

Senate File 2402 - Enrolled

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SENATE FILE 2402

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1 3 AN ACT
1 4 RELATING TO STATE TAX BENEFITS FOR USE OF SOY-BASED TRANSFORMER
1 5 FLUID BY ELECTRIC UTILITIES AND INCLUDING APPLICABILITY DATE
1 6 PROVISIONS.
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1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 9
1 10 Section 1. NEW SECTION. 422.11M SOY-BASED TRANSFORMER
1 11 FLUID TAX CREDIT.
1 12 The taxes imposed under this division, less the credits
1 13 allowed under sections 422.12 and 422.12B, shall be reduced by
1 14 a soy-based transformer fluid tax credit allowed under chapter
1 15 476D.
1 16 This section is repealed December 31, 2008.
1 17 Sec. 2. Section 422.33, Code Supplement 2005, is amended
1 18 by adding the following new subsection:
1 19 NEW SUBSECTION. 20. The taxes imposed under this division
1 20 shall be reduced by a soy-based transformer fluid tax credit
1 21 allowed under chapter 476D.
1 22 This subsection is repealed December 31, 2008.
1 23 Sec. 3. Section 423.4, Code Supplement 2005, is amended by
1 24 adding the following new subsection:
1 25 NEW SUBSECTION. 6. A person in possession of a soy-based
1 26 transformer fluid tax credit certificate issued pursuant to
1 27 chapter 476D may apply to the director for refund of the
1 28 amount of sales or use tax imposed and paid upon purchases
1 29 made by the applicant.
1 30 a. The refunds may be obtained only in the following
1 31 manner and under the following conditions:
1 32 (1) On forms furnished by the department and filed by
1 33 January 31 after the end of the calendar year in which the tax
1 34 credit certificate is to be applied, the applicant shall
1 35 report to the department the total amount of sales and use tax
2 1 paid during the reporting period on purchases made by the
2 2 applicant.
2 3 (2) The applicant shall separately list the amounts of
2 4 sales and use tax paid during the reporting period.
2 5 (3) If required by the department, the applicant shall
2 6 prove that the person making the sale has included the amount
2 7 thereof in the computation of the sales price of such person
2 8 and that such person has paid the tax levied by this
2 9 subchapter or subchapter III, based upon such computation of
2 10 the sales price.
2 11 (4) The applicant shall provide the tax credit
2 12 certificates issued pursuant to chapter 476D to the department
2 13 with the forms required by this paragraph "a".
2 14 b. If satisfied that the foregoing conditions and
2 15 requirements have been complied with, the director shall
2 16 refund the amount claimed by the applicant for an amount not
2 17 greater than the amount of tax credits issued in tax credit
2 18 certificates pursuant to chapter 476D.
2 19 c. This subsection is repealed December 31, 2008.
2 20 Sec. 4. NEW SECTION. 437A.17C REIMBURSEMENT FOR SOY=
2 21 BASED TRANSFORMER FLUID.
2 22 A person in possession of a soy-based transformer fluid tax
2 23 credit certificate issued pursuant to chapter 476D may apply
2 24 to the director for a reimbursement of the amount of taxes
2 25 imposed and paid by the person pursuant to this chapter in an
2 26 amount not more than the person received in soy-based
2 27 transformer fluid tax credit certificates pursuant to chapter
2 28 476D. To obtain the reimbursement, the person shall attach to
2 29 the return required under section 437A.8 the soy-based
2 30 transformer fluid tax credit certificates issued to the person
2 31 pursuant to chapter 476D and provide any other information the
2 32 director may require. The director shall direct a warrant to
2 33 be issued to the person for an amount equal to the tax imposed
2 34 and paid by the person pursuant to this chapter but for not
2 35 more than the amount of the soy-based transformer fluid tax
3 1 credit certificates attached to the return.
3 2 This section is repealed December 31, 2008.
3 3 Sec. 5. NEW SECTION. 476D.1 DEFINITIONS.

3 4 As used in this chapter, unless the context otherwise
3 5 requires:

3 6 1. "Department" means the department of revenue.
3 7 2. "Electric utility" means a public utility furnishing
3 8 electricity as defined in section 476.1, a city utility as
3 9 defined in section 390.1, and an electric cooperative as
3 10 defined in section 390.1.

3 11 3. "Soy-based transformer fluid" means dielectric fluid
3 12 that contains at least ninety-eight percent soy-based
3 13 products.

3 14 Sec. 6. NEW SECTION. 476D.2 SOY-BASED TRANSFORMER FLUID
3 15 TAX CREDIT == LIMIT.

3 16 1. An electric utility is eligible to receive a soy-based
3 17 transformer fluid tax credit which is equal to the costs
3 18 incurred by the utility during the tax year for the purchase
3 19 and replacement costs relating to the transition from using
3 20 nonsoy-based transformer fluid to using soy-based transformer
3 21 fluid. The costs eligible for the credit are limited to those
3 22 costs meeting all of the following requirements:

3 23 a. The costs were incurred after June 30, 2006, and before
3 24 January 1, 2008.

3 25 b. The costs were incurred in the first eighteen months of
3 26 the transition from using nonsoy-based transformer fluid to
3 27 using soy-based transformer fluid.

3 28 c. The credit for the purchase and replacement of soy=
3 29 based transformer fluid used in the transition is limited to
3 30 two dollars per gallon. The total number of gallons used in
3 31 the transition shall not exceed twenty thousand gallons per
3 32 electric utility.

3 33 If the electric utility elects to take the soy-based
3 34 transformer fluid tax credit, the electric utility shall not
3 35 deduct for Iowa tax purposes any amount of the costs incurred
4 1 in the transition to using soy-based transformer fluid which
4 2 is deductible for federal tax purposes.

4 3 2. Any credit used under chapter 422, division II or III,
4 4 which is in excess of the tax liability shall be refunded with
4 5 interest computed under section 422.25. In lieu of claiming a
4 6 refund, a taxpayer may elect to have the overpayment shown on
4 7 the taxpayer's final, completed return credited to the tax
4 8 liability for the following tax year.

4 9 3. An individual may claim the tax credit under chapter
4 10 422, division II, allowed a partnership, limited liability
4 11 company, S corporation, estate, or trust electing to have the
4 12 income taxed directly to the individual. The amount claimed
4 13 by the individual shall be based upon the pro rata share of
4 14 the individual's earnings of the partnership, limited
4 15 liability company, S corporation, estate, or trust.

4 16 4. The total amount of soy-based transformer fluid
4 17 eligible for a tax credit shall not exceed sixty thousand
4 18 gallons.

4 19 Sec. 7. NEW SECTION. 476D.3 TAX CREDIT CERTIFICATE
4 20 PROCEDURE.

4 21 1. An electric utility may apply to the department for the
4 22 soy-based transformer fluid tax credit by submitting to the
4 23 department all of the following:

4 24 a. A completed application in a form prescribed by the
4 25 department.

4 26 b. A copy of a signed purchase agreement or other
4 27 agreement to purchase soy-based transformer fluid.

4 28 c. Any other information the department deems necessary.

4 29 2. The department shall calculate the amount of the tax
4 30 credit for which the applicant is eligible and shall issue the
4 31 tax credit certificate for that amount or notify the applicant
4 32 in writing of its refusal to do so. An applicant whose
4 33 application is denied may file an appeal with the department
4 34 within sixty days from the date of the denial pursuant to the
4 35 provisions of chapter 17A.

5 1 3. Each tax credit certificate shall contain the person's
5 2 name, address, and tax identification number, the amount of
5 3 tax credits, the first taxable year the certificate may be
5 4 used, the type of tax to which the tax credits shall be
5 5 applied, and any other information required by the department.
5 6 The tax credit certificate shall only list one type of tax to
5 7 which the amount of the tax credit may be applied. Once
5 8 issued by the department, the tax credit certificate shall not
5 9 be terminated or rescinded.

5 10 4. Once a tax credit certificate is issued pursuant to
5 11 this section, the tax credit may only be claimed against the
5 12 type of tax reflected on the certificate.

5 13 Sec. 8. NEW SECTION. 476D.4 RULES.

5 14 The department may adopt rules pursuant to chapter 17A for

5 15 the administration and enforcement of this chapter.
5 16 Sec. 9. NEW SECTION. 476D.5 APPLICABILITY == REPEAL.
5 17 1. This chapter applies to tax years ending after June 30,
5 18 2006, and beginning before January 1, 2008.
5 19 2. This chapter is repealed December 31, 2008.

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5 24 JEFFREY M. LAMBERTI
5 25 President of the Senate

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5 29 CHRISTOPHER C. RANTS
5 30 Speaker of the House

5 31 I hereby certify that this bill originated in the Senate and
5 32 is known as Senate File 2402, Eighty-first General Assembly.

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5 35 _____
6 1 MICHAEL E. MARSHALL
6 2 Secretary of the Senate

6 3 Approved _____, 2006

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6 7 THOMAS J. VILSACK
6 8 Governor