

476D.2 Soy-based transformer fluid tax credit limit.

1. An electric utility is eligible to receive a soy-based transformer fluid tax credit which is equal to the costs incurred by the utility during the tax year for the purchase and replacement costs relating to the transition from using nonsoy-based transformer fluid to using soy-based transformer fluid. The costs eligible for the credit are limited to those costs meeting all of the following requirements:

- a. The costs were incurred after June 30, 2006, and before January 1, 2008.
- b. The costs were incurred in the first eighteen months of the transition from using nonsoy-based transformer fluid to using soy-based transformer fluid.
- c. The credit for the purchase and replacement of soy-based transformer fluid used in the transition is limited to two dollars per gallon. The total number of gallons used in the transition shall not exceed twenty thousand gallons per electric utility.

If the electric utility elects to take the soy-based transformer fluid tax credit, the electric utility shall not deduct for Iowa tax purposes any amount of the costs incurred in the transition to using soy-based transformer fluid which is deductible for federal tax purposes.

2. Any credit used under chapter 422, division II or III, which is in excess of the tax liability shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

3. An individual may claim the tax credit under chapter 422, division II, allowed a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed directly to the individual. The amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, limited liability company, S corporation, estate, or trust.

4. The total amount of soy-based transformer fluid eligible for a tax credit shall not exceed sixty thousand gallons.

2006 Acts, ch 1136, §6