

**Fiscal Services Division**  
**Legislative Services Agency**  
**Fiscal Note**

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SF 2256 – Soy-Based Transformer Fluid Tax Credit (LSB 6456 SV)  
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Fiscal Note Version - New

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**Description**

Senate File 2256 creates an income tax credit for the purchase and replacement cost related to nonsoy-based transformer fluid. Soy-based transformer fluid is defined as a nonconductive fluid containing at least 98% soy-based products. The credit can be applied to corporate income, sales, and replacement taxes.

The credit is allowed for tax years ending after June 30, 2006, and beginning before January 1, 2008. The credit is \$2.00 per gallon for a maximum of 60,000 gallons.

**Fiscal Impact**

The tax credit established in SF 2256 will reduce the net sales tax liability of electric utilities by a maximum of \$120,000. The credits will be redeemed or the tax refunded during FY 2007.

**Source**

Legislative Services Agency analysis

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/s/ Holly M. Lyons

March 6, 2006

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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.

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