

Senate File 389 - Enrolled

PAG LIN

SENATE FILE 389

1 1
1 2
1 3
1 4
1 5
1 6
1 7

AN ACT

PROVIDING INDIVIDUAL AND CORPORATE INCOME TAX CREDITS FOR
SOY=BASED CUTTING TOOL OIL AND INCLUDING AN APPLICABILITY
DATE PROVISION.

1 8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 9

1 10 Section 1. NEW SECTION. 422.11K SOY=BASED CUTTING TOOL
1 11 OIL TAX CREDIT.

1 12 1. 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 cutting tool oil tax credit. A manufacturer, as
1 15 defined in section 428.20, is eligible to receive a soy-based
1 16 cutting tool oil tax credit which is equal to the costs
1 17 incurred by the manufacturer during the tax year for the
1 18 purchase and replacement costs relating to the transition from
1 19 using nonsoy-based cutting tool oil to using soy-based cutting
1 20 tool oil. The costs eligible for the credit are limited to
1 21 those costs meeting all of the following requirements:

1 22 a. The costs were incurred after June 30, 2005, and before
1 23 January 1, 2007.

1 24 b. The costs were incurred in the first twelve months of
1 25 the transition from using nonsoy-based cutting tool oil to
1 26 using soy-based cutting tool oil.

1 27 c. The costs of the purchase and replacement do not exceed
1 28 two dollars per gallon of soy-based cutting tool oil used in
1 29 the transition. The total number of gallons used in the
1 30 transition under this paragraph shall not exceed two thousand
1 31 gallons.

1 32 If the manufacturer elects to take the soy-based cutting
1 33 tool oil tax credit, the manufacturer shall not deduct for
1 34 Iowa tax purposes any amount of the costs incurred in the
1 35 transition to using soy-based cutting tool oil which is
2 1 deductible for federal tax purposes.

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

2 7 3. An individual may claim the tax credit allowed a
2 8 partnership, limited liability company, S corporation, estate,
2 9 or trust electing to have the income taxed directly to the
2 10 individual. The amount claimed by the individual shall be
2 11 based upon the pro rata share of the individual's earnings of
2 12 the partnership, limited liability company, S corporation,
2 13 estate, or trust.

2 14 4. For purposes of this section, "soy-based cutting tool
2 15 oil" means cutting tool oil that contains at least fifty-one
2 16 percent soy-based products.

2 17 5. This section is repealed December 31, 2007.

2 18 Sec. 2. Section 422.33, Code 2005, is amended by adding
2 19 the following new subsection:

2 20 NEW SUBSECTION. 17. a. The taxes imposed under this
2 21 division shall be reduced by a soy-based cutting tool oil tax
2 22 credit. A manufacturer, as defined in section 428.20, is
2 23 eligible to receive a soy-based cutting tool oil tax credit
2 24 which is equal to the costs incurred by the manufacturer
2 25 during the tax year for the purchase and replacement costs
2 26 relating to the transition from using nonsoy-based cutting
2 27 tool oil to using soy-based cutting tool oil. The costs
2 28 eligible for the credit are limited to those costs meeting all
2 29 of the following requirements:

2 30 (1) The costs were incurred after June 30, 2005, and
2 31 before January 1, 2007.

2 32 (2) The costs were incurred in the first twelve months of
2 33 the transition to using soy-based cutting tool oil.

2 34 (3) The costs of the purchase and replacement do not
2 35 exceed two dollars per gallon of soy-based cutting tool oil
3 1 used in the transition. The total number of gallons used in
3 2 the transition under this subparagraph shall not exceed two
3 3 thousand gallons.

3 4 If the manufacturer elects to take the soy-based cutting
3 5 tool oil tax credit, the manufacturer shall not deduct for

3 6 Iowa tax purposes any amount of the costs incurred in the
3 7 transition to using soy-based cutting tool oil which is
3 8 deductible for federal tax purposes.
3 9 b. Any credit in excess of the tax liability shall be
3 10 refunded with interest computed under section 422.25. In lieu
3 11 of claiming a refund, a taxpayer may elect to have the
3 12 overpayment shown on the taxpayer's final, completed return
3 13 credited to the tax liability for the following tax year.

3 14 c. For purposes of this subsection, "soy-based cutting
3 15 tool oil" means cutting tool oil that contains at least fifty=
3 16 one percent soy-based products.

3 17 d. This subsection is repealed December 31, 2007.
3 18 Sec. 3. APPLICABILITY DATES. This Act applies to tax
3 19 years ending after June 30, 2005, and beginning before January
3 20 1, 2007.

3 21
3 22
3 23
3 24 _____
3 25 JOHN P. KIBBIE
3 26 President of the Senate

3 27
3 28
3 29 _____
3 30 CHRISTOPHER C. RANTS
3 31 Speaker of the House

3 32 I hereby certify that this bill originated in the Senate and
3 33 is known as Senate File 389, Eighty-first General Assembly.

3 34
3 35
4 1
4 2 _____
4 3 MICHAEL E. MARSHALL
4 4 Secretary of the Senate

4 4 Approved _____, 2005

4 5
4 6
4 7 _____
4 8 THOMAS J. VILSACK
4 9 Governor