

FEB 25 1976

HOUSE FILE 1401

WAYS & MEANS CALENDAR  
*Sen. " " " 3/5, Pass 4/6*

By COMMITTEE ON WAYS AND MEANS

Passed House, Date 3-2-76 (p. 773) Passed Senate, Date 4-8-76 (1230)

Vote: Ayes 83 Nays 0 Vote: Ayes 42 Nays 2

Approved 4-19-76

## A BILL FOR

1 An Act to authorize the claim for a fuel tax credit claimed on  
2 certain state income tax returns filed when the claimant  
3 has failed to cancel the refund permit and making the Act  
4 retroactive.

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

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1 Section 1. If in verifying the validity of a claim for  
2 a refund of fuel taxes through an income tax credit under  
3 section four hundred twenty-two point eighty-seven (422.87)  
4 of the Code for tax years beginning on or after January 1,  
5 1975 and ending on or before December 31, 1976, the department  
6 discovers that all requirements of the law with respect to  
7 a refund of fuel taxes through an income tax credit have been  
8 complied with except for the provision of section four hundred  
9 twenty-two point eighty-six (422.86) of the Code requiring  
10 cancellation of the refund permit, the department may allow  
11 the income tax credit.

12 Sec. 2. Section one (1) of this Act is effective January  
13 1, 1975 for tax years beginning on or after January 1, 1975,  
14 and to this extent, the provisions of section one (1) of this  
15 Act are retroactive.

16 Sec. 3. This Act, being deemed of immediate importance,  
17 shall take effect and be in force from and after its  
18 publication in the West Des Moines Express, a newspaper  
19 published in West Des Moines, Iowa, and in The Forest City  
20 Summit, a newspaper published in Forest City, Iowa.

21 EXPLANATION

22 The bill permits the Department of Revenue to allow a  
23 refund for fuel taxes to be claimed through an income tax  
24 credit where the filer has failed to cancel the refund permit  
25 which is held by the filer. The bill is retroactive and is  
26 applicable for credits claimed for any tax year beginning  
27 on or after January 1, 1975 and ending on or before December  
28 31, 1976.

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30 *Certification of publication 4-27-76 (p. 2238)*

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HOUSE FILE 1401  
FISCAL NOTE

Date prepared: April 5, 1976

Requested by: Senator Shaff

Prepared in regard to House File 1401, An Act to authorize the claim for a fuel tax credit claimed on certain state income tax returns filed when the claimant has failed to cancel the refund permit and making the Act retroactive.

Following is the fiscal effect in dollars of the legislative proposal as required by Joint Rule 16.

Iowa law currently provides that a taxpayer may apply for either a motor fuel tax refund or an income tax credit for taxes paid on motor vehicle fuel which is used in the operation of a motor vehicle for non-highway purposes. In order to be eligible for the income tax credit, it is required that a taxpayer shall have cancelled his motor vehicle refund permit within 30 days after the beginning of his tax year. This proposal would permit the department to allow an income tax credit for tax years beginning on or after January 1, 1975, and ending on or before December 31, 1976, if the taxpayer failed to cancel his refund permit but would otherwise be eligible for such a tax credit.

The fiscal effect of this proposal would be to increase the amount of motor fuel tax credits allowed against income taxes. A review of available data reveals that during calendar year 1975, the department received approximately 266,000 claims for motor vehicle refunds as compared to 302,000 claims received in 1974. In addition, the amount of motor vehicle fuel tax refunds issued in 1975 was approximately \$1.4 million less than in 1974. It is not known, however, what percentage of this decline in refund claims and refund amounts is due to the anticipated use of the income tax credit or to what extent the decline is due to other factors such as reduced purchases of fuel for non-highway use. Furthermore, it is not known at this time to what extent the income tax credit provisions will be used this year by eligible taxpayers. As a result, an estimate of the increase in the amount of income tax credits for motor vehicle fuel taxes which would be allowed as a result of this proposal, cannot be accurately determined.

Source: Dept. of Revenue

FILED  
APRIL 6, 1976

BY GERRY D. RANKIN  
LEGISLATIVE FISCAL DIRECTOR

HOUSE FILE 1401

AN ACT

TO AUTHORIZE THE CLAIM FOR A FUEL TAX CREDIT CLAIMED ON CERTAIN STATE INCOME TAX RETURNS FILED WHEN THE CLAIMANT HAS FAILED TO CANCEL THE REFUND PERMIT AND MAKING THE ACT RETROACTIVE.

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

Section 1. If in verifying the validity of a claim for a refund of fuel taxes through an income tax credit under section four hundred twenty-two point eighty-seven (422.87) of the Code for tax years beginning on or after January 1, 1975 and ending on or before December 31, 1976, the department discovers that all requirements of the law with respect to a refund of fuel taxes through an income tax credit have been complied with except for the provision of section four hundred twenty-two point eighty-six (422.86) of the Code requiring cancellation of the refund permit, the department may allow the income tax credit.

Sec. 2. Section one (1) of this Act is effective January 1, 1975 for tax years beginning on or after January 1, 1975, and to this extent, the provisions of section one (1) of this Act are retroactive.

Sec. 3. This Act, being deemed of immediate importance, shall take effect and be in force from and after its publication in the West Des Moines Express, a newspaper

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published in West Des Moines, Iowa, and in The Forest City Summit, a newspaper published in Forest City, Iowa.

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DALE M. COCHRAN  
Speaker of the House

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ARTHUR A. NEU  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 1401, Sixty-sixth General Assembly.

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DAVID L. WRAY  
Chief Clerk of the House

Approved 4/19, 1976

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ROBERT D. RAY  
Governor