



OFFICE OF THE GOVERNOR

THOMAS J. VILSACK
GOVERNOR

SALLY J. PEDERSON
LT. GOVERNOR

June 6, 2005

The Honorable Chester Culver
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

Senate File 389, an Act providing individual and corporate income tax credits for soy-based cutting tool oil and including an applicability date provision.

The above Senate File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas J. Vilsack".

Thomas J. Vilsack
Governor

TJV:jmc

cc: Secretary of the Senate
Chief Clerk of the House





SENATE FILE 389

AN ACT

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

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. NEW SECTION. 422.11K SOY-BASED CUTTING TOOL OIL TAX CREDIT.

1. The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by a soy-based cutting tool oil tax credit. A manufacturer, as defined in section 428.20, is eligible to receive a soy-based cutting tool oil tax credit which is equal to the costs incurred by the manufacturer during the tax year for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs eligible for the credit are limited to those costs meeting all of the following requirements:

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

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

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

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

Iowa tax purposes any amount of the costs incurred in the transition to using soy-based cutting tool oil which is deductible for federal tax purposes.

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

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

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

5. This section is repealed December 31, 2007.

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

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

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

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

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

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

Iowa tax purposes any amount of the costs incurred in the transition to using soy-based cutting tool oil which is deductible for federal tax purposes.

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

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

d. This subsection is repealed December 31, 2007.

Sec. 3. APPLICABILITY DATES. This Act applies to tax years ending after June 30, 2005, and beginning before January 1, 2007.



JOHN P. KIBBIE

President of the Senate



CHRISTOPHER C. RANTS

Speaker of the House

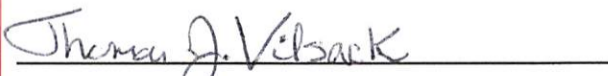
I hereby certify that this bill originated in the Senate and is known as Senate File 389, Eighty-first General Assembly.



MICHAEL E. MARSHALL

Secretary of the Senate

Approved June 6, 2005



THOMAS J. VILSACK

Governor