

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 121 - Automobile Fuel Economy Tax Credit (LSB 2277 SS)
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Fiscal Note Version - Type Version Information Here
Requested by Senator Brad Zaun and Senator Mark Ziemann

Description

Senate File 121 creates a refundable \$500 corporate or personal income tax credit for each new motor vehicle purchased which has a city driving fuel economy rating of 30 miles per gallon or more. The Bill is retroactive to January 1, 2005.

Assumptions

1. Approximately 130,000 new vehicles are registered in Iowa each year.
2. Approximately 4,700 new vehicles will qualify (3.6%).
3. The credit will be available for new vehicles purchased beginning January 1, 2005.
4. As a refundable credit, all earned credits will be redeemed.
5. Due to the implementation date, all calendar year 2005 fiscal impact will occur in FY 2006.
6. Calendar year 2006 earned credits will impact FY 2007.

Fiscal Impact

The refundable tax credit created in SF 121 will reduce net General Fund revenue by \$2.4 million per year, beginning FY 2006.

Sources

Department of Revenue
National Automobile Dealers Association
United States Environmental Protection Agency (www.fueleconomy.gov)

/s/ Holly M. Lyons

March 24, 2005

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Fiscal Services Division, Legislative Services Agency to members of the Legislature upon request.
