

SOY-BASED TRANSFORMER FLUID TAX CREDIT For future repeal of this chapter effective December 31, 2008, see §476D.5

476D.1 Definitions.

As used in this chapter, unless the context otherwise requires:

1. "*Department*" means the department of revenue.
2. "*Electric utility*" means a public utility furnishing electricity as defined in section 476.1, a city utility as defined in section 390.1, and an electric cooperative as defined in section 390.1.
3. "*Soy-based transformer fluid*" means dielectric fluid that contains at least ninety-eight percent soy-based products.

2006 Acts, ch 1136, §5

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

476D.3 Tax credit certificate procedure.

1. An electric utility may apply to the department for the soy-based transformer fluid tax credit by submitting to the department all of the following:

- a. A completed application in a form prescribed by the department.
- b. A copy of a signed purchase agreement or other agreement to purchase soy-based transformer fluid.
- c. Any other information the department deems necessary.

2. The department shall calculate the amount of the tax credit for which the applicant is eligible and shall issue the tax credit certificate for that amount or notify the applicant in writing of its refusal to do so. An applicant whose application is denied may file an appeal with the department within sixty days from the date of the denial pursuant to the provisions of chapter 17A.

3. Each tax credit certificate shall contain the person's name, address, and tax identification number, the amount of tax credits, the first taxable year the certificate may be used, the type of tax to which the tax credits shall be applied, and any other information required by the department. The tax credit certificate shall only list one type of tax to which the amount of the tax credit may be applied. Once issued by the department, the tax credit certificate shall not be terminated or rescinded.

4. Once a tax credit certificate is issued pursuant to this section, the tax credit may only be claimed against the type of tax reflected on the certificate.

2006 Acts, ch 1136, §7

476D.4 Rules.

The department may adopt rules pursuant to chapter 17A for the administration and enforcement of this chapter.

2006 Acts, ch 1136, §8

476D.5 Applicability repeal.

- 1. This chapter applies to tax years ending after June 30, 2006, and beginning before January 1, 2008.
- 2. This chapter is repealed December 31, 2008.

2006 Acts, ch 1136, §9