapter ninety-six (96), sections two (2), three
26 (3), and four (4), is amended to read as follows:

27 11. The gross receipts from the sale of motor fuel and
28 special fuel consumed for highway use or in watercraft where
29 the fuel tax has been imposed and paid and no refund has been
30 or will be allowed and the gross receipts from the sales of
31 gasohol, as defined in section three hundred twenty-four point
32 two (324.2) of the Code.

33 Sec. 11. Chapter three hundred twenty-four (324), division
34 four (IV), Code 1979, is amended by adding the following new
35 section:

5835 1 NEW SECTION. TAX PAYMENT FOR STORED GASOHOL AND PENALTY.

2 All persons having title on May 1, 1981 to gasohol in storage
 3 which gasohol is held for sale, shall take an inventory of
 4 the gallonage of gasohol on hand as of the close of business,
 5 April 30, 1981. All gallonage sold on or after May 1, 1981,
 6 shall be taxed at the rate as provided in section two (2)
 7 of this Act. All persons responsible for taking the inventory
 8 under the provision of this paragraph shall pay to the
 9 treasurer of the state a five cents per gallon tax on gasohol
 10 on hand as of April 30, 1981.

5835 11 All persons having title on May 1, 1981 or June 30, 1983,
 12 to gasohol in storage, which gasohol is held for sale shall
 13 take an inventory of the gallonage of gasohol on hand as of
 14 the close of business April 30, 1981 or June 30, 1983. All
 15 gallonage sold on or after the date of an increase in the
 16 gasohol tax rate shall be taxed at the rate as provided in
 17 section two (2) of this Act. All persons responsible for
 18 taking the inventory under the provisions of this paragraph
 19 shall pay to the treasurer of state a two cents per gallon
 20 tax on gasohol on hand as of June thirtieth of each year.

21 All persons responsible for taking an inventory under this
 22 section shall report gallonage on hand on forms provided by
 5835 23 the department of revenue and remit the tax due within fifteen
 24 days of the prescribed inventory date. The department of
 25 revenue shall adopt rules pursuant to chapter seventeen A
 26 (17A) of the Code as are necessary to carry out the provisions
 27 of this section.

5835 28 EXPLANATION

29 The bill imposes an excise tax of five cents per gallon
 30 on gasohol beginning May 1, 1981. A blender's license is
 31 required for persons blending alcohol and motor fuel. The
 32 bill also provides a sales tax exemption for gasohol.

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LSB 4417S 68

bk/rh/8.1

SENATE FILE 2376
FISCAL NOTE

REQUESTED BY SENATOR GALLAGHER, APRIL 23, 1980

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2376 pursuant to Joint Rule 16.

Senate File 2376, An Act to impose an excise tax on motor fuel containing at least ten percent alcohol distilled from agricultural products, including a sales tax exemption for motor fuel containing at least ten percent alcohol distilled from agricultural products, subject to penalties provided by law.

For the period May 1, 1981 to June 30, 1983, the revenue expected to be generated by Senate File 2376 is \$27.4 million.

<u>Gasohol Sold</u> <u>5/1/81 - 6/30-83</u>	<u>Tax</u>	<u>Revento to</u> <u>Road Use Tax</u> <u>Fund</u>
548.3 Million Gal.	5¢/gal.	\$27.4 Million

FILED:
APRIL 23, 1980

BY GERRY RANKIN, DIRECTOR
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2376

S-5842

- 1 Amend Senate File 2376 as follows:
- 2 1. Page 2, by striking lines 5 through 8 and
- 3 inserting in lieu thereof the words "and second,
- 4 the number of gallons of motor".

S-5842 FILED
APRIL 23, 1980
ADOPTED (p. 1621)

BY EDGAR H. HOLDEN
C. W. HUTCHINS

SENATE FILE 2376

S-5844

- 1 Amend the Holden amendment S-5835 to Senate File
- 2 2376 as follows:
- 3 1. Page 1, line 27, by striking the word "fifteen"
- 4 and inserting in lieu thereof the word "thirty".

S-5844 FILED
APRIL 23, 1980
ADOPTED (p. 1621)

BY EDGAR H. HOLDEN

SENATE FILE 2376

S-5839

1 Amend Senate File 2376 as follows:

2 1. Page 6, by striking lines 11 through 20 and
3 inserting in lieu thereof the following:
4 "All persons having title on July 1, 1983, to
5 gasohol in storage, which gasohol is held for sale
6 and upon which the excise tax has been paid prior
7 to such date shall take an inventory of the gallonage
8 of gasohol on hand as of the close of business, June
9 30, 1983. All gallonage sold on or after July 1,
10 1983 shall be taxed at the rate established for motor
11 fuel by section three hundred twenty-four point three
12 (324.3) of the Code. All persons responsible for
13 taking the inventory under the provisions of this
14 paragraph shall pay to the treasurer of the state
15 a five cents per gallon tax on gasohol on hand as
16 of June 30, 1983."

S-5839 FILED
APRIL 23, 1980

BY RICHARD F. DRAKE

RULED OUT OF ORDER (p. 1621)

SENATE FILE 2376

S-5838

1 Amend Senate File 2376 as follows:

2 1. Page 2, line 32, by inserting after the word
3 "than" the words "thirty-one days following".
4 2. Page 3, line 18, by striking the word and
5 figure "six (6)" and inserting in lieu thereof the
6 word and figure "five (5)".
7 3. Page 3, line 18, by striking the word and
8 figure "five (5)" and inserting in lieu thereof the
9 word and figure "six (6)".
10 4. Page 3, line 27, by striking the words and
11 figures "sections six (6) and seven (7)" and inserting
12 in lieu thereof the words and figure "section nine
13 (9)".
14 5. Page 6, by inserting after line 27 the following
15 new section:
16 "Sec. ____ . The provisions of section five (5)
17 of this Act are effective June 30, 1983."
18 6. Renumber sections and correct internal
19 references as are necessary in accordance with this
20 amendment.

S-5838 FILED
APRIL 23, 1980

BY ROLF V. CRAFT

ADOPTED (p. 1621)

SENATE FILE 2376

S-5835

1 Amend Senate File 2376 as follows:

2 1. Page 1, line 14, by inserting after the figure
3 "1981" the words and figures "and ending September
A 4 30, 1981, six cents per gallon for the period beginning
5 October 1, 1981 and ending June 30, 1982, and eight
6 cents per gallon for the period beginning July 1,
7 1982".

8 2. Page 6, by striking lines 1 through 27 and
9 inserting in lieu thereof the following:

10 "NEW SECTION. TAX PAYMENT FOR STORED MOTOR FUEL,
11 GASOHOL, AND SPECIAL FUEL--PENALTY.

12 1. Persons having title to motor fuel, gasohol,
13 or special fuel in storage and held for sale on the
14 effective date of an increase in the excise tax rate
15 imposed on motor fuel, gasohol, or special fuel under
B 16 this chapter shall be subject to an inventory tax
17 based upon the gallonage in storage as of the close
18 of the business day next preceding the effective date
19 of the increased excise tax rate of motor fuel,
20 gasohol, or special fuel which will be subject to
21 the increased excise tax rate.

22 2. Persons subject to the tax imposed under this
23 section shall take an inventory to determine the
24 gallonage in storage for purposes of determining the
25 tax and shall report that gallonage on forms provided
26 by the department of revenue and pay the tax due
27 within fifteen days of the prescribed inventory date.

28 The department of revenue shall adopt rules pursuant
29 to chapter seventeen A (17A) of the Code as are
30 necessary to carry out the provisions of this section.

31 3. The amount of the inventory tax is equal to
32 the inventory tax rate times the gallonage in storage
33 as determined under subsection one (1) of this section.
34 The inventory tax rate is equal to the difference
35 of the increased excise tax rate less the previous
36 excise tax rate."

S-5835 FILED
APRIL 23, 1980

BY EDGAR H. HOLDEN

DIVISION A - LOST (p. 1620)

DIVISION B - ADOPTED AS AMENDED (p. 1621)

SENATE FILE 2376

S-5836

1 Amend Senate File 2376 as follows:

2 1. Page 6, line 23, by striking the word "fifteen"
3 and inserting in lieu thereof the word "thirty".

S-5836 FILED
APRIL 23, 1980

BY RICHARD F. DRAKE

RULED OUT OF ORDER (p. 1621)

S-5828

SENATE FILE 2376

1 Amend Senate File 2376 as follows:

2 1. Page 6, by inserting after line 27 the
3 following new section:

4 "Sec. _____. The provisions of section ten (10) of
5 this Act shall become effective May 1, 1981."

6 2. Renumber sections and correct internal references
7 as are necessary in accordance with this amendment.

S-5828 FILED

APRIL 23, 1980

ADOPTED (p. 1621)

BY ROLF V. CRAFT

358, 635-9
4-20-81

1 Section 1. Section three hundred twenty-four point two
2 (324.2), Code 1979, as the section is amended by Acts of the
3 Sixty-eighth General Assembly, 1979 Session, chapter seventy-
4 five (75), section one (1), is amended by adding the following
5 new subsection:

6 NEW SUBSECTION. "Gasohol" means motor fuel containing
7 at least ten percent alcohol distilled from agricultural
8 products.

9 Sec. 2. Section three hundred twenty-four point three
10 (324.3), Code 1979, is amended by adding the following new
11 unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. For the privilege of operating
13 motor vehicles in this state an excise tax of five cents per
14 gallon for the period beginning May 1, 1981 and ending June
15 30, 1983, is hereby imposed upon the use of gasohol used for
16 any purpose except as otherwise provided in this division.

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17 Sec. 3. Chapter three hundred twenty-four (324), Code
18 1979, is amended by inserting after section three hundred
19 twenty-four point five (324.5), Code 1979, the following new
20 section:

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21 324.6 GASOHOL BLENDERS LICENSE. Any person other than
22 a distributor licensed under this division who blends motor
23 fuel containing at least ten percent alcohol distilled from
24 agricultural products shall obtain a blender's license. The
25 license shall be obtained by following the procedure as set
26 forth in section three hundred twenty-four point four (324.4)
27 of the Code and the license shall be subject to the same re-
28 strictions as contained therein. Each blender shall maintain
29 records as required by section three hundred twenty-four point
30 ten (324.10) of the Code as to motor fuel, alcohol and gasohol.

6360

31 Sec. 4. Section three hundred twenty-four point eight
32 (324.8), subsections four (4) and five (5), Code 1979, are
33 amended to read as follows:

34 4. From the total number of invoiced gallons of motor
35 fuel "received" by the distributor within the state during

1 the next preceding calendar month shall be made the following
2 deductions:

3 First, the gallonage of motor fuel received and thereafter
4 sold within the exemptions provided for in section 324.3;
5 and second, the number of gallons of motor fuel equal to three
6 per centum of the first three hundred thousand gallons and
7 one and one-quarter per centum of all gallonage in excess
8 of three hundred thousand gallons of invoiced gallons of motor
9 fuel received by the distributor within this state during
10 the next preceding calendar month after deduction provided
11 in this subsection, this percentage being a flat allowance
12 to cover evaporation, shrinkage, and losses, other-than-these
13 provided-for-in-section-324.3, and the distributor's expenses
14 and losses in collection, accounting for, and paying over
15 the motor fuel tax.

16 5. The number of invoiced gallons remaining after the
17 deductions hereinabove set forth shall be multiplied by the
18 per gallon motor fuel tax rate ~~and resulting figure shall~~
19 ~~be the amount of motor fuel tax in dollars and cents due from~~
20 ~~the distributor for the next preceding calendar month.--Any~~
21 ~~outstanding credit memoranda issued by the department of~~
22 ~~revenue to the distributor may be applied against the amount~~
23 ~~due.~~

24 3340 Sec. 5. Chapter three hundred twenty-four point eight
25 (324.8), Code 1979, is amended by adding the following new
26 unnumbered paragraph:

27 NEW UNNUMBERED PARAGRAPH. For the purpose of determining
28 the amount of the tax liability on alcohol blended to produce
29 gasohol, each licensed blender shall, not later than thirty-
30 one days following the last day of each month, file with the
31 department of revenue a monthly report, signed under penalty
32 for false certificate, which shall include the following:
33 The number of gallons of gasoline blended into gasohol, the
34 number of gallons of alcohol blended into gasohol. The amount
35 of alcohol blended shall be multiplied by the per gallon motor

1 fuel tax rate applicable to gasohol.

2360 2 Sec. 6. Section three hundred twenty-four point eight
3 (324.8), Code 1979, is amended by adding the following new
4 subsection:

5 NEW SUBSECTION. The sum of the number of invoiced gallons
6 of gasohol which are received tax free by the distributor
7 during the next preceding calendar month and the number of
8 gallons of gasohol blended by the distributor during the next
9 preceding calendar month shall be multiplied by the per gallon
10 motor fuel tax rate applicable to gasohol.

2360 11 Sec. 7. Section three hundred twenty-four point eight
12 (324.8), Code 1979, is amended by adding the following new
13 subsection:

14 NEW SUBSECTION. The sum of the tax due under subsection
15 five (5) of this section and section six (6) of this Act shall
16 be the amount of motor fuel tax in dollars and cents due from
17 the distributor for the next preceding calendar month. Any
18 outstanding credit memoranda issued by the department of
19 revenue to the distributor may be applied against the amount
20 due.

2360 21 Sec. 8. Section three hundred twenty-four point eighteen
22 (324.18), Code 1979, is amended to read as follows:

23 324.18 REFUND PERMIT. No person may claim a refund under
24 section 324.17 or section nine (9) of this Act until ~~he~~ the
25 person shall have obtained a refund permit from the department
26 of revenue and paid the fee therefor. A special permit shall
27 be obtained by applicants claiming a refund under the
28 provisions of this chapter on account of motor fuel used for
29 the purpose of operating aircraft or used to blend gasohol.
30 Application for a refund permit shall be made to the department
31 of revenue on a form provided by the department of revenue,
32 shall be certified by the applicant under penalty for false
33 certificate and shall contain among other things, the name,
34 the address and occupation of the applicant, the nature of
35 ~~his~~ the applicant's business and a sufficient description

1 for identification of the machines and equipment in which
2 is to be used motor fuel for which refund may be claimed under
3 the permit. Each permit shall bear a separate number and
4 each claim for refund shall bear the number of the permit
5 under which it is made. The department of revenue shall keep
6 a permanent record of all permits issued and a cumulative
7 record of the amount of refund claimed and paid under each.
8 A fee of one dollar shall be collected by the department of
9 revenue from each person to whom a refund permit is issued.
10 A refund permit shall continue in effect until revoked as
11 ~~hereinafter-provided~~ or until the claimant shall have moved
12 from the county with which ~~his~~ the claimant's refund permit
13 is identified.

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14 Sec. 9. Chapter three hundred twenty-four (324), division
15 one (I), Code 1979, is amended by adding the following new
16 section:

17 NEW SECTION. GASOHOL REFUND--CREDIT. Persons other than
18 distributors licensed under this division who blend motor
19 fuel and alcohol to produce gasohol may file for a refund
20 for the difference between taxes paid on the motor fuel
21 purchased to produce gasohol and the tax due on the gasohol
22 blended. If, during any month, a person licensed as a
23 distributor under this division uses tax paid motor fuel to
24 blend gasohol and the refund otherwise due under this section
25 is greater than the distributor's total tax liability for
26 that month, the distributor will be entitled to a credit.
27 The claim for credit shall be filed as part of the report
28 required by section three hundred twenty-four point eight
29 (324.8) of the Code.

30 In order to obtain the refund established by this section,
31 the person shall do all of the following:

32 1. Obtain a blender's permit as provided in section three
33 hundred twenty-four point eighteen (324.18) of the Code.

34 2. File a refund claim containing the information as re-
35 quired by the department of revenue and certified by the

1 claimant under penalty for false certificate.

2 3. Retain invoices meeting the requirements of section
3 three hundred twenty-four point seventeen (324.17), subsec-
4 tion three (3), of the Code for the motor fuel purchased.

5 4. Retain invoices for the purchase of alcohol.

6 A refund or credit memorandum will not be issued unless
7 the claim is filed within ninety days following the end of
8 the month during which the gasohol was actually blended.

9 If a person files an incorrect refund claim, there shall
10 be added a penalty of five percent to the amount by which
11 the amount claimed and refunded exceeds the amount actually
12 due. If a fraudulent refund claim is filed with intent to
13 evade the tax, the penalty shall be fifty percent in lieu
14 of five percent. The person shall also pay interest on the
15 excess refunded at a rate of three-fourths of one percent
16 per month counting each fraction of a month as an entire
17 month, computed from the date the refund was issued to the
18 date the excess refund is repaid to the state.

19 Sec. 10. Section four hundred twenty-two point forty-five
20 (422.45), subsection eleven (11), Code 1979, as the section
21 is amended by Acts of the Sixty-eighth General Assembly, 1979
22 Session, chapter ninety-six (96), sections two (2), three
23 (3), and four (4), is amended to read as follows:

24 11. The gross receipts from the sale of motor fuel and
25 special fuel consumed for highway use or in watercraft where
26 the fuel tax has been imposed and paid and no refund has been
27 or will be allowed and the gross receipts from the sales of
28 gasohol, as defined in section three hundred twenty-four point
29 two (324.2) of the Code.

30 Sec. 11. Chapter three hundred twenty-four (324), division
31 four (IV), Code 1979, is amended by adding the following new
32 section:

33 NEW SECTION. TAX PAYMENT FOR STORED MOTOR FUEL, GASOHOL,
34 AND SPECIAL FUEL--PENALTY.

35 1. Persons having title to motor fuel, gasohol, or special

1 fuel in storage and held for sale on the effective date of
2 an increase in the excise tax rate imposed on motor fuel,
3 gasohol, or special fuel under this chapter shall be subject
4 to an inventory tax based upon the gallonage in storage as
5 of the close of the business day next preceding the effective
6 date of the increased excise tax rate of motor fuel, gasohol,
7 or special fuel which will be subject to the increased excise
8 tax rate.

9 2. Persons subject to the tax imposed under this section
10 shall take an inventory to determine the gallonage in storage
11 for purposes of determining the tax and shall report that
12 gallonage on forms provided by the department of revenue and
13 pay the tax due within thirty days of the prescribed inventory
14 date. The department of revenue shall adopt rules pursuant
15 to chapter seventeen A (17A) of the Code as are necessary
16 to carry out the provisions of this section.

17 3. The amount of the inventory tax is equal to the
18 inventory tax rate times the gallonage in storage as determined
19 under subsection one (1) of this section. The inventory tax
20 rate is equal to the difference of the increased excise tax
21 rate less the previous excise tax rate.

6360 22 Sec. 12. The provisions of section five (5) of this Act
23 are effective June 30, 1983.

24 Sec. 13. The provisions of section ten (10) of this Act
25 shall become effective May 1, 1981.

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SF 2376
bk/slc/26c

SENATE FILE 2376

H-6375

1 Amend the Norland and Lloyd-Jones amendment, H-
2 6359, to Senate File 2376, as amended, passed and
3 reprinted by the Senate, as follows:
4 1. Page 1, line 15, by inserting after the period
5 the words "If the accurate figures on sales tax
6 collected on motor fuel containing at least ten percent
7 alcohol distilled from agricultural products are not
8 provided to the department, the department shall
9 estimate the amount of sales tax receipts received
10 from the gross receipts of sales of motor fuel
11 containing at least ten percent alcohol distilled
12 from agricultural products which shall be credited
13 to the railroad assistance fund."

H-6375 FILED APRIL 25, 1980 By NORLAND of Worth

Placed out of order 4/26

SENATE FILE 2376

H-6402

1 Amend amendment H-6360 to Senate File 2376
2 as amended, passed and reprinted by the Senate as
3 follows:
4 1. Page 1, line 10, by inserting after the word
5 "committee" the words "with full investigative
6 powers".
7 2. Page 1, line 16, by inserting after the word
8 "permits," the following "a thorough review of
9 the department of transportation's spending priorities
10 on highway projects and of the costs engineered into
11 those highway projects, ".

H-6402 FILED APRIL 25, 1980 By WOODS of Polk

Placed out of order 4/26 (p. 2221)

H-6364

1 Amend amendment H-6349 to Senate File 2376, as
 2 amended, passed, and reprinted by the Senate as
 3 follows:

4 1. Page 1, by inserting after line 4 the
 5 following new section:

6 "Sec. _____. Section three hundred twenty-four
 7 point three (324.3), unnumbered paragraph one (1),
 8 Code 1979, is amended to read as follows:

9 For the privilege of operating motor vehicles in
 10 this state an excise tax of eight-and-one-half-cents
 11 per-gallon-beginning-July-1, 1978, and-ten eleven
 12 cents per gallon beginning July 1, 1979 1980 is
 13 hereby imposed upon the use of all motor fuel used
 14 for any purpose except motor fuel containing at least
 15 ten percent alcohol distilled from agricultural
 16 products for the period beginning July 1, 1978 and
 17 ending June 30, 1983 and except as otherwise
 18 provided in this division. The tax shall be paid in
 19 first instance by the distributor upon the invoiced
 20 gallonage of all motor fuel received by the distri-
 21 butor in this state, within the meaning of the
 22 word "received" as defined in this division, less
 23 the deductions hereinafter authorized. There-
 24 after, except as otherwise provided, the per
 25 gallon amount of such tax shall be added to the
 26 selling price of each and every gallon of such
 27 motor fuel sold in this state and collected from
 28 the purchaser to the end that the ultimate
 29 consumer shall bear the burden of such tax;
 30 provided, however, that no tax shall be imposed or
 31 collected under this division with respect to
 32 the following:".

H-6364 FILED APRIL 25, 1980 By HOWELL of Floyd

H/D 4/26 (p. 2222)

SENATE FILE 2376

H-6365

1 Amend amendment H-6349 to Senate File 2376, as
 2 amended, passed, and reprinted by the Senate, as
 3 follows:

4 1. Page 1, line 14 by striking the word "twelve"
 5 and inserting in lieu thereof the word "thirteen".

H-6365 FILED APRIL 25, 1980 By HOWELL of Floyd

H/D 4/26 (p. 2222)

- 1 Amend Senate File 2376 as follows:
 2 1. Page 1, by striking lines 17 through 35.
 3 2. Page 2, by striking lines 1 through 35.
 4 3. Page 3, by striking lines 1 through 35.
 5 4. Page 4, by striking lines 1 through 35.
 6 5. Page 5, by striking lines 1 through 18.
 7 6. Page 6, by striking lines 22 and 23 and
 8 inserting in lieu thereof the following new section:
 9 "Sec. _____. The legislative council shall establish
 10 a study committee consisting of members of both houses
 11 representing both political parties from the respective
 12 committees on ways and means and transportation, to
 13 conduct a study during the 1980-1981 interim of the
 14 administrative procedures required for the proper
 15 administration of the excise tax on gasohol, including
 16 refund procedures, blenders permits, and other related
 17 issues. The study committee shall submit a report,
 18 including bill drafts necessary to implement its
 19 recommendations, to the legislative council and to
 20 the general assembly convening in 1981."
 21 7. Renumber sections and correct internal
 22 references as are necessary in accordance with this
 23 amendment.

H-6360 FILED APRIL 24, 1980 By BRANSTAD of Winnebago
 W.D. 4-20-80. 2221.) LURA of Marshall

SENATE FILE 2376

H-6361

- 1 Amend amendment H-6358 to Senate File 2376 as amended,
 2 passed and reprinted by the Senate as follows:
 3 1. Page 1, by striking lines 3 through 16 and
 4 inserting in lieu thereof the following:
 5 "1. Page 1, by striking lines 17 through 35.
 6 2. Page 2, by striking lines 1 through 35.
 7 3. Page 3, by striking lines 1 through 35.
 8 4. Page 4, by striking lines 1 through 35.
 9 5. Page 5, by striking lines 1 through 18.
 10 6. Page 6, by striking lines 22 and 23 and
 11 inserting in lieu thereof the following new section:
 12 "Sec. _____. The legislative council shall establish
 13 a study committee consisting of members of both houses
 14 representing both political parties from the respective
 15 committees on ways and means and transportation, to
 16 conduct a study during the 1980-1981 interim of the
 17 administrative procedures required for the proper
 18 administration of the excise tax on gasohol, including
 19 refund procedures, blenders permits, and other related
 20 issues. The study committee shall submit a report,
 21 including bill drafts necessary to implement its
 22 recommendations, to the legislative council and to
 23 the general assembly convening in 1981."
 24 7. Renumber sections and correct internal
 25 references as are necessary in accordance with this
 26 amendment."
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H-6361 FILED APRIL 24, 1980 By BRANSTAD of Winnebago
 W.D. 4-26-80. 2221.) LURA of Marshall

SENATE FILE 2376

H-6353

- 1 Amend Senate File 2376 as amended, passed and
- 2 reprinted by the Senate as follows:
- 3 1. Page 1, line 13, by striking the word "five"
- 4 and inserting in lieu thereof the word "four".

H-6353 FILED APRIL 24, 1980 By DAVITT of Warren
Lost 4/26 (p. 2221) HALVORSON of Webster

SENATE FILE 2376

H-6348

- 1 Amend Senate File 2376, as amended, passed, and
- 2 reprinted by the House, as follows:
- 3 1. Page 1, line 13, by striking the word "five"
- 4 and inserting in lieu thereof the words "four cents
- 5 for the period beginning July 1, 1980 and ending April
- 6 30, 1981 and five".
- 7 2. Page 6, by striking lines 24 and 25.

H-6348 FILED APRIL 24, 1980 By BRANDT of Black Hawk
Lost 4/26 (p. 2220)

SENATE FILE 2376

H-6358

- 1 Amend Senate File 2376, as amended, passed and
- 2 reprinted by the Senate, as follows:
- 3 1. By striking everything after the enacting
- 4 clause and inserting in lieu thereof the following:
- 5 "Section 1. The legislative council shall create
- 6 an interim joint subcommittee composed of members
- 7 of the agriculture and ways and means committees of
- 8 the House and Senate to study the promotion and
- 9 taxation of gasohol, and the collection of taxes on
- 10 the sale of gasohol, during the 1980 legislative
- 11 interim."
- 12 2. Amend the title page by striking lines 1
- 13 through 7 and inserting in lieu thereof the following:
- 14 "An Act to mandate a study of the promotion and
- 15 taxation of gasohol, and the collection of taxes on
- 16 the sale of gasohol."

H-6358 FILED APRIL 24, 1980 By NORLAND of Worth WELSH of Dubuque
Lost 4/26 (p. 2218) DAVITT of Warren COCHRAN of Webster
AVENSON of Fayette

SENATE FILE 2376

H-6349

1 Amend Senate File 2376, as amended, passed, and
2 reprinted by the Senate, as follows:
3 1. Page 4, by inserting after line 13 the following
4 new section:
5 "Sec. _____. Section three hundred twenty-four point
6 thirty-four (324.34), unnumbered paragraph one (1),
7 Code 1979, is amended to read as follows:
8 For the privilege of operating motor vehicles in
9 this state, there is hereby levied and imposed an
10 excise tax on the use (as defined herein) of special
11 fuel in any motor vehicle. The rate of tax on special
12 (diesel engine) fuel shall be ~~ten cents per gallon~~
13 ~~beginning July 1, 1978, and shall be eleven and one-~~
14 ~~half~~ twelve cents per gallon beginning July 1, 1979
15 1980. On all other special fuel the per gallon rate
16 shall be the same as the motor fuel tax. The tax,
17 with respect to all special fuel delivered by a special
18 fuel dealer for use in this state as defined by section
19 324.33, shall attach at the time of the delivery and
20 shall be collected by the dealer from the special
21 fuel user and shall be paid over to the department
22 of revenue as hereinafter provided. The tax, with
23 respect to special fuel acquired by a special fuel
24 user in any manner other than by delivery by a special
25 fuel dealer into a fuel supply tank of a motor vehicle
26 or delivery into a motor vehicle special fuel holding
27 tank by a special fuel dealer or distributor, shall
28 attach at the time of the use (as herein defined)
29 of the fuel and shall be paid over to the department
30 of revenue by the user as hereinafter provided."
31 2. Renumber sections and correct internal
32 references as are necessary in accordance with this
33 amendment.

H-6349 FILED APRIL 24, 1980 By HOWELL of Floyd

*Revised not germane 4/26
(p. 2222)*

SENATE FILE 2376

H-6359

1 Amend Senate File 2376 as follows:
2 1. By striking everything after the enacting
3 clause and inserting in lieu thereof the following
4 new section:
5 "Section 1. Section four hundred twenty-two point
6 sixty-nine (422.69), Code 1979, is amended by adding
7 the following new subsection:
8 NEW SUBSECTION. All taxes, interest, and penalties
9 collected under division four (IV) of this chapter
10 on the gross receipts from the sale of motor fuel
11 containing at least ten percent alcohol distilled
12 from agricultural products shall be credited monthly
13 to the railroad assistance fund created under section
14 three hundred twenty-seven H point eighteen (327H.18)
15 of the Code."

H-6359 FILED APRIL 24, 1980 By NORLAND of Worth

*Revised not germane
4/26 (p. 2218)*

LLOYD-JONES of Johnson

SENATE FILE 2376

AN ACT

TO IMPOSE AN EXCISE TAX ON MOTOR FUEL CONTAINING AT LEAST TEN PERCENT ALCOHOL DISTILLED FROM AGRICULTURAL PRODUCTS, INCLUDING A SALES TAX EXEMPTION FOR MOTOR FUEL CONTAINING AT LEAST TEN PERCENT ALCOHOL DISTILLED FROM AGRICULTURAL PRODUCTS, SUBJECT TO PENALTIES PROVIDED BY LAW.

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

Section 1. Section three hundred twenty-four point two (324.2), Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter seventy-five (75), section one (1), is amended by adding the following new subsection:

NEW SUBSECTION. "Gasohol" means motor fuel containing at least ten percent alcohol distilled from agricultural products.

Sec. 2. Section three hundred twenty-four point three (324.3), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the privilege of operating motor vehicles in this state an excise tax of five cents per gallon for the period beginning May 1, 1981 and ending June 30, 1983, is hereby imposed upon the use of gasohol used for any purpose except as otherwise provided in this division.

Sec. 3. Chapter three hundred twenty-four (324), Code 1979, is amended by inserting after section three hundred twenty-four point five (324.5), Code 1979, the following new section:

324.6 GASOHOL BLENDERS LICENSE. Any person other than a distributor licensed under this division who blends motor fuel containing at least ten percent alcohol distilled from agricultural products shall obtain a blender's license. The

license shall be obtained by following the procedure as set forth in section three hundred twenty-four point four (324.4) of the Code and the license shall be subject to the same restrictions as contained therein. Each blender shall maintain records as required by section three hundred twenty-four point ten (324.10) of the Code as to motor fuel, alcohol and gasohol.

Sec. 4. Section three hundred twenty-four point eight (324.8), subsections four (4) and five (5), Code 1979, are amended to read as follows:

4. From the total number of invoiced gallons of motor fuel "received" by the distributor within the state during the next preceding calendar month shall be made the following deductions:

First, the gallonage of motor fuel received and thereafter sold within the exemptions provided for in section 324.3; and second, the number of gallons of motor fuel equal to three per centum of the first three hundred thousand gallons and one and one-quarter per centum of all gallonage in excess of three hundred thousand gallons of invoiced gallons of motor fuel received by the distributor within this state during the next preceding calendar month after deduction provided in this subsection, this percentage being a flat allowance to cover evaporation, shrinkage, and losses, ~~other than those provided for in section 324.3~~, and the distributor's expenses and losses in collection, accounting for, and paying over the motor fuel tax.

5. The number of invoiced gallons remaining after the deductions hereinabove set forth shall be multiplied by the per gallon motor fuel tax rate ~~and resulting figure shall be the amount of motor fuel tax in dollars and cents due from the distributor for the next preceding calendar month--Any outstanding credit memoranda issued by the department of revenue to the distributor may be applied against the amount due.~~

Sec. 5. Chapter three hundred twenty-four point eight (324.8), Code 1979, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For the purpose of determining the amount of the tax liability on alcohol blended to produce gasohol, each licensed blender shall, not later than thirty-one days following the last day of each month, file with the department of revenue a monthly report, signed under penalty for false certificate, which shall include the following: The number of gallons of gasoline blended into gasohol, the number of gallons of alcohol blended into gasohol. The amount of alcohol blended shall be multiplied by the per gallon motor fuel tax rate applicable to gasohol.

Sec. 6. Section three hundred twenty-four point eight (324.8), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. The sum of the number of invoiced gallons of gasohol which are received tax free by the distributor during the next preceding calendar month and the number of gallons of gasohol blended by the distributor during the next preceding calendar month shall be multiplied by the per gallon motor fuel tax rate applicable to gasohol.

Sec. 7. Section three hundred twenty-four point eight (324.8), Code 1979, is amended by adding the following new subsection:

NEW SUBSECTION. The sum of the tax due under subsection five (5) of this section and section six (6) of this Act shall be the amount of motor fuel tax in dollars and cents due from the distributor for the next preceding calendar month. Any outstanding credit memoranda issued by the department of revenue to the distributor may be applied against the amount due.

Sec. 8. Section three hundred twenty-four point eighteen (324.18), Code 1979, is amended to read as follows:

324.18 REFUND PERMIT. No person may claim a refund under section 324.17 or section nine (9) of this Act until he the person shall have obtained a refund permit from the department of revenue and paid the fee therefor. A special permit shall be obtained by applicants claiming a refund under the provisions of this chapter on account of motor fuel used for the purpose of operating aircraft or used to blend gasohol. Application for a refund permit shall be made to the department of revenue on a form provided by the department of revenue, shall be certified by the applicant under penalty for false certificate and shall contain among other things, the name, the address and occupation of the applicant, the nature of ~~his~~ the applicant's business and a sufficient description for identification of the machines and equipment in which is to be used motor fuel for which refund may be claimed under the permit. Each permit shall bear a separate number and each claim for refund shall bear the number of the permit under which it is made. The department of revenue shall keep a permanent record of all permits issued and a cumulative record of the amount of refund claimed and paid under each. A fee of one dollar shall be collected by the department of revenue from each person to whom a refund permit is issued. A refund permit shall continue in effect until revoked ~~as hereinafter provided~~ or until the claimant shall have moved from the county with which ~~his~~ the claimant's refund permit is identified.

Sec. 9. Chapter three hundred twenty-four (324), division one (I), Code 1979, is amended by adding the following new section:

NEW SECTION. GASOHOL REFUND--CREDIT. Persons other than distributors licensed under this division who blend motor fuel and alcohol to produce gasohol may file for a refund for the difference between taxes paid on the motor fuel purchased to produce gasohol and the tax due on the gasohol blended. If, during any month, a person licensed as a

distributor under this division uses tax paid motor fuel to blend gasohol and the refund otherwise due under this section is greater than the distributor's total tax liability for that month, the distributor will be entitled to a credit. The claim for credit shall be filed as part of the report required by section three hundred twenty-four point eight (324.8) of the Code.

In order to obtain the refund established by this section, the person shall do all of the following:

1. Obtain a blender's permit as provided in section three hundred twenty-four point eighteen (324.18) of the Code.
2. File a refund claim containing the information as required by the department of revenue and certified by the claimant under penalty for false certificate.
3. Retain invoices meeting the requirements of section three hundred twenty-four point seventeen (324.17), subsection three (3), of the Code for the motor fuel purchased.
4. Retain invoices for the purchase of alcohol.

A refund or credit memorandum will not be issued unless the claim is filed within ninety days following the end of the month during which the gasohol was actually blended.

If a person files an incorrect refund claim, there shall be added a penalty of five percent to the amount by which the amount claimed and refunded exceeds the amount actually due. If a fraudulent refund claim is filed with intent to evade the tax, the penalty shall be fifty percent in lieu of five percent. The person shall also pay interest on the excess refunded at a rate of three-fourths of one percent per month counting each fraction of a month as an entire month, computed from the date the refund was issued to the date the excess refund is repaid to the state.

Sec. 10. Section four hundred twenty-two point forty-five (422.45), subsection eleven (11), Code 1979, as the section is amended by Acts of the Sixty-eighth General Assembly, 1979 Session, chapter ninety-six (96), sections two (2), three (3), and four (4), is amended to read as follows:

11. The gross receipts from the sale of motor fuel and special fuel consumed for highway use or in watercraft where the fuel tax has been imposed and paid and no refund has been or will be allowed and the gross receipts from the sales of gasohol, as defined in section three hundred twenty-four point two (324.2) of the Code.

Sec. 11. Chapter three hundred twenty-four (324), division four (IV), Code 1979, is amended by adding the following new section:

NEW SECTION. TAX PAYMENT FOR STORED MOTOR FUEL, GASOHOL, AND SPECIAL FUEL--PENALTY.

1. Persons having title to motor fuel, gasohol, or special fuel in storage and held for sale on the effective date of an increase in the excise tax rate imposed on motor fuel, gasohol, or special fuel under this chapter shall be subject to an inventory tax based upon the gallonage in storage as of the close of the business day next preceding the effective date of the increased excise tax rate of motor fuel, gasohol, or special fuel which will be subject to the increased excise tax rate.

2. Persons subject to the tax imposed under this section shall take an inventory to determine the gallonage in storage for purposes of determining the tax and shall report that gallonage on forms provided by the department of revenue and pay the tax due within thirty days of the prescribed inventory date. The department of revenue shall adopt rules pursuant to chapter seventeen A (17A) of the Code as are necessary to carry out the provisions of this section.

3. The amount of the inventory tax is equal to the inventory tax rate times the gallonage in storage as determined under subsection one (1) of this section. The inventory tax rate is equal to the difference of the increased excise tax rate less the previous excise tax rate.

Sec. 12. The provisions of section five (5) of this Act are effective June 30, 1983.

Sec. 13. The provisions of section ten (10) of this Act shall become effective May 1, 1981.

TERRY E. BRANSTAD
President of the Senate

WILLIAM H. HARBOR
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2376, Sixty-eighth General Assembly.

FRANK J. STORK
Secretary of the Senate

Approved 5/23, 1980

ROBERT D. RAY
Governor