

Ways & Means 1/26 Amend per 5-219  
SENATE FILE 2091 - 2/19 (p. 654)

Reprint 3/18

Ways and Means  
Craft, Chair  
Holden  
Priebe

FILED JAN 26 1982

SENATE FILE 2091

BY COMMITTEE ON TRANSPORTATION

(FORMERLY SSB 2056)

Approved 1/21/82

Passed Senate, Date 3-15-82 (p. 728) Passed House, Date 4-15-82 (p. 1506)

Vote: Ayes 31 Nays 16 Vote: Ayes 73 Nays 22

Approved April 24, 1982

## A BILL FOR

1 An Act to increase the rate of the excise tax on gasohol.

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

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1 Section 1. Section 324.3, unnumbered paragraph 3, Code  
2 1981, as amended by Acts of the Sixty-ninth General Assembly,  
3 Second Extraordinary 1981 Session, chapter 2, section 9, is  
4 amended to read as follows:

5 For the privilege of operating motor vehicles in this state  
6 an excise tax of ~~five cents per gallon for the period beginning~~  
7 ~~May 17, 1981 and ending August 31, 1981 and an excise tax of~~  
8 six cents per gallon for the period beginning September 1,  
9 1981 and ending March 31, 1982, an excise tax of nine cents  
10 per gallon for the period beginning April 1, 1982 and ending  
11 June 30, 1983, an excise tax of eleven cents per gallon for  
12 the period beginning July 1, 1983, and ending June 30, 1984,  
13 and an excise tax of twelve cents per gallon for the period  
14 beginning July 1, 1984 and ending June 30, ~~1983~~ 1985, is  
15 imposed upon the use of gasohol used for any purpose except  
16 as otherwise provided in this division, provided, however,  
17 that the excise tax levied upon gasohol shall be such that  
18 the difference between the sum of the state and federal excise  
19 taxes levied upon motor fuel and the sum of the state and  
20 federal excise taxes levied upon gasohol does not exceed eight  
21 cents per gallon for the period beginning April 1, 1982 and  
22 ending June 30, 1983, six cents per gallon for the period  
23 beginning July 1, 1983 and ending June 30, 1984, and five  
24 cents per gallon for the period beginning July 1, 1984 and  
25 ending June 30, 1985. However, under no circumstances shall  
26 the excise tax levied upon gasohol by this paragraph exceed  
27 the excise tax levied upon motor fuel by this division.

28 EXPLANATION

29 This bill provides for a phase-out of the existing gasohol  
30 fuel tax exemption. This phase-out would begin on April 1,  
31 1982, and end on June 30, 1985, at which time the tax on  
32 gasohol would become the same as that on other motor fuels.  
33 This bill also provides for an increase in the tax on gasohol  
34 if the federal gasohol fuel tax exemption is increased and  
35 establishes an absolute ceiling on the tax on gasohol equal  
36 to that of other motor fuels.

S-5187

SENATE FILE 2091

1 Amend Senate File 2091 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting in lieu thereof the following:

4 "Section 1. It is the finding of the general  
5 assembly that the development of a stable, efficient,  
6 and economically viable fuel alcohol industry in Iowa  
7 is in the best interests of both Iowa and the nation  
8 inasmuch as:

9 1. The demand for petroleum energy resources  
10 remains high in both Iowa and the nation despite  
11 significant conservation efforts.

12 2. The continued dependency on foreign sources  
13 for these energy resources compromises our national  
14 defense capabilities.

15 3. Continued purchases of foreign energy resources  
16 causes a substantial flow of revenue from both Iowa  
17 and the nation.

18 4. Supplies of traditional nonrenewable energy  
19 resources and especially petroleum energy resources  
20 are being depleted.

21 5. Fuel alcohol represents a renewable energy  
22 resource which can be produced and consumed in Iowa  
23 and our nation using present technologies.

24 6. The development of an ethanol industry would  
25 benefit the economies of Iowa and the nation.

26 In view of these considerations, the general  
27 assembly endorses the development of a fuel alcohol  
28 industry in Iowa and enacts this law to assist this  
29 industry through the stimulation of the fuel alcohol  
30 market.

31 Sec. 2. Section 214A.1, Code 1981, is amended  
32 by adding the following new subsection:

33 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
34 distilled from agricultural products grown in the  
35 United States.

36 Sec. 3. Section 214A.2, Code 1981, is amended  
37 by adding the following new unnumbered paragraphs:

38 NEW UNNUMBERED PARAGRAPH. Gasoline shall contain  
39 a percentage of ethanol equal to or exceeding two  
40 percent for the period beginning July 1, 1982 and  
41 ending December 31, 1982, two and one-half percent  
42 for the period beginning January 1, 1983 and ending  
43 June 30, 1983, three percent for the period beginning  
44 July 1, 1983 and ending December 31, 1983, three and  
45 one-half percent for the period beginning January  
46 1, 1984 and ending June 30, 1985, four percent for  
47 the period beginning July 1, 1985 and ending December  
48 31, 1985, four and one-half percent for the period  
49 beginning January 1, 1986 and ending June 30, 1986,  
50 and five percent thereafter. However, the department

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1 of revenue shall waive or adjust this requirement  
2 if, upon investigation, the secretary of agricul-  
3 ture finds the quantity of ethanol available for  
4 distribution in any or all regions of the state is  
5 insufficient to carry out the provisions of this  
6 section, or if, upon investigation, the secretary  
7 of agriculture finds that the use of ethanol as a  
8 motor fuel would jeopardize the food supplies of the  
9 state or the nation.

10 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
11 contain a mixture of more than thirteen percent  
12 ethanol.

13 Sec. 4. Section 324.2, Code 1981, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
16 distilled from agricultural products grown in the  
17 United States.

18 Sec. 5. Section 324.3, unnumbered paragraph 1,  
19 Code 1981, as amended by Acts of the Sixty-ninth  
20 General Assembly, Second Extraordinary 1981 Session,  
21 chapter 2, section 7, is amended to read as follows:

22 For the privilege of operating motor vehicles in  
23 this state an excise tax of thirteen cents per gallon  
24 ~~beginning-September-1,-1981~~ is imposed upon the use  
25 of all motor fuel used for any purpose except ~~meter~~  
26 ~~fuel-containing-at-least-ten-percent-alecohol-distilled~~  
27 ~~from-agricultural-products~~ gasohol for the period  
28 beginning July 1, 1978 and ending June 30, ~~1983~~ 1982  
29 and except as otherwise provided in this division.  
30 The tax shall be paid in the first instance by the  
31 distributor upon the invoiced gallonage of all motor  
32 fuel received by the distributor in this state, within  
33 the meaning of the word "received" as defined in this  
34 division, less the deductions authorized. Thereafter,  
35 except as otherwise provided, the per gallon amount  
36 of the tax shall be added to the selling price of  
37 every gallon of such motor fuel sold in this state  
38 and collected from the purchaser so that the ultimate  
39 consumer bears the burden of the tax; provided that  
40 tax shall not be imposed or collected under this  
41 division with respect to the following:

42 Sec. 6. Section 324.3, unnumbered paragraph 3,  
43 Code 1981, as amended by Acts of the Sixty-ninth  
44 General Assembly, Second Extraordinary 1981 Session,  
45 chapter 2, section 9, is amended to read as follows:

46 For the privilege of operating motor vehicles in  
47 this state an excise tax of ~~five-cents-per-gallon~~  
48 ~~for-the-period-beginning-May-1,-1981-and-ending-August~~  
49 ~~31,-1981-and-an-exeise-tax-of~~ six cents per gallon  
50 for the period beginning September 1, 1981 and ending

1 March 31, 1982 and an excise tax of nine cents per  
2 gallon for the period beginning April 1, 1982 and  
3 ending June 30, 1983 1982, is imposed upon the use  
4 of gasohol used for any purpose except as otherwise  
5 provided in this division.

6 Sec. 7. This Act, being deemed of immediate  
7 importance, takes effect from and after its publication  
8 in the Muscatine Journal, a newspaper published in  
9 Muscatine, Iowa, and in The Council Bluffs Nonpareil,  
10 a newspaper published in Council Bluffs, Iowa."

11 2. Amend the title, line 1, by inserting after  
12 the word "gasohol" the words "and requiring gasoline  
13 under certain circumstances to contain a percentage  
14 of ethanol effective upon publication".

S-5187 FILED BY RICHARD F. DRAKE  
MARCH 3, 1982

*Placed out of order 5/15 (p 725)*

SENATE FILE 2091  
FISCAL NOTE

REQUESTED BY SENATOR DRAKE

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2091 pursuant to Joint Rule 16.

S.F. 2091, An Act to increase the rate of the excise tax on gasohol.

Under present law, the state tax on gasohol is 6¢ per gallon compared to 13¢ per gallon on all other grades of gasoline. The 7¢ per gallon exemption presently provided to gasohol will end on June 30, 1983, at which time gasohol will be subject to the full motor fuel tax of 13¢ per gallon.

This bill provides for a phase-out of the existing gasohol fuel tax exemption. The gasohol tax would increase 3¢ per gallon on April 1, 1982, an additional 2¢ per gallon on July 1, 1983, and a 1¢ per gallon addition on both July 1, 1984 and 1985. Gasohol would then be subject to the full 13¢ per gallon motor fuel tax rate on July 1, 1985. The bill establishes an absolute ceiling on the tax on gasohol equal to that of other motor fuels.

This bill will lessen the revenue loss to the Road Use Tax Fund (RUTF) by approximately \$15.7 million when compared to the present law.

Gasohol Exemption Revenue Loss Estimates to RUTF

Fiscal Year	Estimated RUTF Loss (Present Law)	Estimated RUTF Loss (SF 2091)
1979*	\$ 2.8 M.	\$ 2.8 M.
1980*	10.9 M.	10.9 M.
1981*	15.1 M.	15.1 M.
1982	20.1 M.	15.8 M.
1983	28.9 M.	10.0 M.
1984		4.5 M.
1985		2.0 M.
*actual	\$ 77.8 M.	62.1 M.

SOURCE: DEPARTMENT OF TRANSPORTATION

FILED:  
FEBRUARY 3, 1982

BY GERRY RANKIN, DIRECTOR  
LEGISLATIVE FISCAL BUREAU

SENATE FILE 2091

S-5219

1 Amend Senate File 2091 as follows:

2 1. By striking everything after the enacting  
3 clause and inserting in lieu thereof the following:

4 "Section 1. It is the finding of the general  
5 assembly that the development of a stable, efficient,  
6 and economically viable fuel alcohol industry in Iowa  
7 is in the best interests of both Iowa and the nation  
8 inasmuch as:

9 1. The demand for petroleum energy resources  
10 remains high in both Iowa and the nation despite  
11 significant conservation efforts.

12 2. The continued dependency on foreign sources  
13 for these energy resources compromises our national  
14 defense capabilities.

15 3. Continued purchases of foreign energy resources  
16 causes a substantial flow of revenue from both Iowa  
17 and the nation.

18 4. Supplies of traditional nonrenewable energy  
19 resources and especially petroleum energy resources  
20 are being depleted.

21 5. Fuel alcohol represents a renewable energy  
22 resource which can be produced and consumed in Iowa  
23 and our nation using present technologies.

24 6. The development of an ethanol industry would  
25 benefit the economies of Iowa and the nation.

26 In view of these considerations, the general  
27 assembly endorses the development of a fuel alcohol  
28 industry in Iowa and enacts this law to assist this  
29 industry through the stimulation of the fuel alcohol  
30 market.

31 Sec. 2. Section 214A.1, Code 1981, is amended  
32 by adding the following new subsection:

33 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
34 distilled from agricultural products grown in the  
35 United States.

36 Sec. 3. Section 214A.2, Code 1981, is amended  
37 by adding the following new unnumbered paragraphs:

38 NEW UNNUMBERED PARAGRAPH. Gasoline shall contain  
39 a percentage of ethanol equal to or exceeding two  
40 percent for the period beginning July 1, 1982 and  
41 ending December 31, 1982, two and one-half percent  
42 for the period beginning January 1, 1983 and ending  
43 June 30, 1983, three percent for the period beginning  
44 July 1, 1983 and ending December 31, 1983, three and  
45 one-half percent for the period beginning January  
46 1, 1984 and ending June 30, 1985, four percent for  
47 the period beginning July 1, 1985 and ending December  
48 31, 1985, four and one-half percent for the period  
49 beginning January 1, 1986 and ending June 30, 1986,  
50 and five percent thereafter. However, the department

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Page 2

1 of revenue shall waive or adjust this requirement  
2 if, upon investigation, the secretary of agricul-  
3 ture finds the quantity of ethanol available for  
4 distribution in any or all regions of the state is  
5 insufficient to carry out the provisions of this  
6 section, or if, upon investigation, the secretary  
7 of agriculture finds that the use of ethanol as a  
8 motor fuel would jeopardize the food supplies of the  
9 state or the nation.

10 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
11 contain a mixture of more than thirteen percent  
12 ethanol.

13 Sec. 4. Section 324.2, Code 1981, is amended by  
14 adding the following new subsection:

15 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
16 distilled from agricultural products grown in the  
17 United States.

18 Sec. 5. Section 324.3, unnumbered paragraph 1,  
19 Code 1981, as amended by Acts of the Sixty-ninth  
20 General Assembly, Second Extraordinary 1981 Session,  
21 chapter 2, section 7, is amended to read as follows:

22 For the privilege of operating motor vehicles in  
23 this state an excise tax of thirteen cents per gallon  
24 ~~beginning-September-1,-1981~~ is imposed upon the use  
25 of all motor fuel used for any purpose except motor  
26 ~~fuel-containing-at-least-ten-percent-ethyl-alcohol-distilled~~  
27 ~~from-agricultural-products~~ gasohol for the period  
28 beginning July 1, 1978 and ending June 30, ~~1983~~ 1982  
29 and except as otherwise provided in this division.

30 The tax shall be paid in the first instance by the  
31 distributor upon the invoiced gallonage of all motor  
32 fuel received by the distributor in this state, within  
33 the meaning of the word "received" as defined in this  
34 division, less the deductions authorized. Thereafter,  
35 except as otherwise provided, the per gallon amount  
36 of the tax shall be added to the selling price of  
37 every gallon of such motor fuel sold in this state  
38 and collected from the purchaser so that the ultimate  
39 consumer bears the burden of the tax; provided that  
40 tax shall not be imposed or collected under this  
41 division with respect to the following:

42 Sec. 6. Section 324.3, unnumbered paragraph 3,  
43 Code 1981, as amended by Acts of the Sixty-ninth  
44 General Assembly, Second Extraordinary 1981 Session,  
45 chapter 2, section 9, is amended to read as follows:

46 For the privilege of operating motor vehicles in  
47 this state an excise tax of ~~five-cents-per-gallon~~  
48 ~~for-the-period-beginning-May-1,-1981-and-ending-August~~  
49 ~~31,-1981-and-an-excise-tax-of~~ six cents per gallon  
50 for the period beginning September 1, 1981 and ending

1 March 31, 1982 and an excise tax of nine cents per  
2 gallon for the period beginning April 1, 1982 and  
3 ending June 30, ~~1983~~ 1982, is imposed upon the use  
4 of gasohol used for any purpose except as otherwise  
5 provided in this division.

5241  
5245

6 Sec. 7. This Act, being deemed of immediate  
7 importance, takes effect from and after its publication  
8 in the Muscatine Journal, a newspaper published in  
9 Muscatine, Iowa, and in The Council Bluffs Nonpareil,  
10 a newspaper published in Council Bluffs, Iowa."

11 2. Amend the title, line 1, by inserting after  
12 the word "gasohol" the words "and requiring gasoline  
13 under certain circumstances to contain a percentage  
14 of ethanol effective upon publication".

S-5219 FILED  
MARCH 9, 1982

BY COMMITTEE ON WAYS AND MEANS  
ROLF V. CRAFT, CHAIR

*Adopted and amended 2/15 (p. 728)*

S-5245

1 Amend the Committee amendment, S-5219, to Senate  
2 File 2091 as follows:

3 1. Page 1, by striking line 37 through page 2,  
4 line 9, and inserting in lieu thereof the words "by  
5 adding the following new unnumbered paragraph:".

6 2. Page 2, by inserting after line 12 the  
7 following:

8 "Sec. . Chapter 214A, Code 1981, is amended  
9 by adding the following new section:

10 NEW SECTION. Any retail dealer who sells or holds  
11 for sale motor vehicle fuel containing ethanol shall  
12 conspicuously post upon any container or pump from  
13 which the motor fuel is being sold, a notice, in  
14 letters at least one inch high, showing the percentage  
15 of ethanol contained in the motor fuel."

16 3. By striking page 2, line 46 through page 3,  
17 line 10, and inserting in lieu thereof the following:

18 "For the privilege of operating motor vehicles  
19 in this state an excise tax of ~~five-cents-per-gallon~~  
20 ~~for-the-period-beginning-May-1,-1981-and-ending-August~~  
21 ~~31,-1981-and-an-exeise-tax-of~~ six cents per gallon  
22 for the period beginning September 1, 1981 and ending  
23 June 30, ~~1983~~ 1982, an excise tax of eight cents per  
24 gallon for the period beginning July 1, 1982 and  
25 ending December 31, 1982, an excise tax of ten cents  
26 per gallon for the period beginning January 1, 1983  
27 and ending December 31, 1983, an excise tax of eleven  
28 cents per gallon for the period beginning January  
29 1, 1984 and ending December 31, 1984, an excise tax  
30 of twelve cents per gallon beginning January 1, 1985  
31 and ending December 31, 1985, is imposed upon the  
32 use of gaschol used for any purpose except as otherwise  
33 provided in this division. This unnumbered paragraph  
34 and the taxes imposed under it shall be in effect  
35 only if the provisions of section 707 of this Act  
36 are determined to be unconstitutional by a court of  
37 law or during the period of time any judicial order  
38 is in effect prohibiting the enforcement of section  
39 707 of this Act while the constitutional issue is  
40 being litigated.

41 Sec. . Section 324.8, subsection 6, Code 1981,  
42 as amended by Acts of the Sixty-ninth General Assembly,  
43 Second extraordinary 1981 Session, chapter 2, section  
44 11, is amended by striking the subsection.

45 Sec. . Section 324.8, subsection 7, Code 1981,  
46 is amended to read as follows:

47 7. The sum of the tax due under ~~subsections~~  
48 subsection 5 and-6 shall be the amount of motor fuel  
49 tax in dollars and cents due from the distributor  
50 for the next preceding calendar month. Any outstanding

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PAGE 2

1 credit memoranda issued by the department of revenue  
2 to the distributor may be applied against the amount  
3 due.

4 Sec. \_\_\_\_ Section 324.8, unnumbered paragraph  
5 2, Code 1981, is amended by striking the unnumbered  
6 paragraph.

7 Sec. \_\_\_\_ Section 324.18, Code 1981, is amended  
8 to read as follows:

9 324.18 REFUND PERMIT. No A person may not claim  
10 a refund under section 324.17 ~~or section 324.21~~ until  
11 the person ~~shall have~~ has obtained a refund permit  
12 from the department of revenue and paid the fee  
13 ~~therefor~~ for the permit. A special permit shall be  
14 obtained by applicants claiming a refund under the  
15 ~~provisions of~~ this chapter on account of motor fuel  
16 used for the purpose of operating aircraft ~~or used~~  
17 ~~to blend gasoline~~. Application for a refund permit  
18 shall be made to the department of revenue on a form  
19 provided by the department of revenue, shall be  
20 certified by the applicant under penalty for false  
21 certificate and shall contain among other things,  
22 the name, the address, and occupation of the applicant,  
23 the nature of the applicant's business, and a  
24 sufficient description for identification of the  
25 machines and equipment in which is to be used motor  
26 fuel for which refund may be claimed under the permit.  
27 Each permit shall bear a separate number and each  
28 claim for refund shall bear the number of the permit  
29 under which it is made. The department of revenue  
30 shall keep a permanent record of all permits issued  
31 and a cumulative record of the amount of refund claimed  
32 and paid under each. A fee of one dollar shall be  
33 collected by the department of revenue from each  
34 person ~~to whom~~ issued a refund permit ~~is issued~~.  
35 A refund permit shall continue in effect until revoked  
36 or until the claimant ~~shall have~~ has moved from the  
37 county with which the claimant's refund permit is  
38 identified.

39 Sec. 707. Chapter 324, Code 1981, is amended by  
40 adding the following new section to division I:

41 NEW SECTION. The number of invoiced gallons of  
42 ethanol received by a distributor in any month either  
43 in neat form or blended with motor fuels shall  
44 constitute a portion of that distributor's total  
45 invoiced gallonage of motor fuel taxed under section  
46 324.8 equal to or exceeding three percent for the  
47 period beginning July 1, 1982 and ending December  
48 31, 1982, three and one-half percent for the period  
49 beginning January 1, 1983 and ending June 30, 1983,  
50 four percent for the period beginning July 1, 1983

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1 and ending December 31, 1983, four and one-half percent  
2 for the period beginning January 1, 1984 and ending  
3 June 30, 1984, and five percent thereafter. However,  
4 the department of revenue shall waive or adjust this  
5 requirement if, upon investigation, the secretary  
6 of agriculture finds the quantity of ethanol available  
7 for distribution in any or all regions of the state  
8 is insufficient to carry out the provisions of this  
9 section, or if, upon investigation, the secretary  
10 of agriculture finds that the use of ethanol as a  
11 motor fuel would jeopardize the food supplies of the  
12 state or the nation.

13 Sec. \_\_\_\_ . Section 324.33, subsection 1, Code 1981,  
14 is amended by adding the following new unnumbered  
15 paragraph:

16 NEW UNNUMBERED PARAGRAPH. Ethyl alcohol not blended  
17 with motor fuel is defined as being a special fuel.  
18 However, this paragraph shall not be in effect if  
19 the provisions of section 707 of this Act are  
20 determined to be unconstitutional by a court of law  
21 or during the period of time any judicial order is  
22 in effect prohibiting the enforcement of section 707  
23 of this Act while the constitutional issue is being  
24 litigated.

25 Sec. \_\_\_\_ . Section 324.74, Code 1981, is amended  
26 by adding the following new subsection immediately  
27 following subsection 9:

28 NEW SUBSECTION. For any motor fuel distributor  
29 to knowingly fail, neglect or refuse to comply with  
30 section 707 of this Act.

31 Sec. \_\_\_\_ . Section 324.6 and 324.21, Code 1981,  
32 are repealed.

33 Sec. \_\_\_\_ . Acts of the Sixty-ninth General Assembly,  
34 Second extraordinary 1981 Session, chapter 2, section  
35 15 is repealed."

36 4. Page 3, by striking lines 12 through 14 and  
37 inserting in lieu thereof the following: "the word  
38 "gasohol" the words ", providing an excise tax on  
39 ethyl alcohol used by motor vehicles, requiring motor  
40 fuel distributors to receive a certain percentage  
41 of ethanol, and providing a penalty"."

42 5. By renumbering sections and correcting internal  
43 references as necessary.

S-5245 FILED & ADOPTED  
MARCH 15, 1982 (p. 728)

BY RICHARD F. DRAKE  
BILL HUTCHINS

SENATE FILE 2091

S-5246

- 1 Amend Senate File 2091 as follows:
- 2 1. Page 1, line 9, by striking the word "nine"
- 3 and inserting in lieu thereof the word "ten".
- 4 2. Page 1, line 10, by striking the word "April"
- 5 and inserting in lieu thereof the word "May".

S-5246 FILED

BY EDGAR H. HOLDEN

MARCH 15, 1982

RULED OUT OF ORDER (p. 728)

SENATE FILE 2091

S-5249

- 1 Amend Senate File 2091 as follows:
- 2 1. Page 1, line 9, by striking the word "March"
- 3 and inserting in lieu thereof the word "April".
- 4 2. Page 1, line 9, by striking the word "nine"
- 5 and inserting in lieu thereof the word "ten".
- 6 3. Page 1, line 10, by striking the word "April"
- 7 and inserting in lieu thereof the word "May".

S-5249 FILED

BY EDGAR H. HOLDEN

MARCH 15, 1982

RULED OUT OF ORDER (p. 728)

SENATE FILE 2091

S-5247

1 Amend the Committee on Ways and Means amendment,  
2 S-5219, to Senate File 2091, as follows:  
3 1. Page 1, by striking line 37 through page 2,  
4 line 9, and inserting in lieu thereof the following:  
5 "by adding the following new unnumbered paragraph":  
6 2. Page 3, by inserting after line 5 the following:  
7 "Sec. 708. Chapter 324, Code 1981, is amended  
8 by adding the following new section to division I:  
9 NEW SECTION. The number of invoiced gallons of  
10 ethanol received by a distributor in any month either  
11 in neat form or blended with motor fuels shall  
12 constitute a portion of that distributor's total  
13 invoiced gallonage of motor fuel taxed under section  
14 324.8 equal to or exceeding three percent for the  
15 period beginning July 1, 1982 and ending December  
16 31, 1982, three and one-half percent for the period  
17 beginning January 1, 1983 and ending June 30, 1983,  
18 four percent for the period beginning July 1, 1983  
19 and ending December 31, 1983, four and one-half percent  
20 for the period beginning January 1, 1984 and ending  
21 June 30, 1984, and five percent thereafter. However,  
22 the department of revenue shall waive or adjust this  
23 requirement if, upon investigation, the secretary  
24 of agriculture finds the quantity of ethanol available  
25 for distribution in any or all regions of the state  
26 is insufficient to carry out the provisions of this  
27 section, or if, upon investigation, the secretary  
28 of agriculture finds that the use of ethanol as a  
29 motor fuel would jeopardize the food supplies of the  
30 state or the nation.  
31 Sec. \_\_\_\_\_. Section 324.74, Code 1981, is amended  
32 by adding the following new subsection immediately  
33 following subsection 9:  
34 NEW SUBSECTION. For any motor fuel distributor  
35 to knowingly fail, neglect or refuse to comply with  
36 section 708 of this Act."  
37 3. By renumbering sections and correcting internal  
38 references as necessary.

S-5247 FILED  
MARCH 15, 1982  
RULED OUT OF ORDER (p. 728)

BY ROLF V. CRAFT

SENATE FILE 2091

S-5248

1 Amend the Committee on Ways and Means amendment,  
2 S-5219, to Senate File 2091, as follows:  
3 1. Page 2, line 50, by striking the words "and  
4 ending".  
5 2. Page 3, by striking lines 1 and 2 and inserting  
6 in lieu thereof the word "and".

S-5248 FILED  
MARCH 15, 1982  
RULED OUT OF ORDER (p. 726)

BY ROLF V. CRAFT

STATE OF IOWA  
FISCAL NOTE

Request No. 82-329

In compliance with a written request received March 25, 1982, there is hereby submitted a Fiscal Note for SF2091 as amended by H-5537 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

S.F. 2091, An Act to increase the rate of the excise tax on gasohol, providing an excise tax on ethyl alcohol used by motor vehicles, requiring motor fuel distributors to receive a certain percentage of ethanol, and providing a penalty.

Under present law, the state tax on gasohol is 6¢ per gallon compared to 13¢ per gallon on all other grades of gasoline. The 7¢ per gallon exemption presently provided to gasohol will be ending on June 30, 1983, at which time gasohol will be subject to the full motor fuel tax of 13¢ per gallon.

H-5537 strikes everything after the enacting clause and provides instead for a phase-out of the existing gasohol fuel tax exemption, with an extension through June 30, 1986 during which gasohol is taxed at rates less than the tax rate imposed on motor fuel. The amendment increases the tax rate on gasohol from 6¢ to 8¢ on the last day of the month in which the act becomes effective. The rate increases to 10¢ on July 1, 1983, to 11¢ on July 1, 1984, to 12¢ on July 1, 1985, and to 13¢ on July 1, 1986. The bill takes effect upon publication.

H-5537 will lessen the revenue loss to the Road Use Tax Fund (RUTF) by approximately \$3.1 million when compared to present law.

Gasohol Exemption Revenue Loss Estimates to RUTF

<u>Fiscal Year</u>	<u>Estimated RUTF Loss (Present Law)</u>	<u>Estimated RUTF Loss (H- 5537)</u>
1979-1981 actual losses due to exemption	\$ 28.8 M.	\$ 28.8 M.
1982	\$ 20.1 M.	\$ 20.1 M.*
1983	28.9 M	12.5 M.
1984		6.8 M.
1985		4.5 M.
1986		2.0 M.
Total 1982-1986 loss	\$ 49.0 M.	\$ 45.9 M.
Difference Present Law to H-5537		\$ 3.1 M.

Source: Department of Transportation

\* Assumes an enactment date of July 1, 1982. This figure could be somewhat less if the effective date of the bill is prior to July 1, 1982, with the decrease ranging between \$2.0 M. and zero.

STATE OF IOWA  
FISCAL NOTERequest No. 82-336

In compliance with a written request received March 29, 19 82, there is hereby submitted a Fiscal Note for SF2091 as amended by H-5550 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

H-5550 to S.F. 2091 reallocates moneys in the road use tax fund as follows:

- Changes the allocation to the primary road fund from forty-five to forty-four and one-half percent;
- Changes the allocation to the secondary road fund (counties) from twenty-eight to twenty-seven and one-half percent; and
- Changes the street construction fund of the cities from eighteen to nineteen percent.

Based on 1981 data, there was \$317.6 million distributed in the road use tax fund by formula. A one-half percent shift from one fund to another would have involved \$1.6 million. Thus, using 1981 figures, H-5550 would lower the primary road fund and the secondary road fund by \$1.6 M. each and increase the street construction fund of the cities by \$3.2 M.

Present law states that no county shall receive less moneys for the secondary road fund than that county received in 1977. With the decrease of one-half percent from this fund, it could mean that more counties would be held harmless under this provision, leaving fewer dollars for distribution to the remaining counties. Thus the reduction could be greater than one-half percent to some counties.

While figures for FY 1982 and FY 1983 are not available as an accurate total, the expected total for 1982 and 1983 is higher than 1981 and would raise the amount of shifted dollars proportionately.

FILED MARCH 30, 1982

BY GERRY RANKIN, Fiscal Director

STATE OF IOWA  
F I S C A L N O T E

Request No. 82-325

In compliance with a written request received March 25, 19 82, there is hereby submitted a Fiscal Note for Amendment H-5660 to Amend H-5337 to S.F. 2091 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

Amendment H-5660 to Amendment H-5537 to S.F. 2091 reduces the tax rates on motor fuel delivered to qualified dealers and motor fuel sold by a qualified licensed special fuel user within fifteen miles from the border of a contiguous state.

The tax on motor fuel delivered to a qualified dealer or sold by a qualified licensed special fuel user located not more than seven and one-half miles from the border of contiguous state shall be reduced to a rate of not more than three cents per gallon above the rate of tax imposed on motor fuel by the contiguous state. The tax on motor fuel delivered to a qualified dealer or sold by a qualified licensed special fuel user located more than seven and one-half miles and not more than fifteen miles from the border of a contiguous state shall be reduced to a rate of not more than five cents per gallon above the rate of tax imposed on motor fuel by the contiguous state.

An estimate of the fiscal impact of this amendment is not possible.

Source: Department of Revenue

FILED APRIL 1, 1982

BY GERRY RANKIN, Fiscal Director

STATE OF IOWA  
FISCAL NOTERequest No. 82-337

In compliance with a written request received March 29, 19 82, there is hereby submitted a Fiscal Note for Sf2091 as amended by H-5564 pursuant to Joint Rule 16. Background information used in developing this Fiscal Note is available from the Legislative Fiscal Bureau, to members of the Legislature upon request.

H-5564 amends H-5550 to S.F. 2091, reallocating moneys to the road use tax fund as follows:

- Changes the allocation to the primary road fund from the amended *forty-four and one-half percent* to *forty-five percent*, as allowed in present law.
- Changes the allocation to the secondary road fund of the counties from the amended *twenty-seven and one-half percent* to *twenty-nine percent*; and
- Changes the allocation to the street construction fund of the cities from the amended *nineteen percent* to *seventeen percent*.

Based on 1981 data, there was \$317.6 million distributed in the road use tax fund by formula. A one-half percent shift from one fund to another would have involved \$1.6 million. Thus, using 1981 figures, H-5564 would lower the street construction fund of the cities by one percent from present law, or \$3.2 M. and increase the secondary road fund of the counties by one percent from present law, or \$3.2 M.

Present law states that no county shall receive less moneys for the secondary road fund than that county received in 1977. With the increase of one-percent to this fund, it could mean that fewer counties would be held harmless under this provision.

While accurate figures for FY 1982 and FY 1983 are not available, the expected total for 1982 and 1983 is higher than 1981 and would raise the amount of shifted dollars proportionately.

FILED MARCH 30, 1982 BY GERRY RANKIN, Fiscal Director

SENATE FILE 2091

BY COMMITTEE ON TRANSPORTATION

(AS AMENDED AND PASSED BY THE SENATE MARCH 15, 1982)

Be Passed Senate, Date 4-23-82 (p. 1393) Passed House, Date 4-15-82 (p. 1506)

Vote: Ayes 39 Nays 8 Vote: Ayes 73 Nays 22

Approved April 24, 1982

## A BILL FOR

1 An Act to increase the rate of the excise tax on gasohol,  
 5689 2 providing an excise tax on ethyl alcohol used by motor  
 587 3 vehicles, requiring motor fuel distributors to receive a  
 5550 4 certain percentage of ethanol, and providing a penalty.

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

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————— = New Language  
 by the Senate

5557

1 Section 1. It is the finding of the general assembly that  
2 the development of a stable, efficient, and economically  
3 viable fuel alcohol industry in Iowa is in the best interests  
4 of both Iowa and the nation inasmuch as:

5 1. The demand for petroleum energy resources remains high  
6 in both Iowa and the nation despite significant conservation  
7 efforts.

8 2. The continued dependency on foreign sources for these  
9 energy resources compromises our national defense capabilities.

10 3. Continued purchases of foreign energy resources causes  
11 a substantial flow of revenue from both Iowa and the nation.

12 4. Supplies of traditional nonrenewable energy resources  
13 and especially petroleum energy resources are being depleted.

14 5. Fuel alcohol represents a renewable energy resource  
15 which can be produced and consumed in Iowa and our nation  
16 using present technologies.

17 6. The development of an ethanol industry would benefit  
18 the economies of Iowa and the nation.

19 In view of these considerations, the general assembly  
20 endorses the development of a fuel alcohol industry in Iowa  
21 and enacts this law to assist this industry through the  
22 stimulation of the fuel alcohol market.

23 Sec. 2. Section 214A.1, Code 1981, is amended by adding  
24 the following new subsection:

25 NEW SUBSECTION. "Ethanol" means ethyl alcohol distilled  
26 from agricultural products grown in the United States.

27 Sec. 3. Section 214A.2, Code 1981, is amended by adding  
28 the following new unnumbered paragraph:

29 NEW UNNUMBERED PARAGRAPH. Gasoline shall not contain a  
30 mixture of more than thirteen percent ethanol.

31 Sec. 4. Chapter 214A, Code 1981, is amended by adding  
32 the following new section:

33 NEW SECTION. Any retail dealer who sells or holds for  
34 sale motor vehicle fuel containing ethanol shall conspicuously  
35 post upon any container or pump from which the motor fuel

1 is being sold, a notice, in letters at least one inch high,  
 2 showing the percentage of ethanol contained in the motor fuel.

3 Sec. 5. Section 324.2, Code 1981, is amended by adding  
 4 the following new subsection:

5 NEW SUBSECTION. "Ethanol" means ethyl alcohol distilled  
 6 from agricultural products grown in the United States.

7 Sec. 6. Section 324.3, unnumbered paragraph 1, Code 1981,  
 8 as amended by Acts of the Sixty-ninth General Assembly, Second  
 9 Extraordinary 1981 Session, chapter 2, section 7, is amended  
 10 to read as follows:

11 For the privilege of operating motor vehicles in this state  
 12 an excise tax of thirteen cents per gallon beginning-September  
 13 17-1981 is imposed upon the use of all motor fuel used for  
 14 any purpose except motor-fuel-containing-at-least-ten-percent  
 15 alcohol-distilled-from-agricultural-products gasohol for the  
 16 period beginning July 1, 1978 and ending June 30, 1983 1982  
 17 and except as otherwise provided in this division. The tax  
 18 shall be paid in the first instance by the distributor upon  
 19 the invoiced gallonage of all motor fuel received by the  
 20 distributor in this state, within the meaning of the word  
 21 "received" as defined in this division, less the deductions  
 22 authorized. Thereafter, except as otherwise provided, the  
 23 per gallon amount of the tax shall be added to the selling  
 24 price of every gallon of such motor fuel sold in this state  
 25 and collected from the purchaser so that the ultimate consumer  
 26 bears the burden of the tax; provided that tax shall not be  
 27 imposed or collected under this division with respect to the  
 28 following:

29 Sec. 7. Section 324.3, unnumbered paragraph 3, Code 1981,  
 30 as amended by Acts of the Sixty-ninth General Assembly, Second  
 31 Extraordinary 1981 Session, chapter 2, section 9, is amended  
 32 to read as follows:

33 For the privilege of operating motor vehicles in this state  
 34 an excise tax of five-cents-per-gallon-for-the-period-beginning  
 35 May-17-1981-and-ending-August-31-1981-and-an-excise-tax-of

1 six cents per gallon for the period beginning September 1,  
2 1981 and ending June 30, 1982, an excise tax of eight  
3 cents per gallon for the period beginning July 1, 1982 and  
4 ending December 31, 1982, an excise tax of ten cents per  
5 gallon for the period beginning January 1, 1983 and ending  
6 December 31, 1983, an excise tax of eleven cents per gallon  
7 for the period beginning January 1, 1984 and ending December  
8 31, 1984, an excise tax of twelve cents per gallon beginning  
9 January 1, 1985 and ending December 31, 1985, is imposed upon  
10 the use of gasohol used for any purpose except as otherwise  
11 provided in this division. This unnumbered paragraph and  
12 the taxes imposed under it shall be in effect only if the  
13 provisions of section 12 of this Act are determined to be  
14 unconstitutional by a court of law or during the period of  
15 time any judicial order is in effect prohibiting the  
16 enforcement of section 12 of this Act while the constitutional  
17 issue is being litigated.

18 Sec. 8. Section 324.8, subsection 6, Code 1981, as amended  
19 by Acts of the Sixty-ninth General Assembly, Second  
20 extraordinary 1981 Session, chapter 2, section 11, is amended  
21 by striking the subsection.

22 Sec. 9. Section 324.8, subsection 7, Code 1981, is amended  
23 to read as follows:

24 7. The sum of the tax due under ~~subsections~~ subsection  
25 5 and 6 shall be the amount of motor fuel tax in dollars and  
26 cents due from the distributor for the next preceding calendar  
27 month. Any outstanding credit memoranda issued by the  
28 department of revenue to the distributor may be applied against  
29 the amount due.

30 Sec. 10. Section 324.8, unnumbered paragraph 2, Code 1981,  
31 is amended by striking the unnumbered paragraph.

32 Sec. 11. Section 324.18, Code 1981, is amended to read  
33 as follows:

34 324.18 REFUND PERMIT. No A person may not claim a refund  
35 under section 324.17 or ~~section 324.21~~ until the person shall

1 ~~have~~ has obtained a refund permit from the department of  
2 revenue and paid the fee ~~therefor~~ for the permit. A special  
3 permit shall be obtained by applicants claiming a refund under  
4 ~~the provisions of~~ this chapter on account of motor fuel used  
5 for the purpose of operating aircraft ~~or used to blend gasoline~~.  
6 Application for a refund permit shall be made to the department  
7 of revenue on a form provided by the department of revenue,  
8 shall be certified by the applicant under penalty for false  
9 certificate and shall contain among other things, the name,  
10 ~~the~~ address, and occupation of the applicant, the nature of  
11 the applicant's business, and a sufficient description for  
12 identification of the machines and equipment in which is to  
13 be used motor fuel for which refund may be claimed under the  
14 permit. Each permit shall bear a separate number and each  
15 claim for refund shall bear the number of the permit under  
16 which it is made. The department of revenue shall keep a  
17 permanent record of all permits issued and a cumulative record  
18 of the amount of refund claimed and paid under each. A fee  
19 of one dollar shall be collected by the department of revenue  
20 from each person ~~to whom~~ issued a refund permit ~~is issued~~.  
21 A refund permit shall continue in effect until revoked or  
22 until the claimant ~~shall have~~ has moved from the county with  
23 which the claimant's refund permit is identified.

24 Sec. 12. Chapter 324, Code 1981, is amended by adding  
25 the following new section to division I:

26 NEW SECTION. The number of invoiced gallons of ethanol  
27 received by a distributor in any month either in neat form  
28 or blended with motor fuels shall constitute a portion of  
29 that distributor's total invoiced gallonage of motor fuel  
30 taxed under section 324.8 equal to or exceeding three percent  
31 for the period beginning July 1, 1982 and ending December  
32 31, 1982, three and one-half percent for the period beginning  
33 January 1, 1983 and ending June 30, 1983, four percent for  
34 the period beginning July 1, 1983 and ending December 31,  
35 1983, four and one-half percent for the period beginning

1 January 1, 1984 and ending June 30, 1984, and five percent  
2 thereafter. However, the department of revenue shall waive  
3 or adjust this requirement if, upon investigation, the  
4 secretary of agriculture finds the quantity of ethanol  
5 available for distribution in any or all regions of the state  
6 is insufficient to carry out the provisions of this section,  
7 or if, upon investigation, the secretary of agriculture finds  
8 that the use of ethanol as a motor fuel would jeopardize the  
9 food supplies of the state or the nation.

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10 Sec. 13. Section 324.33, subsection 1, Code 1981, is  
11 amended by adding the following new unnumbered paragraph:

12 NEW UNNUMBERED PARAGRAPH. Ethyl alcohol not blended with  
13 motor fuel is defined as being a special fuel. However, this  
14 paragraph shall not be in effect if the provisions of section  
15 12 of this Act are determined to be unconstitutional by a  
16 court of law or during the period of time any judicial order  
17 is in effect prohibiting the enforcement of section 12 of  
18 this Act while the constitutional issue is being litigated.

19 Sec. 14. Section 324.74, Code 1981, is amended by adding  
20 the following new subsection immediately following subsection  
21 9:

22 NEW SUBSECTION. For any motor fuel distributor to knowingly  
23 fail, neglect or refuse to comply with section 12 of this  
24 Act.

25 Sec. 15. Section 324.6 and 324.21, Code 1981, are repealed.

26 Sec. 16. Acts of the Sixty-ninth General Assembly, Second  
27 extraordinary 1981 Session, chapter 2, section 15 is repealed.

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SENATE FILE 2091

H-5537

1 Amend Senate File 2091 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. Section 324.3, unnumbered paragraph  
6 1, Code 1981, as amended by Acts of the Sixty-ninth  
7 General Assembly, Second Extraordinary 1981 Session,  
8 chapter 2, section 7, is amended to read as follows:

9 For the privilege of operating motor vehicles in  
10 this state an excise tax of thirteen cents per gallon  
11 beginning September 1, 1981 is imposed upon the use  
12 of all motor fuel used for any purpose except motor  
13 fuel containing at least ten percent alcohol distilled  
14 from agricultural products grown in the United States  
15 for the period beginning July 1, 1978 and ending June  
16 30, ~~1983~~ 1986 and except as otherwise provided in  
17 this division. The tax shall be paid in the first  
18 instance by the distributor upon the invoiced gallonage  
19 of all motor fuel received by the distributor in this  
20 state, within the meaning of the word "received" as  
21 defined in this division, less the deductions  
22 authorized. Thereafter, except as otherwise provided,  
23 the per gallon amount of the tax shall be added to  
24 the selling price of every gallon of such motor fuel  
25 sold in this state and collected from the purchaser  
26 so that the ultimate consumer bears the burden of  
27 the tax; provided that tax shall not be imposed or  
28 collected under this division with respect to the  
29 following:

30 Sec. 2. Section 324.3, unnumbered paragraph 3,  
31 Code 1981, as amended by Acts of the Sixty-ninth  
32 General Assembly, Second Extraordinary 1981 Session,  
33 chapter 2, section 9, is amended to read as follows:

34 For the privilege of operating motor vehicles in  
35 this state an excise tax of ~~five-cents-per-gallon~~  
36 ~~for-the-period-beginning-May-1,-1981-and-ending-August~~  
37 ~~31,-1981-and-an-excise-tax-of~~ six cents per gallon  
38 for the period beginning September 1, 1981 and ending  
39 ~~June-30,-1983~~ on the last day of the month in which  
40 this Act becomes effective, an excise tax of eight  
41 cents per gallon for the period beginning on the first  
42 day of the month following the month in which this  
43 Act becomes effective and ending June 30, 1983, an  
44 excise tax of ten cents per gallon for the period  
45 beginning July 1, 1983 and ending June 30, 1984, an  
46 excise tax of eleven cents per gallon for the period  
47 beginning July 1, 1984 and ending June 30, 1985, an  
48 excise tax of twelve cents per gallon beginning July  
49 1, 1985 and ending June 30, 1986, is imposed upon  
50 the use of gasohol used for any purpose except as

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1 otherwise provided in this division.  
 2 Sec. 3. This Act, being deemed of immediate  
 3 importance, takes effect from and after its publication  
 4 in The Hudson Herald, a newspaper published in Hudson,  
 5 Iowa, and in the Bremer County Independent and Waverly  
 6 Democrat, a newspaper published in Waverly, Iowa."  
 7 2. Amend the title, lines 1 through 4, by striking  
 8 the words "providing an excise tax on ethyl alcohol  
 9 used by motor vehicles, requiring motor fuel  
 10 distributors to receive a certain percentage of  
 11 ethanol, and providing a penalty" and inserting in  
 12 lieu thereof the words "effective upon publication".

H-5537 FILED

MARCH 24, 1982

*Adopted as amended by 5865  
4/15 (p. 1505)*

BY COMMITTEE ON WAYS & MEANS  
SCHNEKLOTH, Chair

SENATE FILE 2091

H-5550

1 Amend Senate File 2091, as amended, passed and  
 2 reprinted by the Senate, as follows:  
 3 1. Page 2, by inserting after line 2 the following  
 4 new section:  
 5 "Sec. \_\_\_\_ Section 312.2, subsections 1, 2, and  
 6 4, Code 1981, are amended to read as follows:  
 7 1. To the primary road fund, ~~forty-five~~ forty-  
 8 four and one-half percent.  
 9 2. To the secondary road fund of the counties,  
 10 ~~twenty-eight~~ twenty-seven and one-half percent.  
 11 4. To the street construction fund of the cities,  
 12 ~~eighteen~~ nineteen percent."  
 13 2. Amend the title, line 4, by inserting after  
 14 the word "ethanol," the words "reallocating moneys  
 15 in the road use tax fund,".  
 16 3. Renumber sections and correct internal  
 17 references as are necessary in accordance with this  
 18 amendment.

BY DIEMER of Black Hawk	RUNNING of Linn
CHIODO of Polk	WOODS of Polk
SCHNEKLOTH of Scott	LIND of Black Hawk
JOHNSON of Linn	O'KANE of Woodbury
HALL of Linn	HORN of Linn
CARPENTER of Polk	SMITH of Scott
FEY of Scott	RAPP of Black Hawk
SMALLEY of Polk	PAVICH of Pottawattamie
CONNORS of Polk	STURGEON of Woodbury
DODERER of Johnson	CONNOLLY of Dubuque
JOCHUM of Dubuque	HOFFMANN-BRIGHT of Muscatine
ROSENBERG of Story	HALVORSON of Clayton
KREWSON of Polk	PELTON of Clinton
WALTER of Pottawattamie	HANSON of Delaware
BYERLY of Polk	PONCY of Wapello
BRUNER of Story	LLOYD-JONES of Johnson
ARNOULD of Scott	BAXTER of Des Moines
RENAUD of Polk	CRABB of Crawford

H-5550 FILED

MARCH 24, 1982

*Placed out of order 4/15 (p. 1505)*

SENATE FILE 2091

H-5610

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537, to Senate File 2091, as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, line 16, by striking the figure "1986"  
 5 and inserting in lieu thereof the figure "1987".  
 6 2. Page 1, line 44, by striking the word "ten"  
 7 and inserting in lieu thereof the word "nine".  
 8 3. Page 1, line 46, by striking the word "eleven"  
 9 and inserting in lieu thereof the word "ten".  
 10 4. Page 1, line 48, by striking the word "twelve"  
 11 and inserting in lieu thereof the word "eleven".  
 12 5. Page 1, line 49, by inserting after the figure  
 13 "1986," the words and figures "an excise tax of twelve  
 14 cents per gallon for the period beginning July 1,  
 15 1986 and ending June 30, 1987,".

H-5610 FILED MARCH 30, 1982 BY CLARK of Lee  
*Loss 4/6 (p. 1245)*  
*Motion to Rescind (p. 1280) Lost 4/15*

SENATE FILE 2091

H-5628

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537, to Senate File 2091, as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, line 16, by striking the figure "1986"  
 5 and inserting in lieu thereof the figure "1985".  
 6 2. Page 1, line 40, by striking the word "eight"  
 7 and inserting in lieu thereof the word "nine".  
 8 3. Page 1, line 44, by striking the word "ten"  
 9 and inserting in lieu thereof the word "eleven".  
 10 4. Page 1, line 46, by striking the word "eleven"  
 11 and inserting in lieu thereof the word "twelve".  
 12 5. Page 1, lines 47 through 49, by striking the  
 13 words "an excise tax of twelve cents per gallon  
 14 beginning July 1, 1985 and ending June 30, 1985,".

H-5628 FILED BY SCHROEDER of Pottawattamie  
 MARCH 30, 1982 CARPENTER of Polk  
*Loss 4/6 (p. 1245)*

SENATE FILE 2091

H-5564

1 Amend the Diemer et al amendment, H-5550, to Senate  
2 File 2091, as amended, passed, and reprinted by the  
3 Senate, as follows:

4 1. Page 1, lines 7 and 8, by striking the words  
5 "~~forty-five~~ forty-four and one-half" and inserting  
6 in lieu thereof the word "forty-five".

7 2. Page 1, line 10, by striking the words "twenty-  
8 seven and one-half" and inserting in lieu thereof  
9 the word "twenty-nine".

10 3. Page 1, line 12, by striking the word "nineteen"  
11 and inserting in lieu thereof the word "seventeen".

BY TYRRELL of Iowa  
RENKEN of Grundy  
COOK of Hardin  
HANSEN of O'Brien

MAULSBY of Calhoun  
GROSS of Ringgold  
BRANSTAD of Winnebago  
ANDERSON of Audubon

H-5564 FILED  
MARCH 25, 1982

*Classed out of order 4/15 (p. 1505)*

1 Amend the Committee on Ways and Means amendment,  
2 H-5537, to Senate File 2091, as amended, passed and  
3 reprinted by the Senate, as follows:

4 1. Page 2, by inserting after line 1 the following  
5 new sections:

6 "Sec. \_\_\_\_\_. Section 324.3, Code 1981, as amended  
7 by Acts of the Sixty-ninth General Assembly, Second  
8 Extraordinary 1981 Session, chapter 2, sections 7,  
9 8, and 9, is amended by adding the following new  
10 unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
12 rate of tax imposed under this section, the tax on  
13 motor fuel delivered to a qualified dealer located  
14 not more than seven and one-half miles from the border  
15 of a contiguous state shall be reduced to a rate of  
16 not more than three cents per gallon above the rate  
17 of tax imposed on motor fuel by the contiguous state  
18 located within the distance specified in this  
19 unnumbered paragraph. The tax on motor fuel delivered  
20 to a qualified dealer located more than seven and  
21 one-half miles and not more than fifteen miles from  
22 the border of a contiguous state shall be reduced  
23 to a rate of not more than five cents per gallon above  
24 the rate of tax imposed on motor fuel by the contiguous  
25 state. A "qualified dealer" means a dealer located  
26 within seven and one-half miles or fifteen miles as  
27 the case may be, except as provided in this unnumbered  
28 paragraph, measured by the shortest distance from  
29 the border of a contiguous state. The qualified  
30 dealer shall be allowed a credit by the distributor  
31 for the amount of the reduction in motor fuel tax  
32 allowed and a qualified dealer, before receiving the  
33 credit, shall be registered by the department of  
34 revenue. In computing the rate of tax imposed on  
35 motor fuel in a contiguous state, all excise taxes  
36 levied on the motor fuel shall be included to determine  
37 the rate of tax imposed on motor fuel. If a qualified  
38 dealer is located within the corporate limits of a  
39 city, all dealers within the corporate limits of the  
40 city shall be qualified dealers.

41 Sec. \_\_\_\_\_. Section 324.34, Code 1981, as amended  
42 by Acts of the Sixty-ninth General Assembly, Second  
43 Extraordinary 1981 Session, chapter 2, section 12,  
44 is amended by adding the following new unnumbered  
45 paragraph:

46 NEW UNNUMBERED PARAGRAPH. Notwithstanding the  
47 rate of tax imposed under this section, the tax on  
48 special fuel sold by a qualified licensed special  
49 fuel user located not more than seven and one-half  
50 miles from the border of a contiguous state shall

1 be reduced to a rate of not more than three cents  
2 per gallon above the rate of tax imposed on motor  
3 fuel by the contiguous state located within the  
4 distance specified in this unnumbered paragraph.  
5 The tax on special fuel sold by a qualified licensed  
6 special fuel user located more than seven and one-  
7 half miles and not more than fifteen miles from the  
8 border of a contiguous state shall be reduced to a  
9 rate of not more than five cents per gallon above  
10 the rate of tax imposed on motor fuel by the contiguous  
11 state. A "qualified licensed special fuel user" means  
12 a user located within seven and one-half miles or  
13 fifteen miles as the case may be, except as provided  
14 in this unnumbered paragraph, measured by the shortest  
15 distance from the border of a contiguous state. The  
16 qualified licensed special fuel user shall be allowed  
17 a credit by the distributor for the amount of the  
18 reduction in motor fuel tax allowed and a qualified  
19 licensed special fuel user, before receiving the  
20 credit, shall be registered by the department of  
21 revenue. In computing the rate of tax imposed on  
22 motor fuel in a contiguous state, all excise taxes  
23 levied on the motor fuel shall be included to determine  
24 the rate of tax imposed on motor fuel. If a qualified  
25 licensed special fuel user is located within the  
26 corporate limits of a city, all licensed special fuel  
27 users within the corporate limits of the city shall  
28 be qualified licensed special fuel users."  
29 2. Renumber sections and correct internal  
30 references as are necessary in accordance with this  
31 amendment.

H-5660 FILED MARCH 31, 1982 BY SULLIVAN of Van Buren  
*Revised not germane 4/6* JAY of Appanoose CLARK of Lee  
*(p 1253)* GETTINGS of Wapello DAGGETT of Taylor  
GROSS of Ringgold

SENATE FILE 2091

H-5659

1 Amend Senate File 2091, as amended, passed, and  
2 reprinted by the Senate, as follows:  
3 1. Page 5, by inserting after line 9 the following:  
4 "Any person required to purchase motor fuel which  
5 is blended with ethanol for propelling any engine  
6 and where subsequent damage to the engine is directly  
7 or indirectly attributable to the use of motor fuel  
8 which is blended with ethanol shall have a cause of  
9 action for actual damages against the state. The  
10 claim for actual damages shall be filed with the  
11 treasurer of state and paid to the claimant by the  
12 treasurer of state from the road use tax fund."

H-5659 FILED MARCH 31, 1982 BY LIND of Black Hawk  
*Placed out of order 4/15 (p 1505)*

SENATE FILE 2091

-5662

1 Amend the Committee on Ways and Means amendment,  
2 H-5537 to Senate File 2091, as amended, passed and  
3 reprinted by the Senate, as follows:

4 1. Page 1, line 16, by striking the number "1986"  
5 and inserting in lieu thereof the number "1988".

6 2. Page 1, by striking lines 39 through 49 and  
7 inserting in lieu thereof the following: "June 30,  
8 1982, an excise tax of seven cents per gallon  
9 for the period beginning July 1, 1982 and ending June  
10 30, 1983, an excise tax of eight cents per gallon  
11 for the period beginning July 1, 1983 and ending June  
12 30, 1984, an excise tax of nine cents per gallon for  
13 the period beginning July 1, 1984 and ending June  
14 30, 1985, an excise tax of ten cents per gallon for  
15 the period beginning July 1, 1985 and ending June  
16 30, 1986, an excise tax of eleven cents per gallon  
17 for the period beginning July 1, 1986 and ending June  
18 30, 1987, an excise tax of twelve cents per gallon  
19 for the period beginning July 1, 1987 and ending June  
20 30, 1988, is imposed upon".

21 3. Page 2, by striking lines 2 through 6 and  
22 inserting in lieu thereof the following:

23 "Sec. 3. Chapter 422, Code 1981, is amended by  
24 adding sections 4 through 10 of this Act as a new  
25 division.

26 Sec. 4. NEW SECTION. DEFINITIONS. As used in  
27 this division unless the context otherwise requires:

28 1. "Corporation" has the meaning ascribed to it  
29 in section 422.32, subsection 1.

30 2. "Tax year" has the meaning ascribed to it in  
31 section 422.4, subsections 4 and 5.

32 3. "Gross receipts" means all receipts from within  
33 or without the United States without deduction on  
34 account of the cost of the property sold, the cost  
35 of materials used, labor or services, or other costs,  
36 interest, or discount paid, or any other expense.  
37 However, "gross receipts" does not include receipts  
38 for the issuance or sale of shares of capital stock,  
39 money lent to the company, receipts from a sale of  
40 fuel oil, used for residential purposes, other than  
41 diesel motor fuel, or receipts from a sale for resale  
42 to a purchaser which is an oil company subject to  
43 tax under this division. Receipts are not from a  
44 sale for resale unless the purchaser furnishes the  
45 oil company with a resale certificate in the form  
46 and under terms and conditions the director prescribes  
47 and the certificate is accepted in good faith by the  
48 oil company.

49 4. "Oil company" means a corporation formed for  
50 or engaged in the business of importing or causing

1 to be imported into this state for sale in this state,  
2 extracting, producing, refining, manufacturing,  
3 compounding, or selling petroleum. However, "oil  
4 company" does not include a corporation which is  
5 principally engaged in selling fuel oil used for  
6 residential purposes, other than diesel motor fuel.

7 5. "Petroleum" includes, but is not limited to,  
8 gasoline, aviation fuel, kerosene, diesel motor fuel,  
9 benzol, distillate fuels, residual oil, crude oil,  
10 or any similar product.

11 Sec. 5. NEW SECTION. ADDITIONAL CORPORATE TAX  
12 IMPOSED. In addition to any other tax imposed under  
13 this chapter, there is imposed upon each oil company  
14 for the privilege of doing business within this state  
15 an annual tax of two percent of its gross receipts  
16 apportioned to the state. However, the tax imposed  
17 on a corporation by this division shall not be less  
18 than two hundred fifty dollars.

19 Sec. 6. NEW SECTION. APPORTIONMENT OF GROSS  
20 RECEIPTS. The portion of the gross receipts of an  
21 oil company apportioned to the state is determined  
22 by multiplying its gross receipts by an apportionment  
23 percentage equal to the percentage which the receipts  
24 of the oil company for the tax year from sales of  
25 its tangible personal property where shipments are  
26 made to points within this state, services performed  
27 within the state, rentals from property situated  
28 within this state, royalties from the use of patents  
29 or copyrights within this state, and all other business  
30 receipts earned within the state, is of the total  
31 amount of the oil company's receipts, similarly  
32 computed, for the tax year from all sales of its  
33 tangible personal property, services, rentals,  
34 royalties, and all other business transactions, within  
35 or without the state. Receipts from a sale of fuel  
36 oil used for residential purposes shall be included  
37 as receipts in the computation of the apportionment  
38 percentage.

39 Sec. 7. NEW SECTION. REVENUES--BRIDGE CONSTRUCTION  
40 FUND--GENERAL FUND. One-half of all taxes, interest,  
41 and penalties collected or refunds made under this  
42 division relating to the sale of petroleum during  
43 the period beginning July 1, 1982 and ending June  
44 30, 1987, shall be credited to or withdrawn from the  
45 "bridge construction fund" which is hereby created.  
46 Moneys shall be allocated from the bridge construction  
47 fund to counties and cities in the proportions provided  
48 in section 312.3, however the moneys may only be used  
49 for the construction and reconstruction of bridges.  
50 If a county or city does not use its allocation under

1 the bridge construction fund by June 30 of each year,  
2 the unused allocation shall revert back to the bridge  
3 construction fund for redistribution. A county or  
4 city is deemed to "use" its allocation either through  
5 actual cash outlays or by entering into a contract  
6 for bridge construction. Any moneys remaining in  
7 the bridge construction fund after June 30, 1987 shall  
8 be distributed to counties and cities for bridge  
9 construction and reconstruction on the basis of need  
10 as determined by the state department of  
11 transportation.

12 All other taxes, interest, and penalties collected  
13 or refunds made under this division shall be credited  
14 to or withdrawn from the general fund.

15 Sec. 8. NEW SECTION. INCOME TAX CREDIT ON  
16 PETROLEUM USED OTHER THAN IN WATERCRAFT OR MOTOR  
17 VEHICLES. Each person or corporation subject to  
18 taxation under divisions II or III of this chapter  
19 may receive an income tax credit for tax years  
20 beginning on or after July 1, 1982. For purposes  
21 of this section the term "person" includes a person  
22 claiming a tax credit based upon the person's pro  
23 rata share of the earnings from a partnership or  
24 corporation which corporation or partnership as a  
25 business entity is not subject to a tax under divisions  
26 II or III of this chapter as a partnership or  
27 corporation. The income tax credit shall be based  
28 on the price of petroleum purchased during the tax  
29 year when the use of the petroleum was for the purpose  
30 of operating or propelling farm tractors, corn  
31 shellers, roller mills, truck-mounted feed grinders,  
32 stationary gas engines, aircraft, for producing  
33 denatured alcohol within the state, for cleaning or  
34 dyeing or for any purpose other than in watercraft  
35 or for propelling motor vehicles operated or intended  
36 to be operated upon the public highways.

37 However, no credit shall be given for petroleum  
38 taken out of the state in fuel supply tanks of motor  
39 vehicles or for the petroleum purchased for resale.  
40 The right to a credit under this section is not  
41 assignable and the credit may be claimed only by the  
42 person or corporation that purchased the petroleum.

43 The income tax credit may be applied against the  
44 income tax liability of the person or corporation  
45 as determined on the tax return filed for the year  
46 in which the petroleum was purchased. The income  
47 tax credit on petroleum used for the purpose of  
48 operating aircraft must be itemized separately. The  
49 department shall provide forms for claiming the income  
50 tax credit. If the income tax credit would result

1 in an overpayment of income tax, the person or  
2 corporation may apply for a refund of the amount of  
3 overpayment or may have the overpayment credited to  
4 income tax due in subsequent years. Each person or  
5 corporation that claims an income tax credit under  
6 this section shall maintain the original invoices  
7 showing the purchase of the petroleum on which a  
8 credit is claimed. No invoice is acceptable in support  
9 of a claim for credit unless it is a separate serially  
10 numbered invoice covering no more than one purchase  
11 of petroleum, prepared by the seller on a form approved  
12 by the department, nor unless it is legibly written  
13 with no corrections or erasures and shows the date  
14 of sale, the name and address of the seller and of  
15 the purchaser, the kind of petroleum, the gallonage  
16 in figures, the per gallon price of the petroleum,  
17 the total purchase price, and that the total purchase  
18 price has been paid. However, as to refund invoices  
19 made on a billing machine the department may waive  
20 these requirements. If an original invoice is lost  
21 or destroyed, the department may approve a credit  
22 supported by a copy identified and certified by the  
23 seller as being a true copy of the original. Each  
24 person or corporation that claims an income tax credit  
25 under this section shall maintain complete records  
26 of purchases of petroleum for which an income tax  
27 credit is claimed.

28 In order to verify the validity of a claim for  
29 credit the department of revenue shall have the right  
30 to require the claimant to furnish such additional  
31 proof of validity as the department of revenue may  
32 determine and to examine the books and records of  
33 the claimant. Failure of the claimant to furnish  
34 the claimant's books and records for examination shall  
35 constitute a waiver of rights to claim a credit related  
36 to that taxpayer's year and the department may disallow  
37 the entire credit claimed by the taxpayer for that  
38 year.

39 The income tax credit shall be in the amount  
40 determined by multiplying the purchase price of  
41 petroleum subject to the credit times two hundredths  
42 divided by one and two hundredths.

43 Sec. 9. NEW SECTION. STATUTES APPLICABLE TO THIS  
44 DIVISION. The applicable provisions of sections  
45 422.24 to 422.30, 422.36, 422.37, and 422.40, and  
46 division VI of this chapter apply to oil companies  
47 taxable and to the tax and other requirements imposed  
48 under this division.

49 Sec. 10. NEW SECTION. REPORT--PENALTY. In  
50 addition to and to be filed at the same time as the

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Page 5

1 tax return filed under this division, an oil company  
2 shall file a report including such information as  
3 prescribed by the director.  
4 If an oil company fails to file the report or fails  
5 to file it on time, a penalty of one percent of the  
6 tax imposed under this division shall be assessed  
7 for each day the report has not been filed or was  
8 filed late.  
9 Sec. 11. Sections 4 through 10 of this Act apply  
10 to tax years beginning on or after July 1, 1982."

H-5662 FILED MARCH 31, 1982 BY WELSH of Dubuque KREWSON of Polk  
*Added not germane 4/6 (p. 1250)* RAPP of Black Hawk McKEAN of Jones

SENATE FILE 2091

089

1 Amend the Committee on Ways and Means amendment,  
2 H-5537, to Senate File 2091 as follows:

3 1. Page 1, by striking line 5 through page 2,  
4 line 6, and inserting in lieu thereof the following:

5 "Section 1. It is the finding of the general  
6 assembly that the development of a stable, efficient,  
7 and economically viable fuel alcohol industry in Iowa  
8 is in the best interests of both Iowa and the nation  
9 inasmuch as:

10 1. The demand for petroleum energy resources  
11 remains high in both Iowa and the nation despite  
12 significant conservation efforts.

13 2. The continued dependency on foreign sources  
14 for these energy resources compromises our national  
15 defense capabilities.

16 3. Continued purchases of foreign energy resources  
17 causes a substantial flow of revenue from both Iowa  
18 and the nation.

19 4. Supplies of traditional nonrenewable energy  
20 resources and especially petroleum energy resources  
21 are being depleted.

22 5. Fuel alcohol represents a renewable energy  
23 resource which can be produced and consumed in Iowa  
24 and our nation using present technologies.

25 6. The development of an ethanol industry would  
26 benefit the economies of Iowa and the nation.

27 In view of these considerations, the general  
28 assembly endorses the development of a fuel alcohol  
29 industry in Iowa and enacts this law to assist this  
30 industry through the stimulation of the fuel alcohol  
31 market.

32 Sec. 2. Section 214A.1, Code 1981, is amended  
33 by adding the following new subsection:

34 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
35 distilled from agricultural products grown in the  
36 United States.

37 Sec. 3. Section 214A.2, Code 1981, is amended  
38 by adding the following new unnumbered paragraph:

39 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
40 contain a mixture of more than thirteen percent  
41 ethanol.

42 Sec. 4. Section 312.2, Code 1981, is amended by  
43 adding the following new subsection:

44 NEW SUBSECTION. Beginning July 1, 1982, and July  
45 1 of each succeeding year, before making the allotments  
46 provided in this section, the treasurer of state shall  
47 credit annually from the road use tax fund the sum  
48 of one million five hundred thousand dollars to the  
49 state department of transportation for salaries and  
50 support of driver's license examiners.

1     Sec. 5. Section 323.1, unnumbered paragraph 1,  
2 Code 1981, is amended to read as follows:  
3     When used in this ~~chapter~~ division, unless the  
4 context otherwise requires:  
5     Sec. 6. Section 323.9, Code 1981, is amended to  
6 read as follows:  
7     323.9 VIOLATIONS. Any person violating the  
8 provisions of this ~~chapter~~ division is guilty of a  
9 simple misdemeanor.  
10    Sec. 7. Section 323.10, Code 1981, is amended  
11 to read as follows:  
12    323.10 INTENT. The provisions of this ~~chapter~~  
13 division are enacted in the exercise of the police  
14 powers of this state for the purpose of protecting  
15 the health, safety and general welfare of the people  
16 of this state and because methods and practices in  
17 the marketing and distribution of motor fuel and  
18 special fuel have impaired the availability to the  
19 public of the fuel and the services supplied by  
20 distributors and dealers who have entered into a  
21 franchise agreement with their respective suppliers.  
22    Sec. 8. Section 323.13, Code 1981, is amended  
23 to read as follows:  
24    323.13 WAIVER. Any provision of a dealer franchise  
25 or distributor franchise which is an attempted waiver  
26 of the benefits of this ~~chapter~~ division shall be  
27 void and unenforceable.  
28    Sec. 9. Chapter 323, Code 1981, is amended by  
29 adding sections 10 through 15 of this Act as a new  
30 division.  
31    Sec. 10. Chapter 323, Code 1981, is amended by  
32 adding the following new section:  
33    NEW SECTION. DEFINITIONS. As used in this  
34 division, unless the context otherwise requires:  
35    1. "Ethanol" means ethyl alcohol distilled from  
36 agricultural products grown in the United States which  
37 is intended to be and is capable of being used for  
38 the purpose of propelling or running by combustion  
39 any internal combustion engine.  
40    2. "Ethanol producer" means a producer of ethanol  
41 in this state.  
42    3. "Permit holder" means an ethanol producer which  
43 holds a valid ethanol production incentive permit  
44 issued by the department of revenue.  
45    4. "Fiscal year" means the twelve-month period  
46 beginning July 1 of each year.  
47    Sec. 11. Chapter 323, Code 1981, is amended by  
48 adding the following new section:  
49    NEW SECTION. APPROPRIATION--ETHANOL PRODUCTION  
50 INCENTIVE FUND. Effective July 1, 1982, there is

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Four

1 of gallons of ethanol produced by the permit holder  
2 in the state, and shall submit or revise an estimate  
3 of the holder's fiscal year ethanol production.  
4 Incentive payments shall be paid by the director of  
5 revenue to qualified permit holders within sixty days  
6 of receipt of the holder's certification. The director  
7 of revenue shall estimate the anticipated ethanol  
8 production by permit holders in the state, and if  
9 the director finds that the production of ethanol  
10 is such that moneys appropriated for the ethanol  
11 production incentive fund are not sufficient to permit  
12 payment of the fifteen cent per gallon incentive,  
13 the director of revenue shall distribute the ethanol  
14 production incentive fund payment for each permit  
15 holder in a manner that the annual appropriation is  
16 prorated to each permit holder based on the ratio  
17 that the permit holder's ethanol production bears  
18 to the total ethanol production by permit holders  
19 in the state. However, the director of revenue shall  
20 not include in this calculation production of ethanol  
21 by a permit holder in excess of three million gallons  
22 per fiscal year.

23 Sec. 14. Chapter 323, Code 1981, is amended by  
24 adding the following new section:

25 NEW SECTION. RULES. The department of revenue  
26 shall adopt rules pursuant to chapter 17A as necessary  
27 to carry out the provisions of this division.

28 Sec. 15. Chapter 323, Code 1981, is amended by  
29 adding the following new section:

30 NEW SECTION. PENALTY. A person who knowingly  
31 makes false certification of ethanol production, false  
32 claim or false application under sections 12 or 13  
33 of this Act is guilty of a fraudulent practice.

34 Sec. 16. Section 324.2, subsection 7, Code 1981,  
35 is amended to read as follows:

36 7. "Gasohol" means motor fuel containing at least  
37 ten percent alcohol distilled from agricultural  
38 products grown in the United States.

39 Sec. 17. Section 324.3, unnumbered paragraph 1,  
40 Code 1981, as amended by Acts of the Sixty-ninth  
41 General Assembly, Second Extraordinary 1981 Session,  
42 chapter 2, section 7, is amended to read as follows:

43 For the privilege of operating motor vehicles in  
44 this state an excise tax of thirteen cents per gallon  
45 ~~beginning-September-1,-1981~~ is imposed upon the use  
46 of all motor fuel used for any purpose except motor  
47 ~~fuel-containing-at-least-ten-percent-alcohol-distilled~~  
48 ~~from-agricultural-products~~ gasohol for the period  
49 beginning July 1, 1978 and ending June 30, ~~1983~~ 1985  
50 and except as otherwise provided in this division.

1 appropriated annually from the general fund of the  
2 state an amount necessary to pay the production  
3 incentive provided in section 13 of this Act with  
4 a maximum annual appropriation of three million  
5 (3,000,000) dollars. These moneys shall be credited  
6 to the "ethanol production incentive fund" which is  
7 hereby created and the fund shall be distributed as  
8 provided in this division.

9 Sec. 12. Chapter 323, Code 1981, is amended by  
10 adding the following new section:

11 NEW SECTION. ETHANOL PRODUCTION INCENTIVE PERMIT.  
12 An ethanol producer, before receiving incentive funds  
13 under this division, shall obtain an ethanol production  
14 incentive permit from the department of revenue.  
15 Application for the permit shall be made to the  
16 department of revenue on a form provided by the  
17 department of revenue. The application shall include  
18 the name and address of the applicant, shall contain  
19 an estimate of the annual ethanol production of the  
20 applicant, and shall contain other information as  
21 required under rules of the department of revenue.  
22 The department of revenue, when satisfied that the  
23 applicant has met all requirements, shall issue an  
24 ethanol production incentive permit to the applicant.  
25 An ethanol production incentive permit expires on  
26 June 30 of each year, unless sooner revoked by the  
27 department of revenue. An ethanol production incentive  
28 permit shall not be assigned by a permit holder.  
29 Only one ethanol production incentive permit may be  
30 issued for any ethanol plant during a fiscal year.

31 Sec. 13. Chapter 323, Code 1981, is amended by  
32 adding the following new section:

33 NEW SECTION. PRORATION OF ETHANOL PRODUCTION  
34 INCENTIVE FUND. An ethanol producer is entitled to  
35 receive monthly from the director of revenue a  
36 production incentive from the ethanol production  
37 incentive fund in the amount of fifteen cents per  
38 gallon of ethanol produced on the first three million  
39 gallons of ethanol produced by the ethanol producer  
40 during each fiscal year. However, an ethanol producer  
41 is entitled to the production incentive only for  
42 ethanol which is produced for the first time by the  
43 ethanol producer and only for ethanol produced during  
44 months that the producer holds a valid ethanol  
45 production incentive permit. The incentive payment  
46 is subject to proration as provided in this section.  
47 In order to qualify for an incentive payment for  
48 ethanol produced during a month, a permit holder  
49 shall, within thirty days of the conclusion of the  
50 month, certify to the director of revenue the number

H 5689  
Five

1 The tax shall be paid in the first instance by the  
2 distributor upon the invoiced gallonage of all motor  
3 fuel received by the distributor in this state, within  
4 the meaning of the word "received" as defined in this  
5 division, less the deductions authorized. Thereafter,  
6 except as otherwise provided, the per gallon amount  
7 of the tax shall be added to the selling price of  
8 every gallon of such motor fuel sold in this state  
9 and collected from the purchaser so that the ultimate  
10 consumer bears the burden of the tax; provided that  
11 tax shall not be imposed or collected under this  
12 division with respect to the following:

13 Sec. 18. Section 324.3, unnumbered paragraph 3,  
14 Code 1981, as amended by Acts of the Sixty-ninth  
15 General Assembly, Second Extraordinary 1981 Session,  
16 chapter 2, section 9, is amended to read as follows:

17 For the privilege of operating motor vehicles in  
18 this state an excise tax of ~~five-cents-per-gallon~~  
19 ~~for the period beginning May 1, 1981 and ending August~~  
20 ~~31, 1981 and an excise tax of six cents per gallon~~  
21 for the period beginning September 1, 1981 and ending  
22 June 30, 1982, an excise tax of nine cents per  
23 gallon for the period beginning July 1, 1982 and  
24 ending June 30, 1983, an excise tax of eleven cents  
25 per gallon for the period beginning July 1, 1983 and  
26 ending June 30, 1984, an excise tax of twelve cents  
27 per gallon for the period beginning July 1, 1984 and  
28 ending June 30, 1985, is imposed upon the use of  
29 gasoline used for any purpose except as otherwise  
30 provided in this division.

31 Sec. 19. Acts of the Sixty-ninth General Assembly,  
32 1981 Session, chapter 14, section 5, subsection 1,  
33 is amended to read as follows:

34 1. For salaries, support,  
35 maintenance, and miscellaneous  
36 purposes..... \$ 5,278,205 \$ 5,380,176  
37 3,880,176

38 Sec. 20. This Act, being deemed of immediate  
39 importance, takes effect from and after its publication  
40 in The Hudson Herald, a newspaper published in Hudson,  
41 Iowa, and in the Bremer County Independent and Waverly  
42 Democrat, a newspaper published in Waverly, Iowa."

43 2. Page 2, by striking lines 7 through 12 and  
44 inserting in lieu thereof the following:

45 "2. Amend the title, by striking lines 2 through  
46 4 and inserting in lieu thereof the following:  
47 "providing an ethanol production incentive, providing  
48 an appropriation and making penalties applicable."

H-5689 FILED  
APRIL 2, 1982

BY NORLAND of Worth  
HARBOR of Mills

*Adopted 4/6 (p. 1259)  
motion to reconsider (p. 1281) prevailed 4/14 (p. 1478)  
Lost 4/14 (p. 1478)*

SENATE FILE 2091

H-5720

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537 to Senate File 2091 as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, by inserting after line 4 the following:  
 5 "Sec. \_\_\_\_ Chapter 214A, Code 1981, is amended  
 6 by adding the following new section:  
 7 NEW SECTION. Any retail dealer who sells or holds  
 8 for sale motor vehicle fuel containing ethanol shall  
 9 conspicuously post upon any container or pump from  
 10 which the motor fuel is being sold, a notice, in  
 11 letters at least one-half inch high, showing the  
 12 percentage of ethanol contained in the motor fuel."  
 13 2. Page 1, by inserting after line 4 the following:  
 14 "Sec. \_\_\_\_ Chapter 214A, Code 1981, is amended  
 15 by adding the following new section:  
 16 NEW SECTION. HEATING PROHIBITED. It is a simple  
 17 misdemeanor for a wholesale or retail dealer to  
 18 deliberately heat motor fuel or special fuel subject  
 19 to taxation under chapter 324 prior to consumer sale."  
 20 3. By renumbering sections as necessary.

H-5720 FILED

APRIL 6, 1982

H/D 4/15 (p. 1487)

BY SCHROEDER of Pottawattamie

SENATE FILE 2091

H-5857

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537 to Senate File 2091 as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, by inserting after line 4 the following:  
 5 "Sec. \_\_\_\_ Section 214A.1, Code 1981, is amended  
 6 by adding the following new subsection:  
 7 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
 8 distilled from agricultural products grown in the  
 9 United States.  
 10 Sec. \_\_\_\_ Section 214A.2, Code 1981, is amended  
 11 by adding the following new unnumbered paragraph:  
 12 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
 13 contain a mixture of more than thirteen percent  
 14 ethanol.  
 15 Sec. \_\_\_\_ Chapter 214A, Code 1981, is amended  
 16 by adding the following new section:  
 17 NEW SECTION. Any retail dealer who sells or holds  
 18 for sale motor vehicle fuel containing ethanol shall  
 19 conspicuously post upon any container or pump from  
 20 which the motor fuel is being sold, a two inch by  
 21 six inch notice with letters at least one-half inch  
 22 high stating "ethanol blend".  
 23 2. By renumbering sections as necessary.

H-5857 FILED APRIL 14, 1982

BY SCHROEDER of Pottawattamie

H/D 4/15 (p. 1478)

SENATE FILE 2091

H-5711

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537 to Senate File 2091 as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, by inserting after line 4 the following:  
 5 "Sec. \_\_\_\_ . Section 214A.1, Code 1981, is amended  
 6 by adding the following new subsection:  
 7 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
 8 distilled from agricultural products grown in the  
 9 United States.  
 10 Sec. \_\_\_\_ . Section 214A.2, Code 1981, is amended  
 11 by adding the following new unnumbered paragraph:  
 12 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
 13 contain a mixture of more than thirteen percent  
 14 ethanol.  
 15 Sec. \_\_\_\_ . Chapter 214A, Code 1981, is amended  
 16 by adding the following new section:  
 17 NEW SECTION. Any retail dealer who sells or holds  
 18 for sale motor vehicle fuel containing ethanol shall  
 19 conspicuously post upon any container or pump from  
 20 which the motor fuel is being sold, a notice, in  
 21 letters at least one-half inch high, showing the  
 22 percentage of ethanol contained in the motor fuel."  
 23 2. Page 1, by inserting after line 4 the following:  
 24 "Sec. \_\_\_\_ . Chapter 214A, Code 1981, is amended  
 25 by adding the following new section:  
 26 NEW SECTION. HEATING PROHIBITED. It is a simple  
 27 misdemeanor for a wholesale or retail dealer to  
 28 deliberately heat motor fuel or special fuel subject  
 29 to taxation under chapter 324 prior to consumer sale."  
 30 3. By renumbering sections as necessary.

H-5711 FILED APRIL 6, 1982 BY SCHROEDER of Pottawattamic  
*4/15 4/15 (p. 1500)*

SENATE FILE 2091

H-5712

1 Amend the Committee on Ways and Means amendment,  
 2 H-5537 to Senate File 2091 as amended, passed, and  
 3 reprinted by the Senate, as follows:  
 4 1. Page 1, by inserting after line 4 the following:  
 5 "Sec. \_\_\_\_ . Chapter 214A, Code 1981, is amended  
 6 by adding the following new section:  
 7 NEW SECTION. A retail dealer operating a filling  
 8 station in this state shall provide for sale at the  
 9 filling station leaded gasoline which has not been  
 10 blended with ethyl alcohol."  
 11 2. Page 1, by inserting after line 4 the following:  
 12 "Sec. \_\_\_\_ . Chapter 214A, Code 1981, is amended  
 13 by adding the following new section:  
 14 NEW SECTION. A retail dealer operating a filling  
 15 station in this state shall provide for sale at the  
 16 filling station unleaded gasoline which has not been  
 17 blended with ethyl alcohol."  
 18 3. By renumbering sections as necessary.

H-5712 FILED APRIL 6, 1982 BY SPEAR of Lee  
*Blended not germane 4/15 (p. 1487)*

SENATE FILE 2091

5862

1 Amend the Committee on Ways and Means amendment,  
2 H-5537 to Senate File 2091, as amended, passed and  
3 reprinted by the Senate, as follows:

4 1. Page 1, by striking line 5 through page 2,  
5 line 6, and inserting in lieu thereof the following:

6 "Section 1. It is the finding of the general  
7 assembly that the development of a stable, efficient,  
8 and economically viable fuel alcohol industry in Iowa  
9 is in the best interests of both Iowa and the nation  
10 inasmuch as:

11 1. The demand for petroleum energy resources  
12 remains high in both Iowa and the nation despite  
13 significant conservation efforts.

14 2. The continued dependency on foreign sources  
15 for these energy resources compromises our national  
16 defense capabilities.

17 3. Continued purchases of foreign energy resources  
18 causes a substantial flow of revenue from both Iowa  
19 and the nation.

20 4. Supplies of traditional nonrenewable energy  
21 resources and especially petroleum energy resources  
22 are being depleted.

23 5. Fuel alcohol represents a renewable energy  
24 resource which can be produced and consumed in Iowa  
25 and our nation using present technologies.

26 6. The development of an ethanol industry would  
27 benefit the economies of Iowa and the nation.

28 In view of these considerations, the general  
29 assembly endorses the development of a fuel alcohol  
30 industry in Iowa and enacts this law to assist this  
31 industry through the stimulation of the fuel alcohol  
32 market.

33 Sec. 2. Section 214A.1, Code 1981, is amended  
34 by adding the following new subsection:

35 NEW SUBSECTION. "Ethanol" means ethyl alcohol  
36 distilled from agricultural products grown in the  
37 United States.

38 Sec. 3. Section 214A.2, Code 1981, is amended  
39 by adding the following new unnumbered paragraph:

40 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
41 contain a mixture of more than thirteen percent  
42 ethanol.

43 Sec. 4. Chapter 214A, Code 1981, is amended by  
44 adding the following new section:

45 NEW SECTION. Any retail dealer who sells or holds  
46 for sale motor vehicle fuel containing ethanol shall  
47 conspicuously post upon any container or pump from  
48 which the motor fuel is being sold, a notice, in  
49 letters at least one-half inch high, showing the  
50 percentage of ethanol contained in the motor fuel.

1 Sec. 5. Section 323.1, unnumbered paragraph 1,  
2 Code 1981, is amended to read as follows:

3 When used in this ~~chapter~~ division, unless the  
4 context otherwise requires:

5 Sec. 6. Section 323.9, Code 1981, is amended to  
6 read as follows:

7 323.9 VIOLATIONS. Any person violating the  
8 provisions of this ~~chapter~~ division is guilty of a  
9 simple misdemeanor.

10 Sec. 7. Section 323.10, Code 1981, is amended  
11 to read as follows:

12 323.10 INTENT. The provisions of this ~~chapter~~  
13 division are enacted in the exercise of the police  
14 powers of this state for the purpose of protecting  
15 the health, safety and general welfare of the people  
16 of this state and because methods and practices in  
17 the marketing and distribution of motor fuel and  
18 special fuel have impaired the availability to the  
19 public of the fuel and the services supplied by  
20 distributors and dealers who have entered into a  
21 franchise agreement with their respective suppliers.

22 Sec. 8. Section 323.13, Code 1981, is amended  
23 to read as follows:

24 323.13 WAIVER. Any provision of a dealer franchise  
25 or distributor franchise which is an attempted waiver  
26 of the benefits of this ~~chapter~~ division shall be  
27 void and unenforceable.

28 Sec. 9. Chapter 323, Code 1981, is amended by  
29 adding sections 10 through 15 of this Act as a new  
30 division.

31 Sec. 10. NEW SECTION. DEFINITIONS. As used in  
32 this division, unless the context otherwise requires:

33 1. "Ethanol" means ethyl alcohol distilled from  
34 agricultural products grown in the United States which  
35 is intended to be and is capable of being used for  
36 the purpose of propelling or running by combustion  
37 internal combustion engines.

38 2. "Ethanol producer" means a producer of ethanol  
39 in this state.

40 3. "Permit holder" means an ethanol producer which  
41 holds a valid ethanol production incentive permit  
42 issued by the department of revenue.

43 4. "Fiscal year" means the twelve-month period  
44 beginning July 1 of each year.

45 5. "Highway" means as defined in section 321.1,  
46 subsection 48.

47 Sec. 11. NEW SECTION. APPROPRIATION--ETHANOL  
48 PRODUCTION INCENTIVE FUND. For the five-year period  
49 beginning July 1, 1982, and ending June 30, 1987,  
50 there is appropriated annually from the general fund

April 15, 1982

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1 of the state an amount necessary to pay the production  
2 incentive provided in section 13 of this Act with  
3 a maximum annual appropriation of three million  
4 (3,000,000) dollars. These moneys shall be credited  
5 to the "ethanol production incentive fund" which is  
6 hereby created and the fund shall be distributed as  
7 provided in this division.

8 Sec. 12. NEW SECTION. ETHANOL PRODUCTION INCENTIVE  
9 PERMIT. An ethanol producer, before receiving  
10 incentive funds under this division, shall obtain  
11 an ethanol production incentive permit from the  
12 department of revenue. Application for the permit  
13 shall be made to the department of revenue on a form  
14 provided by the department of revenue. The application  
15 shall include the name and address of the applicant,  
16 shall contain an estimate of the annual ethanol  
17 production of the applicant, and shall contain other  
18 information as required under rules of the department  
19 of revenue. The department of revenue, when satisfied  
20 that the applicant has met all requirements, shall  
21 issue an ethanol production incentive permit to the  
22 applicant. An ethanol production incentive permit  
23 expires on June 30 of each year, unless sooner revoked  
24 by the department of revenue. An ethanol production  
25 incentive permit shall not be assigned by a permit  
26 holder. Only one ethanol production incentive permit  
27 may be issued for any ethanol plant during a fiscal  
28 year.

29 Sec. 13. NEW SECTION. PRORATION OF ETHANOL  
30 PRODUCTION INCENTIVE FUND. An ethanol producer is  
31 entitled to receive monthly from the director of  
32 revenue a production incentive from the ethanol  
33 production incentive fund for the first three million  
34 gallons of ethanol produced by the ethanol producer  
35 during each fiscal year. The production incentive  
36 for eligible gallons of ethanol produced is ten cents  
37 per gallon for ethanol less than one hundred twenty-  
38 five proof, twelve cents per gallon for ethanol which  
39 is at least one hundred twenty-five proof but less  
40 than one hundred fifty proof, thirteen cents per  
41 gallon for ethanol which is at least one hundred fifty  
42 proof but less than one hundred seventy-five proof,  
43 fourteen cents per gallon for ethanol which is at  
44 least one hundred seventy-five proof but less than  
45 two hundred proof, and fifteen cents per gallon for  
46 two hundred proof ethanol. However, an ethanol  
47 producer is entitled to the production incentive only  
48 for ethanol which is produced for the first time by  
49 the ethanol producer and only for ethanol produced  
50 during months that the producer holds a valid ethanol

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1 production incentive permit. The incentive payment  
2 is subject to proration as provided in this section.  
3 In order to qualify for an incentive payment for  
4 ethanol produced during a month, a permit holder  
5 shall, within thirty days of the conclusion of the  
6 month, certify to the director of revenue the number  
7 of gallons and proof of ethanol produced by the permit  
8 holder in the state, and shall submit or revise an  
9 estimate of the holder's fiscal year ethanol  
10 production. Incentive payments shall be paid by the  
11 director of revenue to qualified permit holders within  
12 sixty days of receipt of the holder's certification.  
13 The director of revenue shall estimate the anticipated  
14 ethanol production by permit holders in the state,  
15 and if the director finds that the production of  
16 ethanol is such that moneys appropriated for the  
17 ethanol production incentive fund are not sufficient  
18 to permit payment of the full production incentive,  
19 the director of revenue shall distribute the ethanol  
20 production incentive fund payment for each permit  
21 holder in a manner that the annual appropriation is  
22 prorated to each permit holder based on the ratio  
23 that the permit holder's ethanol production bears  
24 to the total ethanol production by permit holders  
25 in the state. However, the director of revenue shall  
26 not include in this calculation production of ethanol  
27 by a permit holder in excess of three million gallons  
28 per fiscal year.

29 Sec. 14. NEW SECTION. RULES. The department  
30 of revenue shall adopt rules pursuant to chapter 17A  
31 as necessary to carry out the provisions of this  
32 division.

33 Sec. 15. NEW SECTION. FRAUD--PERMIT REVOCATION--  
34 -CIVIL PENALTY. An ethanol producer who knowingly  
35 makes false certification of ethanol production, false  
36 claim, or false application under section 12 or 13  
37 of this Act is not eligible to receive a production  
38 incentive under this division. Such producer shall  
39 pay to the department of revenue an amount equal to  
40 the production incentive received by the producer  
41 for production during the fiscal years in which the  
42 producer made false certification, false claim, or  
43 false application, and shall in addition pay to the  
44 department of revenue a civil penalty of five hundred  
45 dollars. The ethanol production incentive permit  
46 shall be revoked by the department of revenue for  
47 any ethanol producer who is ineligible under this  
48 section to receive a production incentive and the  
49 ethanol producer shall remain ineligible to receive  
50 an ethanol production incentive permit in subsequent

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1 years.

2 Sec. 16. Section 324.2, subsection 7, Code 1981,  
3 is amended to read as follows:

4 7. "Gasohol" means motor fuel containing at least  
5 ten percent alcohol distilled from agricultural  
6 products grown in the United States.

7 Sec. 17. Section 324.3, unnumbered paragraph 1,  
8 Code 1981, as amended by Acts of the Sixty-ninth  
9 General Assembly, Second Extraordinary 1981 Session,  
10 chapter 2, section 7, is amended to read as follows:

11 For the privilege of operating motor vehicles in  
12 this state an excise tax of thirteen cents per gallon  
13 ~~beginning September 1, 1981~~ is imposed upon the use  
14 of all motor fuel used for any purpose except ~~motor~~  
15 ~~fuel-containing-at-least-ten-percent-alcohol-distilled~~  
16 ~~from-agricultural-products~~ gasohol for the period  
17 beginning July 1, 1978 and ending June 30, ~~1983~~ 1985  
18 and except as otherwise provided in this division.  
19 The tax shall be paid in the first instance by the  
20 distributor upon the invoiced gallonage of all motor  
21 fuel received by the distributor in this state, within  
22 the meaning of the word "received" as defined in this  
23 division, less the deductions authorized. Thereafter,  
24 except as otherwise provided, the per gallon amount  
25 of the tax shall be added to the selling price of  
26 every gallon of such motor fuel sold in this state  
27 and collected from the purchaser so that the ultimate  
28 consumer bears the burden of the tax; provided that  
29 tax shall not be imposed or collected under this  
30 division with respect to the following:

31 Sec. 18. Section 324.3, unnumbered paragraph 3,  
32 Code 1981, as amended by Acts of the Sixty-ninth  
33 General Assembly, Second Extraordinary 1981 Session,  
34 chapter 2, section 9, is amended to read as follows:

35 For the privilege of operating motor vehicles in  
36 this state an excise tax of ~~five-cents-per-gallon~~  
37 ~~for-the-period-beginning-May-1, 1981-and-ending-August~~  
38 ~~31, 1981-and-an-exercise-tax-of~~ six cents per gallon  
39 for the period beginning September 1, 1981 and ending  
40 June 30, ~~1983~~ 1982, an excise tax of nine cents per  
41 gallon for the period beginning July 1, 1982 and  
42 ending June 30, 1983, an excise tax of eleven cents  
43 per gallon for the period beginning July 1, 1983 and  
44 ending June 30, 1984, an excise tax of twelve cents  
45 per gallon for the period beginning July 1, 1984 and  
46 ending June 30, 1985, is imposed upon the use of  
47 gasohol used for any purpose except as otherwise  
48 provided in this division.

49 Sec. 19. Chapter 422, Code 1981, is amended by  
50 adding sections 20 through 26 of this Act as a new

1 division.  
2 Sec. 20. NEW SECTION. DEFINITIONS. As used in  
3 this division unless the context otherwise requires:  
4 1. "Corporation" has the meaning ascribed to it  
5 in section 422.32, subsection 1.  
6 2. "Tax year" has the meaning ascribed to it in  
7 section 422.4, subsections 4 and 5.  
8 3. "Gross receipts" means all receipts from within  
9 or without the United States without deduction on  
10 account of the cost of the property sold, the cost  
11 of materials used, labor or services, or other costs,  
12 interest, or discount paid, or any other expense.  
13 However, "gross receipts" does not include receipts  
14 for the issuance or sale of shares of capital stock,  
15 money lent to the company, receipts from a sale of  
16 fuel oil, used for residential purposes, other than  
17 diesel motor fuel, or receipts from a sale for resale  
18 to a purchaser which is an oil company subject to  
19 tax under this division. Receipts are not from a  
20 sale for resale unless the purchaser furnishes the  
21 oil company with a resale certificate in the form  
22 and under terms and conditions the director prescribes  
23 and the certificate is accepted in good faith by the  
24 oil company.  
25 4. "Oil company" means a corporation formed for  
26 or engaged in the business of importing or causing  
27 to be imported into this state for sale in this state,  
28 extracting, producing, refining, manufacturing,  
29 compounding, or selling petroleum. However, "oil  
30 company" does not include a corporation which is  
31 principally engaged in selling fuel oil used for  
32 residential purposes, other than diesel motor fuel.  
33 5. "Petroleum" includes, but is not limited to,  
34 gasoline, aviation fuel, kerosene, diesel motor fuel,  
35 benzol, distillate fuels, residual oil, crude oil,  
36 or any similar product.  
37 Sec. 21. NEW SECTION. ADDITIONAL CORPORATE TAX  
38 IMPOSED. In addition to any other tax imposed under  
39 this chapter, there is imposed upon each oil company  
40 for the privilege of doing business within this state  
41 an annual tax of two percent of its gross receipts  
42 apportioned to the state. However, the tax imposed  
43 on a corporation by this division shall not be less  
44 than two hundred fifty dollars.  
45 Sec. 22. NEW SECTION. APPORTIONMENT OF GROSS  
46 RECEIPTS. The portion of the gross receipts of an  
47 oil company apportioned to the state is determined  
48 by multiplying its gross receipts by an apportionment  
49 percentage equal to the percentage which the receipts  
50 of the oil company for the tax year from sales of

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1 its tangible personal property where shipments are  
2 made to points within this state, services performed  
3 within the state, rentals from property situated  
4 within this state, royalties from the use of patents  
5 or copyrights within this state, and all other business  
6 receipts earned within the state, is of the total  
7 amount of the oil company's receipts, similarly  
8 computed, for the tax year from all sales of its  
9 tangible personal property, services, rentals,  
10 royalties, and all other business transactions, within  
11 or without the state. Receipts from a sale of fuel  
12 oil used for residential purposes shall be included  
13 as receipts in the computation of the apportionment  
14 percentage.

15 Sec. 23. NEW SECTION. REVENUES--BRIDGE  
16 CONSTRUCTION FUND--GENERAL FUND. One-half of all  
17 taxes, interest, and penalties collected or refunds  
18 made under this division relating to the sale of  
19 petroleum during the period beginning July 1, 1982  
20 and ending June 30, 1987, shall be credited to or  
21 withdrawn from the "bridge construction fund" which  
22 is hereby created. Moneys shall be allocated from  
23 the bridge construction fund to counties and cities  
24 in the proportions provided in section 312.3, however  
25 the moneys may only be used for the construction and  
26 reconstruction of bridges. If a county or city does  
27 not use its allocation under the bridge construction  
28 fund by June 30 of each year, the unused allocation  
29 shall revert back to the bridge construction fund  
30 for redistribution. A county or city is deemed to  
31 "use" its allocation either through actual cash outlays  
32 or by entering into a contract for bridge construction.  
33 Any moneys remaining in the bridge construction fund  
34 after June 30, 1987 shall be distributed to counties  
35 and cities for bridge construction and reconstruction  
36 on the basis of need as determined by the state  
37 department of transportation.

38 All other taxes, interest, and penalties collected  
39 or refunds made under this division shall be credited  
40 to or withdrawn from the general fund.

41 Sec. 24. NEW SECTION. INCOME TAX CREDIT ON  
42 PETROLEUM USED OTHER THAN IN WATERCRAFT OR MOTOR  
43 VEHICLES. Each person or corporation subject to  
44 taxation under divisions II or III of this chapter  
45 may receive an income tax credit for tax years  
46 beginning on or after July 1, 1982. For purposes  
47 of this section the term "person" includes a person  
48 claiming a tax credit based upon the person's pro  
49 rata share of the earnings from a partnership or  
50 corporation which corporation or partnership as a

1 business entity is not subject to a tax under divisions  
2 II or III of this chapter as a partnership or  
3 corporation. The income tax credit shall be based  
4 on the price of petroleum purchased during the tax  
5 year when the use of the petroleum was for the purpose  
6 of operating or propelling farm tractors, corn  
7 shellers, roller mills, truck-mounted feed grinders,  
8 stationary gas engines, aircraft, for producing  
9 denatured alcohol within the state, for cleaning or  
10 dyeing or for any purpose other than in watercraft  
11 or for propelling motor vehicles operated or intended  
12 to be operated upon the public highways.

13 However, no credit shall be given for petroleum  
14 taken out of the state in fuel supply tanks of motor  
15 vehicles or for the petroleum purchased for resale.  
16 The right to a credit under this section is not  
17 assignable and the credit may be claimed only by the  
18 person or corporation that purchased the petroleum.

19 The income tax credit may be applied against the  
20 income tax liability of the person or corporation  
21 as determined on the tax return filed for the year  
22 in which the petroleum was purchased. The income  
23 tax credit on petroleum used for the purpose of  
24 operating aircraft must be itemized separately. The  
25 department shall provide forms for claiming the income  
26 tax credit. If the income tax credit would result  
27 in an overpayment of income tax, the person or  
28 corporation may apply for a refund of the amount of  
29 overpayment or may have the overpayment credited to  
30 income tax due in subsequent years. Each person or  
31 corporation that claims an income tax credit under  
32 this section shall maintain the original invoices  
33 showing the purchase of the petroleum on which a  
34 credit is claimed. No invoice is acceptable in support  
35 of a claim for credit unless it is a separate serially  
36 numbered invoice covering no more than one purchase  
37 of petroleum, prepared by the seller on a form approved  
38 by the department, nor unless it is legibly written  
39 with no corrections or erasures and shows the date  
40 of sale, the name and address of the seller and of  
41 the purchaser, the kind of petroleum, the gallonage  
42 in figures, the per gallon price of the petroleum,  
43 the total purchase price, and that the total purchase  
44 price has been paid. However, as to refund invoices  
45 made on a billing machine the department may waive  
46 these requirements. If an original invoice is lost  
47 or destroyed, the department may approve a credit  
48 supported by a copy identified and certified by the  
49 seller as being a true copy of the original. Each  
50 person or corporation that claims an income tax credit

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1 under this section shall maintain complete records  
2 of purchases of petroleum for which an income tax  
3 credit is claimed.

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

15 The income tax credit shall be in the amount  
16 determined by multiplying the purchase price of  
17 petroleum subject to the credit times two hundredths  
18 divided by one and two hundredths.

19 Sec. 25. NEW SECTION. STATUTES APPLICABLE TO  
20 THIS DIVISION. The applicable provisions of sections  
21 422.24 to 422.30, 422.36, 422.37, and 422.40, and  
22 division VI of this chapter apply to oil companies  
23 taxable and to the tax and other requirements imposed  
24 under this division.

25 Sec. 26. NEW SECTION. REPORT--PENALTY. In  
26 addition to and to be filed at the same time as the  
27 tax return filed under this division, an oil company  
28 shall file a report including such information as  
29 prescribed by the director.

30 If an oil company fails to file the report or fails  
31 to file it on time, a penalty of one percent of the  
32 tax imposed under this division shall be assessed  
33 for each day the report has not been filed or was  
34 filed late.

35 Sec. 27. Sections 20 through 26 of this Act apply  
36 to tax years beginning on or after July 1, 1982.

37 Sec. 28. This Act, being deemed of immediate  
38 importance, takes effect from and after its publication  
39 in The Hudson Herald, a newspaper published in Hudson,  
40 Iowa, and in the Bremer County Independent and Waverly  
41 Democrat, a newspaper published in Waverly, Iowa.""

42 2. Page 2, by striking lines 7 through 12 and  
43 inserting in lieu thereof the following:

44 "2. Amend the title, by striking lines 2 through  
45 4 and inserting in lieu thereof the following:  
46 "providing an ethanol production incentive, providing  
47 a gross receipts tax on oil companies, providing an  
48 appropriation, providing civil penalties and making  
49 criminal penalties applicable.""

H-5862 FILED  
APRIL 14, 1982

BY NORLAND of Worth

WELSH of Dubuque

*Filed not germane 4/15 (8-1499)*

SENATE FILE 2091

H-5864

1 Amend the Committee on Ways and Means amendment  
2 H-5537 to Senate File 2091, as amended, passed, and  
3 reprinted by the Senate as follows:  
4 1. Page 1, by striking lines 39 through 43 and  
5 inserting in lieu thereof the following:  
6 "~~June-30, 1983~~ June 30, 1982, an excise tax of eight  
7 cents per gallon for the period beginning July 1, 1982  
8 and ending June 30, 1983, an".

H-5864 FILED APRIL 15, 1982 BY AVENSON of Fayette  
LOST (p. 1490)

SENATE FILE 2091

H-5866

1 Amend the Committee on Ways and Means amendment,  
2 H-5537 to Senate File 2091 as amended, passed, and  
3 reprinted by the Senate, as follows:  
4 1. Page 2, by striking lines 2 through 6 and  
5 inserting in lieu thereof the following:  
6 "Sec. \_\_\_\_ . This Act takes effect upon the filing  
7 of the study of the state department of transportation  
8 with the general assembly as mandated in Acts of the  
9 Sixty-ninth General Assembly, Second Extraordinary  
10 1981 Session, chapter 2, section 17."  
11 2. Page 2, line 12, by striking the word  
12 "publication" and inserting in lieu thereof the words  
13 "the filing with the general assembly of the study  
14 mandated in Acts of the Sixty-ninth General Assembly,  
15 Second Extraordinary 1981 Session, chapter 2, section  
16 17".  
17 3. By renumbering as necessary.

H-5866 FILED APRIL 14, 1982 BY DAVITT of Warren  
LOST (p. 1501)

SENATE FILE 2091

H 869

1 Amend the Committee on Ways and Means amendment,  
2 H-5537, to Senate File 2091 as amended, passed, and  
3 reprinted by the Senate, as follows:

4 1. Page 1, by striking lines 15 and 16 and insert-  
5 ing in lieu thereof the following: "for the period  
6 beginning July 1, 1978 and ending ~~June 30, 1983~~ the  
7 last day of the month following the month in which the  
8 statewide average wholesale price of unleaded gasoline  
9 reaches one dollar and fifty cents per gallon and except  
10 as otherwise provided in".

11 2. Page 1, by striking lines 39 through 49 and  
12 inserting in lieu thereof the following: "June 30, 1983  
13 1982, an excise tax of eight cents per gallon for the  
14 period beginning July 1, 1982 and ending on the last day  
15 of the month following the month in which the statewide  
16 average wholesale price of unleaded gasoline reaches one  
17 dollar and twenty cents per gallon, an excise tax of ten  
18 cents per gallon for the period beginning the first day of  
19 the second month following the month in which the state-  
20 wide average wholesale price of unleaded gasoline reaches  
21 one dollar and twenty cents per gallon and ending on the  
22 last day of the month following the month in which the  
23 statewide average wholesale price of unleaded gasoline  
24 reaches one dollar and thirty cents per gallon, an  
25 excise tax of eleven cents per gallon beginning on the  
26 first day of the second month following the month in  
27 which the statewide average wholesale price of unleaded  
28 gasoline reaches one dollar and thirty cents per gallon  
29 and ending on the last day of the month following the  
30 month in which the statewide average wholesale price of  
31 unleaded gasoline reaches one dollar and forty cents  
32 per gallon, an excise tax of twelve cents per gallon  
33 beginning the first day of the second month following  
34 the month in which the statewide average wholesale price  
35 of unleaded gasoline is one dollar and forty cents per  
36 gallon and ending the last day of the month following the  
37 month in which the statewide average wholesale price of  
38 unleaded gasoline reaches one dollar and fifty cents  
39 per gallon, is imposed upon".

40 3. Page 2, by inserting after line 1 the following:  
41 "Sec. \_\_\_\_ Chapter 324, Code 1981, is amended by  
42 adding the following new section to division I:

43 NEW SECTION. DETERMINATION OF STATEWIDE AVERAGE  
44 WHOLESALE PRICE OF UNLEADED GASOLINE. The energy policy  
45 council shall determine when the statewide average  
46 wholesale price of unleaded gasoline reaches levels neces-  
47 sary to increase the excise tax on gasohol under section  
48 324.3."

49 4. Page 2, by striking lines 2 through 6.

50 5. Page 2, line 8, by striking the word "providing".

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April 19, 1982

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- 1 and inserting in lieu thereof the word ", providing".
- 2 6. Page 2, by striking lines 11 and 12 and insert-
- 3 ing in lieu thereof the following: "ethanol, and
- 4 providing a penalty".
- 5 7. Renumber as necessary.

H-5869 FILED  
APRIL 15, 1982  
LOST (p. 1505)

BY LONERGAN of Boone  
DAVITT of Warren  
NORLAND of Worth

SENATE FILE 2091

H-5865

- 1 Amend the Committee on Ways and Means amendment,
- 2 H-5537 to Senate File 2091 as amended, passed, and
- 3 reprinted by the Senate, as follows:
- 4 1. Page 1, by inserting after line 4 the following:
- 5 "Sec. \_\_\_\_ Section 214A.2, Code 1981, is amended
- 6 by adding the following new unnumbered paragraph:
- 7 NEW UNNUMBERED PARAGRAPH. Gasoline shall not
- 8 contain a mixture of more than thirteen percent
- 9 ethanol.
- 10 Sec. \_\_\_\_ Chapter 214A, Code 1981, is amended
- 11 by adding the following new section:
- 12 NEW SECTION. Any retail dealer who sells or holds
- 13 for sale motor vehicle fuel containing ethanol shall
- 14 conspicuously post upon any container or pump from
- 15 which the motor fuel is being sold, a two inch by
- 16 six inch notice with letters at least one-half inch
- 17 high stating "ethanol blend".
- 18 2. By renumbering sections as necessary.

H-5865 FILED APRIL 14, 1982  
ADOPTED (p. 1500)

BY SCHROEDER of Pottawattamie

SENATE FILE 2091

H-5872

- 1 Amend Senate File 2091, as amended, passed and
- 2 reprinted by the Senate, as follows:
- 3 1. Title page, line 1, by striking the words
- 4 "to increase" and inserting in lieu thereof the
- 5 words "relating to motor vehicle fuel, including
- 6 provisions relating to ethanol blended motor vehicle
- 7 fuel, and increasing".

H-5872 FILED APRIL 15, 1982

ADOPTED BY UNANIMOUS CONSENT (p. 1505) BY LAGESCHULTE of Bremer

S-5663

1 Amend Senate File 2091 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. Section 214A.2, Code 1981, is amended  
6 by adding the following new unnumbered paragraph:  
7 NEW UNNUMBERED PARAGRAPH. Gasoline shall not  
8 contain a mixture of more than thirteen percent  
9 ethanol.

10 Sec. 2. Chapter 214A, Code 1981, is amended by  
11 adding the following new section:

12 NEW SECTION. Any retail dealer who sells or holds  
13 for sale motor vehicle fuel containing ethanol shall  
14 conspicuously post upon any container or pump from  
15 which the motor fuel is being sold, a two inch by  
16 six inch notice with letters at least one-half inch  
17 high stating "ethanol blend".

18 Sec. 3. Section 324.3, unnumbered paragraph 1,  
19 Code 1981, as amended by Acts of the Sixty-ninth  
20 General Assembly, Second Extraordinary 1981 Session,  
21 chapter 2, section 7, is amended to read as follows:

22 For the privilege of operating motor vehicles in  
23 this state an excise tax of thirteen cents per gallon  
24 beginning September 1, 1981 is imposed upon the use  
25 of all motor fuel used for any purpose except motor  
26 fuel containing at least ten percent alcohol distilled  
27 from agricultural products grown in the United States  
28 for the period beginning July 1, 1978 and ending June  
29 30, ~~1983~~ 1986 and except as otherwise provided in  
30 this division. The tax shall be paid in the first  
31 instance by the distributor upon the invoiced gallonage  
32 of all motor fuel received by the distributor in this  
33 state, within the meaning of the word "received" as  
34 defined in this division, less the deductions  
35 authorized. Thereafter, except as otherwise provided,  
36 the per gallon amount of the tax shall be added to  
37 the selling price of every gallon of such motor fuel  
38 sold in this state and collected from the purchaser  
39 so that the ultimate consumer bears the burden of  
40 the tax; provided that tax shall not be imposed or  
41 collected under this division with respect to the  
42 following:

43 Sec. 4. Section 324.3, unnumbered paragraph 3,  
44 Code 1981, as amended by Acts of the Sixty-ninth  
45 General Assembly, Second Extraordinary 1981 Session,  
46 chapter 2, section 9, is amended to read as follows:

47 For the privilege of operating motor vehicles in  
48 this state an excise tax of ~~five-cents-per-gallon~~  
49 ~~for-the-period-beginning-May-17-1981-and-ending-August~~  
50 ~~31-1981-and-an-excise-tax-of~~ six cents per gallon

1 for the period beginning September 1, 1981 and ending  
2 June 30, 1983 on the last day of the month in which  
3 this Act becomes effective, an excise tax of eight  
4 cents per gallon for the period beginning on the first  
5 day of the month following the month in which this  
6 Act becomes effective and ending June 30, 1983, an  
7 excise tax of ten cents per gallon for the period  
8 beginning July 1, 1983 and ending June 30, 1984, an  
9 excise tax of eleven cents per gallon for the period  
10 beginning July 1, 1984 and ending June 30, 1985, an  
11 excise tax of twelve cents per gallon beginning July  
12 1, 1985 and ending June 30, 1986, is imposed upon  
13 the use of gasoline used for any purpose except as  
14 otherwise provided in this division.

15 Sec. 5. This Act, being deemed of immediate  
16 importance, takes effect from and after its publication  
17 in The Hudson Herald, a newspaper published in Hudson,  
18 Iowa, and in the Bremer County Independent and Waverly  
19 Democrat, a newspaper published in Waverly, Iowa."

20 2. Amend the title, lines 2 through 4, by striking  
21 the words "providing an excise tax on ethyl alcohol  
22 used by motor vehicles, requiring motor fuel  
23 distributors to receive a certain percentage of  
24 ethanol, and providing a penalty" and inserting in  
25 lieu thereof the words "effective upon publication".

26 3. Title page, line 1, by striking the words "to  
27 increase" and inserting in lieu thereof the words  
28 "relating to motor vehicle fuel, including provisions  
29 relating to ethanol blended motor vehicle fuel, and  
30 increasing".

S-5663 FILED RECEIVED FROM THE HOUSE

APRIL 20, 1982

*Senate received 4/23 (7 1393)*

SENATE FILE 2091

S-5676

- 1 Amend the House Amendment S-5663 to Senate File  
 2 2091 as amended, passed and reprinted by the Senate  
 3 as follows:  
 4 1. Page 2, line 6, by striking the words "June 30,  
 5 1983" and inserting in lieu thereof the words "December  
 6 31, 1982".  
 7 2. Page 2, line 8, by striking the word "July"  
 8 and inserting in lieu thereof the word "January".  
 9 3. Page 2, line 8, by striking the words "June 30,  
 10 1984" and inserting in lieu thereof the words "December  
 11 31, 1983".  
 12 4. Page 2, line 10, by striking the word "July"  
 13 and inserting in lieu thereof the word "January".  
 14 5. Page 2, line 10, by striking the words "June 30,  
 15 1985" and inserting in lieu thereof the words "December  
 16 31, 1984".  
 17 6. Page 2, line 11, by striking the word "July"  
 18 and inserting in lieu thereof the word "January".  
 19 7. Page 2, line 12, by striking the words "June 30,  
 20 1986" and inserting in lieu thereof the words "December  
 21 31, 1985".

S-5676 FILED  
 APRIL 20, 1982  
 4/23 (7-1291)

BY EDGAR H. HOLDEN

SENATE FILE 2091

S-5692

- 1 Amend the House amendment S-5663 to Senate File  
 2 2091 as amended, passed and reprinted by the Senate  
 3 as follows:  
 4 1. Page 1, lines 28 and 29, by striking the words  
 5 "June 30, 1983 1986" and inserting in lieu thereof  
 6 the words "~~June 30, 1983~~ December 31, 1985".  
 7 2. Page 2, line 6, by striking the words "June  
 8 30, 1983" and inserting in lieu thereof the words  
 9 "December 31, 1982".  
 10 3. Page 2, line 8, by striking the word "July"  
 11 and inserting in lieu thereof the word "January".  
 12 4. Page 2, line 8, by striking the words "June  
 13 30, 1984" and inserting in lieu thereof the words  
 14 "December 31, 1983".  
 15 5. Page 2, line 10, by striking the word "July"  
 16 and inserting in lieu thereof the word "January".  
 17 6. Page 2, line 10, by striking the words "June  
 18 30, 1985" and inserting in lieu thereof the words  
 19 "December 31, 1984".  
 20 7. Page 2, line 11, by striking the word "July"  
 21 and inserting in lieu thereof the word "January".  
 22 8. Page 2, line 12, by striking the words "June  
 23 30, 1986" and inserting in lieu thereof the words  
 24 "December 31, 1985".

S-5692 FILED  
 APRIL 20, 1982  
 4/23 (7-1391)

BY EDGAR H. HOLDEN

SENATE FILE 2091

S-5693

1 Amend the House amendment, S-5663, to Senate File  
2 2091 as amended, passed and reprinted by the Senate,  
3 as follows:

4 1. Page 1, by inserting after line 4 the following:  
5 "Sec. \_\_\_\_\_. It is the finding of the general  
6 assembly that the development of a stable, efficient,  
7 and economically viable fuel alcohol industry in Iowa  
8 is in the best interests of both Iowa and the nation  
9 inasmuch as:

10 1. The demand for petroleum energy resources  
11 remains high in both Iowa and the nation despite  
12 significant conservation efforts.

13 2. The continued dependency on foreign sources  
14 for these energy resources compromises our national  
15 defense capabilities.

16 3. Continued purchases of foreign energy resources  
17 causes a substantial flow of revenue from both Iowa  
18 and the nation.

19 4. Supplies of traditional nonrenewable energy  
20 resources and especially petroleum energy resources  
21 are being depleted.

22 5. Fuel alcohol represents a renewable energy  
23 resource which can be produced and consumed in Iowa  
24 and our nation using present technologies.

25 6. The development of an ethanol industry would  
26 benefit the economies of Iowa and the nation.

27 In view of these considerations, the general  
28 assembly endorses the development of a fuel alcohol  
29 industry in Iowa and enacts this law to assist this  
30 industry through the stimulation of the fuel alcohol  
31 market."

32 2. Page 1, line 17, by inserting after the word  
33 "blend" the following: "and shall also post on the  
34 container or pump a notice, in letters at least one-  
35 half inch high, stating the percentage of the ethanol  
36 mix of the motor vehicle fuel being sold".

37 3. Page 1, by inserting after line 17 the  
38 following:

39 "Sec. \_\_\_\_\_. Section 323.1, unnumbered paragraph  
40 1, Code 1981, is amended to read as follows:

41 When used in this ~~chapter~~ division, unless the  
42 context otherwise requires:

43 Sec. \_\_\_\_\_. Section 323.9, Code 1981, is amended  
44 to read as follows:

45 323.9 VIOLATIONS. Any person violating the  
46 provisions of this ~~chapter~~ division is guilty of a  
47 simple misdemeanor.

48 Sec. \_\_\_\_\_. Section 323.10, Code 1981, is amended  
49 to read as follows:

50 323.10 INTENT. The provisions of this ~~chapter~~

1 division are enacted in the exercise of the police  
2 powers of this state for the purpose of protecting  
3 the health, safety and general welfare of the people  
4 of this state and because methods and practices in  
5 the marketing and distribution of motor fuel and  
6 special fuel have impaired the availability to the  
7 public of the fuel and the services supplied by  
8 distributors and dealers who have entered into a  
9 franchise agreement with their respective suppliers.

10 Sec.       . Section 323.13, Code 1981, is amended  
11 to read as follows:

12 323.13 WAIVER. Any provision of a dealer franchise  
13 or distributor franchise which is an attempted waiver  
14 of the benefits of this ~~chapter~~ division shall be  
15 void and unenforceable.

16 Sec.       . Chapter 323, Code 1981, is amended by  
17 adding sections 701 through 706 of this Act as a new  
18 division.

19 Sec. 701. NEW SECTION. DEFINITIONS. As used  
20 in this division, unless the context otherwise  
21 requires:

22 1. "Ethanol" means ethyl alcohol distilled from  
23 agricultural products grown in the United States which  
24 is intended to be and is capable of being used for  
25 the purpose of propelling or running by combustion  
26 any internal combustion engine.

27 2. "Ethanol producer" means a producer of ethanol  
28 in this state.

29 3. "Permit holder" means an ethanol producer which  
30 holds a valid ethanol production incentive permit  
31 issued by the department of revenue.

32 4. "Fiscal year" means the twelve-month period  
33 beginning July 1 of each year.

34 Sec. 702. NEW SECTION. APPROPRIATION--ETHANOL  
35 PRODUCTION INCENTIVE FUND. Effective July 1, 1982,  
36 there is appropriated annually from the general fund  
37 of the state an amount necessary to pay the production  
38 incentive provided in section 704 of this Act with  
39 a maximum annual appropriation of one million  
40 (1,000,000) dollars. These moneys shall be credited  
41 to the "ethanol production incentive fund" which is  
42 hereby created and the fund shall be distributed as  
43 provided in this division.

44 Sec. 703. NEW SECTION. ETHANOL PRODUCTION  
45 INCENTIVE PERMIT. An ethanol producer, before  
46 receiving incentive funds under this division, shall  
47 obtain an ethanol production incentive permit from  
48 the department of revenue. Application for the permit  
49 shall be made to the department of revenue on a form  
50 provided by the department of revenue. The application

1 shall include the name and address of the applicant,  
2 shall contain an estimate of the annual ethanol  
3 production of the applicant, and shall contain other  
4 information as required under rules of the department  
5 of revenue. The department of revenue, when satisfied  
6 that the applicant has met all requirements, shall  
7 issue an ethanol production incentive permit to the  
8 applicant. An ethanol production incentive permit  
9 expires on June 30 of each year, unless sooner revoked  
10 by the department of revenue. An ethanol production  
11 incentive permit shall not be assigned by a permit  
12 holder. Only one ethanol production incentive permit  
13 may be issued for any ethanol plant during a fiscal  
14 year.

15       Sec. 704. NEW SECTION. PRORATION OF ETHANOL  
16 PRODUCTION INCENTIVE FUND. An ethanol producer is  
17 entitled to receive monthly from the director of  
18 revenue a production incentive from the ethanol  
19 production incentive fund on the first million gallons  
20 of ethanol produced by the ethanol producer during  
21 each fiscal year. The amount of the production  
22 incentive is twelve cents per gallon for ethanol that  
23 is at least one hundred ninety proof, and ten cents  
24 per gallon for ethanol which is less than one hundred  
25 ninety proof. However, an ethanol producer is entitled  
26 to the production incentive only for ethanol which  
27 is produced for the first time by the ethanol producer,  
28 only for ethanol produced during months that the  
29 producer holds a valid ethanol production incentive  
30 permit, and only for ethanol which is produced,  
31 blended, and sold in the state. The incentive payment  
32 is subject to proration as provided in this section.  
33 In order to qualify for an incentive payment for  
34 ethanol produced during a month, a permit holder  
35 shall, within thirty days of the conclusion of the  
36 month, certify to the director of revenue the number  
37 of gallons and proof of ethanol produced by the permit  
38 holder in the state, shall submit or revise an estimate  
39 of the holder's fiscal year ethanol production and  
40 shall submit such other information as required under  
41 rules of the department of revenue. Incentive payments  
42 shall be paid by the director of revenue to qualified  
43 permit holders within sixty days of receipt of the  
44 holder's certification. The director of revenue shall  
45 estimate the anticipated ethanol production by permit  
46 holders in the state, and if the director finds that  
47 the production of ethanol is such that moneys  
48 appropriated for the ethanol production incentive  
49 fund are not sufficient to permit payment of the full  
50 production incentive, the director of revenue shall

1 distribute the production incentive payment for each  
2 permit holder in a manner that the annual appropriation  
3 for the ethanol production incentive fund is prorated  
4 to each permit holder based on the ratio that the  
5 permit holder's ethanol production bears to the total  
6 ethanol production by permit holders in the state.  
7 However, the director of revenue shall not include  
8 in this calculation production of ethanol by a permit  
9 holder in excess of one million gallons per fiscal  
10 year.

11 Sec. 705. NEW SECTION. RULES. The department  
12 of revenue shall adopt rules pursuant to chapter 17A  
13 as necessary to carry out the provisions of this  
14 division.

15 Sec. 706. NEW SECTION. FRAUD--PERMIT REVOCATION--  
16 -CIVIL PENALTY. An ethanol producer who knowingly  
17 makes false certification of ethanol production, false  
18 claim, or false application under section 703 or 704  
19 of this Act is not eligible to receive a production  
20 incentive under this division. Such producer shall  
21 pay to the department of revenue an amount equal to  
22 the production incentive received by the producer  
23 for production during the fiscal years in which the  
24 producer made false certification, false claim, or  
25 false application, and shall in addition pay to the  
26 department of revenue a civil penalty of five hundred  
27 dollars. The ethanol production incentive permit  
28 shall be revoked by the department of revenue for  
29 any ethanol producer who is ineligible under this  
30 section to receive a production incentive and the  
31 ethanol producer shall remain ineligible to receive  
32 an ethanol production incentive permit in subsequent  
33 years."

34 4. Page 2, line 29, by inserting after the word  
35 "fuel" the words "including an appropriation".

36 5. By renumbering sections and internal references  
37 as necessary.

S-5693 FILED  
APRIL 20, 1982

*Last 4/23 (p. 1392)*

BY BERL E. PRIEBE  
JAMES D. WELLS  
ALVIN V. MILLER  
ELVIE DREESZEN

EMIL J. HUSAK  
NORMAN RODGERS  
RICHARD VANDE HOEF

SENATE FILE 2091

-5702

1 Amend the House amendment, S-5663, to Senate  
2 File 2091 as amended, passed and reprinted by the  
3 Senate, as follows:

4 1. Page 1, by inserting after line 17 the  
5 following:

6 "Sec. \_\_\_\_ . Section 324.2, Code 1981, is amended  
7 by adding the following new subsection:

8 NEW SUBSECTION. "Average weekly wholesale price  
9 of unleaded gasoline" means the average of the week's  
10 daily wholesale prices of unleaded gasoline as  
11 published in The Wall Street Journal. For purposes  
12 of this subsection a week means a seven day period  
13 beginning on Sunday."

14 2. Page 1, by striking lines 28 and 29 and  
15 inserting in lieu thereof the following: "for the  
16 period beginning July 1, 1978 and ending ~~June-30-~~1983  
17 the last day of the month following the month in  
18 which the average weekly wholesale price of unleaded  
19 gasoline reaches one dollar and forty cents per gallon  
20 and except as otherwise provided in".

21 3. Page 2, by striking lines 2 through 12 and  
22 inserting in lieu thereof the following: "June 30,  
23 ~~1983~~ 1982, and excise tax of eight cents per gallon  
24 for the period beginning July 1, 1982 and ending on  
25 the last day of the month following the month in which  
26 the average weekly wholesale price of unleaded gasoline  
27 reaches one dollar and ten cents per gallon, an excise  
28 tax of ten cents per gallon for the period beginning the  
29 first day of the second month following the month in  
30 which the average weekly wholesale price of unleaded  
31 gasoline reaches one dollar and ten cents per gallon and  
32 ending on the last day of the month following the month  
33 in which the average weekly wholesale price of unleaded  
34 gasoline reaches one dollar and twenty cents per gallon,  
35 an excise tax of eleven cents per gallon beginning on  
36 the first day of the second month following the month  
37 in which the average weekly wholesale price of unleaded  
38 gasoline reaches one dollar and twenty cents per gallon  
39 and ending on the last day of the month following the  
40 month in which the average weekly wholesale price of  
41 unleaded gasoline reaches one dollar and thirty cents  
42 per gallon, an excise tax of twelve cents per gallon  
43 beginning the first day of the second month following  
44 the month in which the average weekly wholesale price  
45 of unleaded gasoline is one dollar and thirty cents per  
46 gallon and ending the last day of the month following  
47 the month in which the average weekly wholesale price of  
48 unleaded gasoline reaches one dollar and forty cents  
49 per gallon, is imposed upon".

50 4. Page 2, by striking lines 15 through 25 and

- 1 inserting in lieu thereof the following:
- 2 "\_\_\_\_\_". Amend the title, lines 1 through 4, by
- 3 striking the words ", providing an excise tax on ethyl
- 4 alcohol used by motor vehicles, requiring motor fuel
- 5 distributors to receive a certain percentage of
- 6 ethanol, and providing a penalty".
- 7 5. Renumber as necessary.

S-5702 FILED  
APRIL 20, 1982

*Last 4/23 (p. 1389)*

BY RICHARD VANDE HOEF

ELVIE DREESZEN

ALVIN MILLER

EMIL J. HUSAK

ARNE WALDSTEIN

BERL E. PRIEBE

C. JOSEPH COLEMAN

RAY TAYLOR

NORMAN RODGERS

SENATE FILE 2091

AN ACT

RELATING TO MOTOR VEHICLE FUEL, INCLUDING PROVISIONS RELATING TO ETHANOL BLENDED MOTOR VEHICLE FUEL, AND INCREASING THE RATE OF THE EXCISE TAX ON GASOHOL, EFFECTIVE UPON PUBLICATION.

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

Section 1. Section 214A.2, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Gasoline shall not contain a mixture of more than thirteen percent ethanol.

Sec. 2. Chapter 214A, Code 1981, is amended by adding the following new section:

NEW SECTION. Any retail dealer who sells or holds for sale motor vehicle fuel containing ethanol shall conspicuously post upon any container or pump from which the motor fuel is being sold, a two inch by six inch notice with letters at least one-half inch high stating "ethanol blend".

Sec. 3. Section 324.3, unnumbered paragraph 1, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, Second Extraordinary 1981 Session, chapter 2, section 9, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of thirteen cents per gallon beginning September 1, 1981 is imposed upon the use of all motor fuel used for any purpose except motor fuel containing at least ten percent

alcohol distilled from agricultural products grown in the United States for the period beginning July 1, 1978 and ending June 30, ~~1983~~ 1986 and except as otherwise provided in this division. The tax shall be paid in the first instance by the distributor upon the invoiced gallonage of all motor fuel received by the distributor in this state, within the meaning of the word "received" as defined in this division, less the deductions authorized. Thereafter, except as otherwise provided, the per gallon amount of the tax shall be added to the selling price of every gallon of such motor fuel sold in this state and collected from the purchaser so that the ultimate consumer bears the burden of the tax; provided that tax shall not be imposed or collected under this division with respect to the following:

Sec. 4. Section 324.3, unnumbered paragraph 3, Code 1981, as amended by Acts of the Sixty-ninth General Assembly, Second Extraordinary 1981 Session, chapter 2, section 9, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of ~~five cents per gallon for the period beginning May 17, 1981 and ending August 31, 1981 and an excise tax of six cents per gallon for the period beginning September 1, 1981 and ending June 30, 1983 on the last day of the month in which this Act becomes effective. an excise tax of eight cents per gallon for the period beginning on the first day of the month following the month in which this Act becomes effective and ending June 30, 1983, an excise tax of ten cents per gallon for the period beginning July 1, 1983 and ending June 30, 1984, an excise tax of eleven cents per gallon for the period beginning July 1, 1984 and ending June 30, 1985, an excise tax of twelve cents per gallon beginning July 1, 1985 and ending June 30, 1986,~~ is imposed upon the use of gasohol used for any purpose except as otherwise provided in this division.

Sec. 5. This Act, being deemed of immediate importance, takes effect from and after its publication in The Hudson Herald, a newspaper published in Hudson, Iowa, and in the Bremer County Independent and Waverly Democrat, a newspaper published in Waverly, Iowa.

---

TERRY E. BRANSTAD  
President of the Senate

---

DELWYN STROMER  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2091, Sixty-ninth General Assembly.

---

K. MARIE THAYER  
Secretary of the Senate

Approved 4/24, 1982

---

ROBERT D. RAY  
Governor