

FILED MAY 07 1987

SENATE FILE 521  
BY COMMITTEE ON WAYS AND MEANS

*Formerly* SSB 251  
*4 247*

*Failed*  
Passed Senate, Date 5/8/87 (p. 1777) Passed House, Date \_\_\_\_\_  
Vote: Ayes 24 Nays 25 Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

*Motion to reconsider by 18001 adopted 5/9/87*  
*Failed Senate 5/4/87 (p. 1810)*  
*25-21*

A BILL FOR

1 An Act to increase the rate of excise taxes on motor fuel and  
2 special fuel to replace federal aid highway funds including  
3 the allocation of fuel tax revenues.

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

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5F521

1 Section 1. Section 93.15, Code 1987, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. The treasurer of state shall,  
4 for the period beginning July 1, 1987 and ending June 30,  
5 1989, credit from the petroleum overcharge fund as directed by  
6 the general assembly to the public transit assistance fund,  
7 created under section 601J.6, an amount for each fiscal year  
8 equal to the difference between the amount credited under  
9 section 312.2, subsection 17, and four million three hundred  
10 thousand dollars.

11 Sec. 2. NEW SECTION. 307.46 INDUSTRIAL HIGHWAY NETWORK.

12 The department, with the review and approval of the state  
13 transportation commission, shall identify certain segments of  
14 the primary road system as an industrial highway network. The  
15 department shall, in developing the industrial highway  
16 network, designate those primary road segments which will  
17 assist the state in the area of economic development if the  
18 primary road system is improved.

19 Sec. 3. Section 312.2, subsection 17, Code 1987, is  
20 amended to read as follows:

21 17. The treasurer of state, before making the allotments  
22 provided for in this section, shall credit monthly from the  
23 road use tax fund to the public transit assistance fund,  
24 created under section 601J.6, an amount equal to one fortieth  
25 for the period through June 30, 1989 and one twentieth  
26 beginning July 1, 1989 of the revenue credited to the road use  
27 tax fund under section 423.24, except that the amount credited  
28 under this subsection shall not exceed four million three  
29 hundred thousand dollars in each fiscal year for the fiscal  
30 period beginning July 1, 1987 and ending June 30, 1989.

31 Sec. 4. Section 312.2, Code 1987, is amended by adding the  
32 following new subsections:

33 NEW SUBSECTION. 18. The treasurer of state, before making  
34 the allotments provided in this section, shall credit monthly  
35 from the road use tax fund the revenue accruing to the road

1 use tax fund from revenues collected on motor fuel beginning  
2 July 1, 1987, eighty percent of the excise tax collected from  
3 two cents per gallon to the primary road fund to be used  
4 exclusively on the industrial highway network, ten percent of  
5 the excise tax collected from two cents per gallon to the  
6 secondary road fund, and ten percent of the excise tax  
7 collected from two cents per gallon to the street construction  
8 fund.

9 NEW SUBSECTION. 19. The treasurer of state, before making  
10 the allotments provided in this section, shall credit monthly  
11 from the road use tax fund the revenue accruing to the road  
12 use tax fund from revenues collected on special fuel as  
13 follows:

14 a. For the period beginning January 1, 1988 and ending  
15 December 31, 1988, an amount equal to the excise tax collected  
16 from one cent per gallon to the primary road fund to be used  
17 exclusively on the industrial highway network.

18 b. For the period beginning January 1, 1989 and ending  
19 December 31, 1989, an amount equal to the excise tax collected  
20 from two cents per gallon to the primary road fund to be used  
21 exclusively on the industrial highway network.

22 c. For the period beginning January 1, 1990, and  
23 thereafter, an amount equal to the excise tax collected from  
24 three cents per gallon to the primary road fund to be used  
25 exclusively on the industrial highway network.

26 NEW SUBSECTION. 20. The treasurer of state, before making  
27 the allotments provided in this section, shall credit monthly  
28 beginning July 1, 1987 from the taxes imposed under section  
29 324.3 an amount equal to one-half of one cent per gallon to  
30 the primary road fund, an amount equal to one-fourth of one  
31 cent per gallon to the secondary road fund, and an amount  
32 equal to one-fourth of one cent per gallon to the street  
33 construction fund.

34 Sec. 5. Section 324.3, unnumbered paragraph 1, Code 1987,  
35 is amended to read as follows:

1 For the privilege of operating motor vehicles in this state  
2 an excise tax of ~~fifteen-cents-per-gallon-for-the-period~~  
3 ~~beginning-July-1, 1985-and-ending-December-31, 1985,~~ and  
4 sixteen cents per gallon for the period beginning January 1,  
5 1986 and ending June 30, 1987, and nineteen cents per gallon  
6 beginning July 1, 1987, is imposed upon the use of all motor  
7 fuel used for any purpose except motor fuel containing at  
8 least ten percent alcohol distilled from cereal grains grown  
9 in the United States for the period beginning July 1, 1978 and  
10 ending June 30, 1992 and except as otherwise provided in this  
11 division.

12 Sec. 6. Section 324.3, unnumbered paragraph 4, Code 1987,  
13 is amended to read as follows:

14 For the privilege of operating motor vehicles in this state  
15 an excise tax of ~~fourteen-cents-per-gallon-beginning-July-1,~~  
16 ~~1985-and-ending-December-31, 1985,~~ and fifteen cents per  
17 gallon for the period beginning January 1, 1986 and ending  
18 June 30, 1987, and eighteen cents per gallon for the period  
19 beginning July 1, 1987 and ending June 30, 1992, is imposed  
20 upon the use of gasohol used for any purpose except as  
21 otherwise provided in this division.

22 Sec. 7. Section 324.34, unnumbered paragraph 1, Code 1987,  
23 is amended to read as follows:

24 For the privilege of operating motor vehicles in this  
25 state, there is imposed an excise tax on the use, as defined  
26 in section 324.33, of special fuel in a motor vehicle. The  
27 tax rate on special fuel for diesel engines is ~~sixteen-and~~  
28 ~~one-half-cents-per-gallon-for-the-period-beginning-July-1,~~  
29 ~~1985-and-ending-December-31, 1985,~~ ~~is~~ ~~seventeen-and-one-half~~  
30 ~~cents-per-gallon-for-the-period-beginning-January-1, 1986-and~~  
31 ~~ending-December-31, 1986,~~ and is eighteen and one-half cents  
32 per gallon for the period beginning January 1, 1987 and ending  
33 December 31, 1987, is nineteen and one-half cents for the  
34 period beginning January 1, 1988 and December 31, 1988, is  
35 twenty and one-half cents beginning January 1, 1989 and ending

1 December 31, 1989, and twenty-one and one-half cents per  
2 gallon beginning January 1, 1990. On all other special fuel  
3 the per gallon rate is the same as the motor fuel tax.

4 Sec. 8. Section 324.34, unnumbered paragraph 9, Code 1987,  
5 is amended to read as follows:

6 For natural gas used as a special fuel the rate of tax that  
7 is equivalent to the motor fuel tax shall be ~~thirteen~~ sixteen  
8 cents per hundred cubic feet adjusted to a base temperature of  
9 sixty degrees Fahrenheit and a pressure of fourteen and  
10 seventy-three hundredths pounds per square inch absolute. The  
11 tax on natural gas shall attach at the time of delivery into  
12 equipment for compressing the gas for subsequent delivery into  
13 the fuel supply tank of a motor vehicle and shall be paid over  
14 to the department by the person operating the compressing  
15 equipment under the applicable provisions for users or  
16 dealers. Natural gas used as a special fuel shall be  
17 delivered into compressing equipment through sealed meters  
18 certified for accuracy by the department of agriculture and  
19 land stewardship.

20 Sec. 9. 1983 Iowa Acts, chapter 198, section 32,  
21 unnumbered paragraph 1, is amended to read as follows:

22 SEC. 32. Notwithstanding the provisions of section 423.24,  
23 there is transferred from revenues collected under chapter 423  
24 during each year of the fiscal period beginning July 1, 1983  
25 and ending June 30, 1985 from the use tax imposed on motor  
26 vehicles, trailers and motor vehicle accessories and equipment  
27 under section 423.7 the sum of seven million five hundred  
28 thousand (7,500,000) dollars which shall be transferred to the  
29 special railroad facility fund to be used exclusively for the  
30 purposes provided in this section. The Iowa railway finance  
31 authority may enter into a partnership agreement as allowed  
32 under section 307B.7, subsection 7, for the purpose of  
33 acquiring the right-of-way of the Chicago, Rock Island and  
34 Pacific railroad. The funds shall be expended to supplement  
35 private investment capital obtained for that purpose by

1 matching any private investment capital on an equal basis.  
2 The funds transferred to the special railroad facility fund  
3 under this section shall be considered an interest-free loan  
4 to be repaid to the road-use-tax-fund railroad assistance fund  
5 beginning July 1, 1987 from receipts credited to the special  
6 railroad facility fund under section 307B.23. The railroad  
7 assistance fund shall repay the road use tax fund all funds  
8 received pursuant to this section on an interest-free basis  
9 within fifteen years after receipt by the railroad assistance  
10 fund. Notwithstanding section 327H.20, the funds transferred  
11 to the railroad assistance fund from the special railroad  
12 facility fund beginning July 1, 1987 shall not be required to  
13 expend any funds for nonreimbursable grants for rehabilitation  
14 programs.

15 EXPLANATION

16 Section 1 of the bill appropriates to the public transit  
17 assistance fund an amount from the petroleum overcharge fund  
18 equal to the difference between the amount appropriated from  
19 one-fortieth of the use tax on vehicles and four million three  
20 hundred thousand dollars for fiscal years beginning July 1,  
21 1987 and July 1, 1989.

22 Section 2 requires the state department of transportation  
23 to establish an industrial highway network of primary  
24 highways.

25 Section 3 raises the allocation of use tax revenue to  
26 public transit from one-fortieth to one twentieth effective  
27 July 1, 1989 and places a cap on the allocation of four  
28 million three hundred thousand dollars per year through the  
29 fiscal year 1989.

30 Section 4 credits certain diesel fuel taxes to the primary  
31 road fund to be used exclusively for the industrial highway  
32 network. This section also credits the revenue from two cents  
33 per gallon from the gasoline taxes to the primary road fund,  
34 the secondary road fund, and the street construction fund of  
35 the cities. This section also provides that from one cent of

1 the excise tax on motor fuel, fifty percent is credited to  
2 primary road fund, twenty-five percent to the secondary road  
3 fund and twenty-five percent to the street construction fund.

4 Section 5 raises the gasoline tax from sixteen to nineteen  
5 cents per gallon effective July 1, 1987.

6 Section 6 raises the tax on gasohol from fifteen to  
7 eighteen cents per gallon effective July 1, 1987.

8 Section 7 raises the tax on diesel fuel from eighteen and  
9 one-half to twenty-one and one-half cents per gallon phased in  
10 one cent per year beginning January 1, 1988.

11 Section 8 raises the tax on compressed natural gas from  
12 thirteen to sixteen cents per hundred cubic feet. This is  
13 equivalent to the amount by which the gasoline tax is raised.

14 Section 9 provides that the use tax revenues credited to  
15 the special railroad facility fund shall be repaid to the  
16 railroad assistance fund to be used for purposes of that fund  
17 which must repay the funds to the road use tax fund within  
18 fifteen years of receipt of the funds.

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SENATE FILE 521

S-4047

1 Amend Senate File 521 as follows:

2 1. Page 1, by inserting after line 18 the  
3 following:

4 "Sec. \_\_\_\_ . Section 312.2, subsection 16, Code  
5 1987, is amended to read as follows:

6 16. The treasurer of state, before making the  
7 allotments provided for in this section, shall credit  
8 monthly from the road use tax fund to revitalize  
9 Iowa's sound economy fund, created under section  
10 315.2, the revenue accruing to the road use tax fund  
11 in the amount equal to two-thirds-of the revenues  
12 collected under each of the following:

13 a. From the excise tax on motor fuel and special  
14 fuel imposed under the tax rate of section 324.3:

15 (1) For the period ~~July 1, 1985~~ January 1, 1986,  
16 through ~~December 31, 1985~~ June 30, 1987, the amount of  
17 excise tax collected from two cents per gallon.

18 (2) From and after ~~January 1, 1986~~ July 1, 1987,  
19 the amount of excise tax collected from three cents  
20 per gallon.

21 b. From the excise tax on special fuel for diesel  
22 engines, the amount of excise tax collected from two  
23 cents per gallon.

24 ~~(1) -- For the period July 1, 1985, through December~~  
25 ~~31, 1985, the amount of excise tax collected from one~~  
26 ~~cent per gallon.~~

27 ~~(2) -- For the period January 1, 1986, through~~  
28 ~~December 31, 1986, the amount of excise tax collected~~  
29 ~~from two cents per gallon.~~

30 ~~(3) -- From and after January 1, 1987, the amount of~~  
31 ~~excise tax collected from three cents per gallon."~~

32 2. Page 2, by striking lines 26 through 33.

33 3. Renumber sections and correct internal  
34 references as necessary.

S-4047

Filed May 7, 1987

BY MICHAEL E. GRONSTAL

ADOPTED MOTION TO RECONSIDER FILED - PREVAILED

(p. 1797)

SENATE FILE 521

S-4054

1 Amend Senate File 521 as follows:

2 1. By striking page 1, line 31 through page 2,  
3 line 33, /

S-4054

Filed May 7, 1987

BY KENNETH D. SCOTT

RULED OUT RICHARD VANDE HOEF

ALVIN V. MILLER

OF ORDER JOHN A. PETERSON

BERL E. PRIEBE

JOHN E. SOORHOLTZ

HURLEY W. HALL

ADOPTED WILMER RENSINK

DALE L. TIEDEN

EMIL HUSAK

JOHN W. JENSEN

JACK W. HESTER

(p. 1774)  
Amended. Lost 5/8 (p. 1775)

SENATE 24  
May 8, 1987

SENATE FILE 521

S-4043

1 Amend Senate File 521 as follows:

2 1. Page 4, by inserting after line 19 the  
3 following:

4 "Sec. \_\_\_\_ Section 327H.18, Code 1987, is amended  
5 by adding the following new unnumbered paragraph:  
6 NEW UNNUMBERED PARAGRAPH. Notwithstanding section  
7 453.7, subsection 2, interest on earnings or  
8 investments or time deposits of the moneys in the  
9 railroad assistance fund shall be credited to the  
10 railroad assistance fund."

11 2. Renumber sections and correct internal  
12 references as necessary. /

S-4043

Filed May 7, 1987  
ADOPTED (p. 1775)

BY RICHARD F. DRAKE  
BILL HUTCHINS

SENATE FILE 521

S-4044

1 Amend Senate File 521 as follows:

2 1. Page 4, by inserting after line 19 the  
3 following:

4 "Sec. \_\_\_\_ Section 324.38, Code 1987, is amended  
5 by adding the following new subsection:  
6 NEW SUBSECTION. 7. When a return is timely filed  
7 and the taxes due are paid in the manner provided in  
8 this section, the special fuel dealer or the special  
9 fuel distributor shall be allowed a credit or discount  
10 of one-half of one percent of the taxes due on the  
11 first one hundred thousand gallons of special fuel  
12 sold in a calendar month. The credit or discount is  
13 allowed to the special fuel dealer or distributor as  
14 remuneration for collecting the tax, keeping the  
15 record, and filing timely returns required by this  
16 chapter."

S-4044

Filed May 7, 1987  
ADOPTED (p. 1775)

BY EDGAR H. HOLDEN

SENATE FILE 521

5-4061

1 Amend Senate File 521 as follows:

2 1. Page 3, by inserting after line 21 the  
3 following:

4 "Sec. \_\_\_\_ . NEW SECTION. 324.3A REDUCED RATE OF  
5 TAX FOR CERTAIN DEALERS.

6 Notwithstanding the rate of tax imposed under  
7 section 324.3, the excise tax on motor fuel delivered  
8 to a qualified dealer is reduced as provided in this  
9 section.

10 1. The excise tax on motor fuel delivered to a  
11 qualified dealer located not more than eight miles  
12 from the border of a state contiguous to Iowa which  
13 has in effect a motor fuel tax which makes the Iowa  
14 motor fuel tax uncompetitive is reduced to be five  
15 cents per gallon in excess of the motor fuel tax in  
16 effect for the contiguous state.

17 2. The excise tax on motor fuel delivered to a  
18 qualified dealer located more than eight miles but not  
19 more than sixteen miles from the border of a state  
20 contiguous to Iowa which has in effect a motor fuel  
21 tax which makes the Iowa motor fuel tax uncompetitive  
22 is reduced to be six cents per gallon in excess of the  
23 motor fuel tax in effect for the contiguous state.

24 3. The excise tax on motor fuel delivered to a  
25 qualified dealer located more than sixteen miles but  
26 not more than twenty-four miles from the border of a  
27 state contiguous to Iowa which has in effect a motor  
28 fuel tax which makes the Iowa motor fuel tax  
29 uncompetitive is reduced to be seven cents per gallon  
30 in excess of the motor fuel tax in effect for the  
31 contiguous state.

32 As used in this section, a "qualified dealer" means  
33 a dealer located within the distances provided under  
34 subsections 1 through 3 measured by the shortest  
35 distance from the border of the contiguous state. If  
36 a qualified dealer is located within the corporate  
37 limits of a city, all dealers within the corporate  
38 limits of the city are qualified dealers.

39 As used in this section, a "motor fuel tax in  
40 effect for the contiguous state" means the total  
41 excise, sales or use taxes in effect in the contiguous  
42 state on the sale of motor fuel expressed in cents per  
43 gallon. The department of revenue and finance shall  
44 adopt rules pursuant to chapter 17A establishing the  
45 methodology for ascertaining the motor fuel tax in  
46 effect for contiguous states. As used in this  
47 section, a contiguous state has a "motor fuel tax  
48 which makes the Iowa motor fuel tax uncompetitive" if  
49 the excise tax on motor fuel under section 324.3  
50 exceeds the motor fuel tax in effect for the

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1 contiguous state by more than five cents per gallon.  
2 If more than one contiguous state has in effect a  
3 motor fuel tax which makes the Iowa motor fuel tax  
4 uncompetitive, the excise tax for a qualified dealer  
5 located not more than twenty-four miles from the  
6 borders of two such contiguous states is the excise  
7 tax under the application of subsections 1 through 3  
8 which results in the lowest excise tax to the  
9 qualified dealer.

10 A qualified dealer shall be allowed a credit by the  
11 distributor for the amount of the reduction in motor  
12 fuel tax allowed and a qualified dealer, before  
13 receiving the credit, shall be registered by the  
14 department of revenue and finance. The department of  
15 revenue and finance shall adopt rules pursuant to  
16 chapter 17A for registering dealers and accounting for  
17 credits by distributors.

18 This section only applies to qualified dealers who  
19 would experience a reduction in the excise tax on  
20 motor fuel through its application."

21 2. Page 4, by inserting after line 19 the  
22 following:

23 "Sec. \_\_\_\_ . NEW SECTION. 324.34A REDUCED RATE OF  
24 TAX FOR CERTAIN DEALERS.

25 Notwithstanding the rate of tax imposed under  
26 section 324.34, the excise tax on special fuel for  
27 diesel engines delivered to a qualified dealer is  
28 reduced as provided in this section.

29 1. The excise tax on special fuel for diesel  
30 engines delivered to a qualified dealer located not  
31 more than eight miles from the border of a state  
32 contiguous to Iowa which has in effect a tax on  
33 special fuel for diesel engines which makes the Iowa  
34 excise tax on special fuel for diesel engines  
35 uncompetitive is reduced to be seven and one-half  
36 cents per gallon in excess of the tax on special fuel  
37 for diesel engines in effect for the contiguous state.

38 2. The excise tax on special fuel for diesel  
39 engines delivered to a qualified dealer located more  
40 than eight miles but not more than sixteen miles from  
41 the border of a state contiguous to Iowa which has in  
42 effect a tax on special fuel for diesel engines which  
43 makes the Iowa excise tax on special fuel for diesel  
44 engines uncompetitive is reduced to be eight and one-  
45 half cents per gallon in excess of the tax on special  
46 fuel for diesel engines in effect for the contiguous  
47 state.

48 3. The excise tax on special fuel delivered to a  
49 qualified dealer located more than sixteen miles but  
50 not more than twenty-four miles from the border of a

S-4061 pg. 3

1 state contiguous to Iowa which has in effect a tax on  
special fuel for diesel engines which makes the Iowa  
excise tax on special fuel for diesel engines

4 uncompetitive is reduced to be nine and one-half cents  
5 per gallon in excess of the tax on special fuel for  
6 diesel engines in effect for the contiguous state.

7 As used in this section, a "qualified dealer" means  
8 a dealer located within the distances provided under  
9 subsections 1 through 3 measured by the shortest  
10 distance from the border of the contiguous state. If  
11 a qualified dealer is located within the corporate  
12 limits of a city, all dealers within the corporate  
13 limits of the city are qualified dealers.

14 As used in this section, a "tax on special fuel for  
15 diesel engines in effect for the contiguous state"  
16 means the total excise, sales or use taxes in effect  
17 in the contiguous state on the sale of special fuel  
18 for diesel engines expressed in cents per gallon. The  
19 department of revenue and finance shall adopt rules  
20 pursuant to chapter 17A establishing the methodology  
21 for ascertaining the tax on special fuel for diesel  
22 engines in effect for contiguous states. As used in  
23 this section, a contiguous state has a "tax on special  
24 fuel for diesel engines which makes the Iowa excise  
25 tax on special fuel for diesel engines uncompetitive"  
26 if the excise tax on special fuel for diesel engines  
27 under section 324.34 exceeds the tax on special fuel  
28 for diesel engines in effect for the contiguous state  
29 by more than seven and one-half cents per gallon.

30 If more than one contiguous state has in effect a  
31 tax on special fuel for diesel engines which makes the  
32 Iowa excise tax on special fuel for diesel engines  
33 uncompetitive, the excise tax for a qualified dealer  
34 located not more than twenty-four miles from the  
35 borders of two such contiguous states is the excise  
36 tax under the application of subsections 1 through 3  
37 which results in the lowest excise tax to the  
38 qualified dealer.

39 A qualified dealer shall be allowed a credit by the  
40 distributor for the amount of the reduction in excise  
41 tax on special fuel for diesel engines allowed and a  
42 qualified dealer, before receiving the credit, shall  
43 be registered by the department of revenue and  
44 finance. The department of revenue and finance shall  
45 adopt rules pursuant to chapter 17A for registering  
46 dealers and accounting for credits by distributors.  
47 This section only applies to qualified dealers who  
48 would experience a reduction in the excise tax on  
49 special fuel for diesel engines through its  
50 application."

pg. 4

1 3. Renumber sections as necessary.

JG1

Filed May 7, 1987

ADOPTED (p. 1772)

Motion to reconsider (p. 1782)

" held 5/8/87 (p. 1797)

BY LEONARD L. BOSWELL  
JOHN A. PETERSON  
EUGENE S. FRAISE  
DONALD E. GETTINGS

SENATE FILE 521

S-4064

- 1 Amend Senate File 521 as follows:
- 2 1. Page 3, line 18, by striking the word
- 3 "eighteen" and inserting the following: "seventeen".

S-4064

Filed May 7, 1987

*Adopted 5/8/87 (p. 1796)*

KENNETH D. SCOTT  
HURLEY W. HALL  
BERL E. PRIEBE

BY RICHARD VANDE HOEF  
WILMER RENSINK  
JACK W. HESTER  
LINN FUHRMAN

SENATE FILE 521

S-4079

- 1 Amend Senate File 521 as follows:
- 2 1. Page 5, by inserting after line 14 the
- 3 following:
- 4 "Sec. \_\_\_\_ Section 214A.18, Code 1987, is
- 5 repealed."
- 6 2. Renumber sections and correct internal
- 7 references as necessary. //

S-4079

Filed May 8, 1987

*RULED OUT OF ORDER (p. 1798)*

BY MICHAEL E. GRONSTAL  
JIM LIND  
DONALD E. GETTINGS  
DAVID M. READINGER

SENATE FILE 521

S-4105

1 Amend Senate File 521 as follows:  
2 1. Page 5, by inserting before line 15 the  
3 following:  
4 "Sec. \_\_\_\_ SEVERABILITY CLAUSE. If any provision  
5 of this Act or the application thereof to any person  
6 is invalid, the invalidity shall not affect the  
7 provisions or application of this Act which can be  
8 given effect without the invalid provisions or  
9 application, and to this end the provisions of this  
10 Act are severable."

S-4105

Filed May 9, 1987

BY RICHARD F. DRAKE

*Adopted 5/9/87 (p. 1810)*

SENATE FILE 521

S-4106

1 Amend Senate File 521 as follows:  
2 1. Page 2, by inserting after line 33 the  
3 following:  
4 "NEW SUBSECTION. 21. For the fiscal year  
5 beginning July 1, 1987 and ending June 30, 1988, the  
6 treasurer of state, before making the other allotments  
7 provided under this section, shall credit to the  
8 legislative fiscal bureau the sum of six hundred  
9 thousand dollars, or so much thereof as necessary,  
10 from the road use tax fund from revenue credited to  
11 the road use tax fund under section 423.24. Moneys  
12 credited to the legislative fiscal bureau under this  
13 section shall be for the conduction of a performance  
14 and efficiency audit of the state transportation  
15 network including but not limited to the state  
16 department of transportation, cities and counties in  
17 relation to the expenditures of moneys on the primary  
18 and secondary road systems and the municipal street  
19 systems. The legislative fiscal bureau may contract  
20 for the conduction of the audit. The results and  
21 conclusions of the performance and efficiency audit  
22 shall be presented to the members of the Seventy-  
23 second General Assembly in January, 1988."

S-4106

Filed May 9, 1987

BY RICHARD VARN

JOE J. WELSH

*Adopted 5/9/87 (p. 1810)*

SENATE FILE 521

S-4091

- 1 Amend Senate File 521 as follows:  
2 1. Page 2, line 2, by striking the words "eighty  
3 percent of" and inserting the following: "an amount  
4 equal to".  
5 2. Page 2, line 3, by striking the word "two" and  
6 inserting the following: "three".  
7 3. Page 2, line 4, by striking the words  
8 "network, ten percent of" and inserting the following:  
9 "network."  
10 4. Page 2, by striking lines 5 through 8.  
11 5. Page 2, by striking lines 26 through 33.

S-4091

Filed May 9, 1987

*Revised to 5/9/87 (p. 1270)*

BY JOHN W. JENSEN

SENATE FILE 521

S-4101

- 1 Amend Senate File 521 as follows:  
2 1. Page 2, line 2, by striking the words "eighty  
3 percent of" and inserting the following: "an amount  
4 equal to".  
5 2. Page 2, by striking line 3 and inserting the  
6 following: "one cent per gallon to the primary road  
7 fund."  
8 3. Page 2, by striking lines 4 through 8.

S-4101

Filed May 9, 1987

*Adopted 5/9/87 (p. 1869)*

BY JOE J. WELSH  
RICHARD VARN  
RICHARD F. DRAKE

SENATE FILE 521

S-4104

- 1 Amend Senate File 521 as follows:  
2 1. Page 2, line 2, by striking the words "eighty  
3 percent of" and inserting the following: "an amount  
4 equal to".  
5 2. Page 2, line 3, by striking the words "fund to  
6 be used".  
7 3. Page 2, by striking lines 4 through 7.

S-4104

Filed May 9, 1987

*Revised to 5/9/87 (p. 1869)*

BY JOHN W. JENSEN

SSB # 251  
Ways & Means  
SF521

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

A BILL FOR

1 An Act to increase the rate of excise taxes on motor fuel and  
2 special fuel to replace federal aid highway funds.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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SUB COMMITTEE ASSIGNMENTS

CHAIR: *Drake*  
COMMITTEE: *W. + M.*  
*4/24/87*

1 Section 1. Section 93.15, Code 1987, is amended by adding  
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. The treasurer of state shall,  
4 for the period beginning July 1, 1987 and ending June 30,  
5 1989, credit from the petroleum overcharge fund as directed by  
6 the general assembly to the public transit assistance fund,  
7 created under section 601J.6, an amount for each fiscal year  
8 equal to the difference between the amount credited under  
9 section 312.2, subsection 17, and four million three hundred  
10 thousand dollars.

11 Sec. 2. NEW SECTION. 307.46 INDUSTRIAL HIGHWAY NETWORK.

12 The department, with the review and approval of the state  
13 transportation commission, shall identify certain segments of  
14 the primary road system as an industrial highway network. The  
15 department shall, in developing the industrial highway  
16 network, designate those primary road segments which will  
17 assist the state in the area of economic development if the  
18 primary road system is improved.

19 Sec. 3. Section 312.2, subsection 16, Code 1987, is  
20 amended to read as follows:

21 16. The treasurer of state, before making the allotments  
22 provided for in this section, shall credit monthly from the  
23 road use tax fund to the revitalize Iowa's sound economy fund,  
24 created under section 315.2, the revenue accruing to the road  
25 use tax fund in the amount equal to ~~two-thirds-of~~ the revenues  
26 collected under each of the following:

27 a. From the excise tax on motor fuel and special fuel  
28 imposed under the tax rate of section 324.3:

29 (1) For the period ~~July 1, 1985~~ January 1, 1986, through  
30 ~~December 31, 1985~~ June 30, 1987, the amount of excise tax  
31 collected from two cents per gallon.

32 (2) From and after ~~January 1, 1986~~ July 1, 1987, the  
33 amount of excise tax collected from three cents per gallon.

34 b. From the excise tax on special fuel for diesel engines:  
35 the amount of excise tax collected from two cents per gallon

1 (1)--For the period July 1, 1985, through December 31,  
2 1985, the amount of excise tax collected from one cent per  
3 gallon.

4 (2)--For the period January 1, 1986, through December 31,  
5 1986, the amount of excise tax collected from two cents per  
6 gallon.

7 (3)--From and after January 1, 1987, the amount of excise  
8 tax collected from three cents per gallon.

9 Sec. 4. Section 312.2, subsection 17, Code 1987, is  
10 amended to read as follows:

11 17. The treasurer of state, before making the allotments  
12 provided for in this section, shall credit monthly from the  
13 road use tax fund to the public transit assistance fund,  
14 created under section 601J.6, an amount equal to one fortieth  
15 for the period through June 30, 1989 and one twentieth  
16 beginning July 1, 1989 of the revenue credited to the road use  
17 tax fund under section 423.24, except that the amount credited  
18 under this subsection shall not exceed four million three  
19 hundred thousand dollars in each fiscal year for the fiscal  
20 period beginning July 1, 1987 and ending June 30, 1989.

21 Sec. 5. Section 312.2, Code 1987, is amended by adding the  
22 following new subsections:

23 NEW SUBSECTION. 18. The treasurer of state, before making  
24 the allotments provided in this section, shall credit monthly  
25 from the road use tax fund the revenue accruing to the road  
26 use tax fund from revenues collected on motor fuel beginning  
27 July 1, 1987, eighty percent of the excise tax collected from  
28 two cents per gallon to the primary road fund to be used  
29 exclusively on the industrial highway network, ten percent of  
30 the excise tax collected from two cents per gallon to the  
31 secondary road fund, and ten percent of the excise tax  
32 collected from two cents per gallon to the street construction  
33 fund.

34 NEW SUBSECTION. 19. The treasurer of state, before making  
35 the allotments provided in this section, shall credit monthly

1 from the road use tax fund the revenue accruing to the road  
2 use tax fund from revenues collected on special fuel as  
3 follows:

4 a. For the period beginning January 1, 1988 and ending  
5 December 31, 1988, an amount equal to the excise tax collected  
6 from one cent per gallon to the primary road fund to be used  
7 exclusively on the industrial highway network.

8 b. For the period beginning January 1, 1989 and ending  
9 December 31, 1989, an amount equal to the excise tax collected  
10 from two cents per gallon to the primary road fund to be used  
11 exclusively on the industrial highway network.

12 c. For the period beginning January 1, 1990, and  
13 thereafter, an amount equal to the excise tax collected from  
14 three cents per gallon to the primary road fund to be used  
15 exclusively on the industrial highway network.

16 Sec. 6. Section 324.3, unnumbered paragraph 1, Code 1987,  
17 is amended to read as follows:

18 For the privilege of operating motor vehicles in this state  
19 an excise tax of ~~fifteen-cents-per-gallon-for-the-period~~  
20 ~~beginning-July-17-1985-and-ending-December-317-19857-and~~  
21 sixteen cents per gallon for the period beginning January 1,  
22 1986 and ending June 30, 1987, and nineteen cents per gallon  
23 beginning July 1, 1987, is imposed upon the use of all motor  
24 fuel used for any purpose except motor fuel containing at  
25 least ten percent alcohol distilled from cereal grains grown  
26 in the United States for the period beginning July 1, 1978 and  
27 ending June 30, 1992 and except as otherwise provided in this  
28 division.

29 Sec. 7. Section 324.3, unnumbered paragraph 4, Code 1987,  
30 is amended to read as follows:

31 For the privilege of operating motor vehicles in this state  
32 an excise tax of ~~fourteen-cents-per-gallon-beginning-July-17~~  
33 ~~1985-and-ending-December-317-19857-and~~ fifteen cents per  
34 gallon for the period beginning January 1, 1986 and ending  
35 June 30, 1987, and eighteen cents per gallon for the period

1 beginning July 1, 1987 and ending June 30, 1992, is imposed  
2 upon the use of gasohol used for any purpose except as  
3 otherwise provided in this division.

4 Sec. 8. Section 324.34, unnumbered paragraph 1, Code 1987,  
5 is amended to read as follows:

6 For the privilege of operating motor vehicles in this  
7 state, there is imposed an excise tax on the use, as defined  
8 in section 324.33, of special fuel in a motor vehicle. The  
9 tax rate on special fuel for diesel engines is ~~sixteen-and~~  
10 ~~one-half-cents-per-gallon-for-the-period-beginning-July-1-~~  
11 ~~1985-and-ending-December-31-1985, is seventeen-and-one-half~~  
12 ~~cents-per-gallon-for-the-period-beginning-January-1-1986-and~~  
13 ~~ending-December-31-1986, and is~~ eighteen and one-half cents  
14 per gallon for the period beginning January 1, 1987 and ending  
15 December 31, 1987, is nineteen and one-half cents for the  
16 period beginning January 1, 1988 and December 31, 1988, is  
17 twenty and one-half cents beginning January 1, 1989 and ending  
18 December 31, 1989, and twenty-one and one-half cents per  
19 gallon beginning January 1, 1990. On all other special fuel  
20 the per gallon rate is the same as the motor fuel tax.

21 Sec. 9. Section 324.34, unnumbered paragraph 9, Code 1987,  
22 is amended to read as follows:

23 For natural gas used as a special fuel the rate of tax that  
24 is equivalent to the motor fuel tax shall be ~~thirteen~~ sixteen  
25 cents per hundred cubic feet adjusted to a base temperature of  
26 sixty degrees Fahrenheit and a pressure of fourteen and  
27 seventy-three hundredths pounds per square inch absolute. The  
28 tax on natural gas shall attach at the time of delivery into  
29 equipment for compressing the gas for subsequent delivery into  
30 the fuel supply tank of a motor vehicle and shall be paid over  
31 to the department by the person operating the compressing  
32 equipment under the applicable provisions for users or  
33 dealers. Natural gas used as a special fuel shall be  
34 delivered into compressing equipment through sealed meters  
35 certified for accuracy by the department of agriculture and

1 land stewardship.

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EXPLANATION

3 Section 1 of the bill appropriates to the public transit  
4 assistance fund an amount from the petroleum overcharge fund  
5 equal to the difference between the amount appropriated from  
6 one-fortieth of the use tax on vehicles and four million three  
7 hundred thousand dollars for fiscal years 1988, 1989, 1990 and  
8 1991.

9 Section 2 requires the state department of transportation  
10 to establish an industrial highway network of primary  
11 highways.

12 Section 3 changes the appropriation of gasoline tax  
13 revenues to the RISE fund from two cents to three cents per  
14 gallon. The appropriation of diesel tax revenues would remain  
15 at two cents per gallon.

16 Section 4 raises the allocation of use tax revenue to  
17 public transit from one-fortieth to one twentieth effective  
18 July 1, 1989 and places a cap on the allocation of four  
19 million three hundred thousand dollars per year through the  
20 fiscal year 1989.

21 Section 5 credits certain diesel fuel taxes to the primary  
22 road fund to be used exclusively for the industrial highway  
23 network. This section also credits the revenue from two cents  
24 per gallon from the gasoline taxes to the primary road fund,  
25 the secondary road fund, and the street construction fund of  
26 the cities.

27 Section 6 raises the gasoline tax from sixteen to nineteen  
28 cents per gallon effective July 1, 1987.

29 Section 7 raises the tax on gasohol from fifteen to  
30 eighteen cents per gallon effective July 1, 1987.

31 Section 8 raises the tax on diesel fuel from eighteen and  
32 one-half to twenty-one and one-half cents per gallon phased in  
33 one cent per year beginning January 1, 1988.

34 Section 9 raises the tax on compressed natural gas from  
35 thirteen to sixteen cents per hundred cubic feet. This is  
36 equivalent to the amount by which the gasoline tax is raised.

WAYS + MEANS

SSB 249 <sup>Now</sup>

SENATE FILE 521

BY (PROPOSED COMMITTEE ON WAYS  
AND MEANS BILL)

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

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

Approved \_\_\_\_\_

A BILL FOR

1 An Act to increase the rate of excise taxes on motor fuel and  
2 special fuel to replace federal aid highway funds.

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33 amount of excise tax collected from three cents per gallon.

34 b. From the excise tax on special fuel for diesel engines:  
35 the amount of excise tax collected from two cents per gallon

1 (1)--For-the-period-July-17-19857-through-December-317  
2 19857-the-amount-of-excise-tax-collected-from-one-cent-per  
3 gallon7

4 (2)--For-the-period-January-17-19867-through-December-317  
5 19867-the-amount-of-excise-tax-collected-from-two-cents-per  
6 gallon7

7 (3)--From-and-after-January-17-19877-the-amount-of-excise  
8 tax-collected-from-three-cents-per-gallon.

9 Sec. 4. Section 312.2, subsection 17, Code 1987, is  
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13 road use tax fund to the public transit assistance fund,  
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15 for the period through June 30, 1989 and one twentieth  
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17 tax fund under section 423.24, except that the amount credited  
18 under this subsection shall not exceed four million three  
19 hundred thousand dollars in each fiscal year for the fiscal  
20 period beginning July 1, 1987 and ending June 30, 1989, and  
21 five million dollars in each fiscal year for the fiscal year  
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23 succeeding fiscal year.

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25 following new subsections:

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30 July 1, 1987, eighty percent of the excise tax collected from  
31 two cents per gallon to the primary road fund to be used  
32 exclusively on the industrial highway network, ten percent of  
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35 collected from two cents per gallon to the street construction

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7 a. For the period beginning January 1, 1988 and ending  
8 December 31, 1988, an amount equal to the excise tax collected  
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12 December 31, 1989, an amount equal to the excise tax collected  
13 from two cents per gallon to the primary road fund to be used  
14 exclusively on the industrial highway network.

15 c. For the period beginning January 1, 1990, and  
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23 ~~beginning-July-1,--1985-and-ending-December-31,--1985,--and~~  
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13 ~~one-half-cents-per-gallon-for-the-period-beginning-July-1,~~  
14 ~~1985-and-ending-December-31,-1985,-is-seventeen-and-one-half~~  
15 ~~cents-per-gallon-for-the-period-beginning-January-1,-1986-and~~  
16 ~~ending-December-31,-1986,-and-is~~ eighteen and one-half cents  
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19 period beginning January 1, 1988 and December 31, 1988, is  
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21 December 31, 1989, and twenty-one and one-half cents per  
22 gallon beginning January 1, 1990. On all other special fuel  
23 the per gallon rate is the same as the motor fuel tax.

24 Sec. 9. Section 324.34, unnumbered paragraph 9, Code 1987,  
25 is amended to read as follows:

26 For natural gas used as a special fuel the rate of tax that  
27 is equivalent to the motor fuel tax shall be ~~thirteen~~ sixteen  
28 cents per hundred cubic feet adjusted to a base temperature of  
29 sixty degrees Fahrenheit and a pressure of fourteen and  
30 seventy-three hundredths pounds per square inch absolute. The  
31 tax on natural gas shall attach at the time of delivery into  
32 equipment for compressing the gas for subsequent delivery into  
33 the fuel supply tank of a motor vehicle and shall be paid over  
34 to the department by the person operating the compressing  
35 equipment under the applicable provisions for users or

1 dealers. Natural gas used as a special fuel shall be  
2 delivered into compressing equipment through sealed meters  
3 certified for accuracy by the department of agriculture and  
4 land stewardship.

5 EXPLANATION

6 Section 1 of the bill appropriates to the public transit  
7 assistance fund an amount from the petroleum overcharge fund  
8 equal to the difference between the amount appropriated from  
9 one-fortieth of the use tax on vehicles and four million three  
10 hundred thousand dollars for fiscal years 1988, 1989, 1990 and  
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15 Section 3 changes the appropriation of gasoline tax  
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17 gallon. The appropriation of diesel tax revenues would remain  
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20 public transit from one-fortieth to one twenty-third effective  
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23 fiscal year 1989 and five million dollars per year thereafter.

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25 road fund to be used exclusively for the industrial highway  
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33 eighteen cents per gallon effective July 1, 1987.

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35 one-half to twenty-one and one-half cents per gallon phased in

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3 thirteen to sixteen cents per hundred cubic feet. This is  
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