

Fiscal Services Division
Legislative Services Agency
Fiscal Note

SF 168 - Soy Based Transformer Fluid Tax Credit (LSB 2296 SS)
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Fiscal Note Version - New

Description

Senate File 168 would extend the availability of the soy-based transformer fluid tax credit for an additional two years. The Bill also increases the amount of credit from \$2.00 per gallon to \$4.00 per gallon and increases the maximum statewide gallons that may qualify from 60,000 to 120,000.

Background

The soy-based transfer fluid tax credit was created in SF 2402 (Soy-Based Transformer Fluid Act of 2006). That Act provides for a tax credit of \$2.00 per gallon for a maximum of 60,000 gallons. The fiscal note for that Act projected the tax credit would reduce net General Fund receipts by \$120,000 in FY 2007. The Revenue Estimating Conference has adjusted FY 2007 projections by negative \$0.1 million and has made no adjustments for this tax credit for FY 2008.

Assumptions

- Credits have been issued for 5,400 gallons at \$2.00 per gallon (\$10,800).
- The remaining potential fiscal impact of current law is \$109,200.
- Fifty percent of the remaining potential fiscal impact will be realized during FY 2008 under current law (\$54,600).
- With the proposed increase in the number of allowed gallons, 114,600 gallons would remain for potential credit use.
- At the proposed credit rate of \$4.00 per gallon, total potential credits remaining would equal \$458,400.
- At the higher per-gallon rate, all potential tax credits will be utilized.
- The remaining tax credits will be utilized evenly from FY 2008 through FY 2010.

Fiscal Impact

The tax credit extension and expansion in SF 168 is estimated to reduce net General Fund revenue by the following amounts:

- FY 2008: \$102,000
- FY 2009: \$156,000
- FY 2010: \$156,000

The FY 2008 revenue reduction is in addition to the \$54,600 assumed under current law. There is no General Fund net revenue reduction after FY 2010.

Sources

Department of Revenue
Legislative Services Agency Analysis

/s/ Holly M. Lyons

March 27, 2007

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.
