

Substituted for HF2535 3/19/98 Referred from W. 9M. Calendar to Unfinished Business Calendar  
4-3-98 (p. 1229)

FILED MAR 4 1998

3/24/98

SENATE FILE 2407

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 2153)

Passed Senate, Date 3/23/98 (p. 811) Passed House, Date 4-3-98 (p. 1230)  
Vote: Ayes 50 Nays 0 Vote: Ayes 93 Nays 0  
Approved April 16, 1998

A BILL FOR

1 An Act relating to the extension of the reduced excise tax  
2 imposed on motor fuel containing ethanol.

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

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S.F. 2407

1 Section 1. Section 452A.3, subsections 1 and 2, Code 1997,  
2 are amended to read as follows:

3 1. For the privilege of operating motor vehicles in this  
4 state, an excise tax of twenty cents per gallon is imposed  
5 upon the use of all motor fuel used for any purpose except  
6 ~~aviation-gasoline-and-except-motor-fuel-containing-at-least~~  
7 ~~ten-percent-alcohol-distilled-from-cereal-grains-grown-in-the~~  
8 ~~United-States-for-the-period-ending-June-30,-2000,-and-except~~  
9 as otherwise provided in this section and in this division.

10 2. a. For the privilege of operating aircraft in this  
11 state an excise tax of eight cents per gallon is imposed on  
12 the use of all aviation gasoline.

13 2. b. For the privilege of operating motor vehicles in  
14 this state, an excise tax of nineteen cents per gallon until  
15 June 30, ~~2000~~ 2007, is imposed upon the use of motor fuel  
16 containing at least ten percent alcohol distilled from cereal  
17 grains grown in the United States and used for any purpose  
18 except as otherwise provided in this division.

19 EXPLANATION

20 Current law imposes a tax of 20 cents per gallon on all  
21 motor fuel used by vehicles except ethanol fuel. A tax rate  
22 of 19 cents per gallon is imposed on ethanol until June 30,  
23 2000, at which time the tax increases to 20 cents per gallon.

24 This bill extends the one-cent tax reduction granted to  
25 ethanol to June 30, 2007.

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**SENATE FILE 2407  
FISCAL NOTE**

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A fiscal note for Senate File 2407 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 2407 extends the period of time that ethanol blended fuels will be taxed at a rate of \$.19 per gallon from June 30, 2000, to June 30, 2007.

**BACKGROUND**

Under current law, ethanol blended fuels will be taxed at \$.20 per gallon beginning June 20, 2000, which is the same rate at which regular gasoline is currently taxed. Beginning in FY 2001, the Road Use Tax Fund will receive an increase of \$6.0 million annually as a result of the \$.01 increase in ethanol fuel tax under current law.

**ASSUMPTIONS**

Approximately 600 million gallons of ethanol blended fuel is consumed annually in Iowa which is 42.5% of gasoline/ethanol market.

**FISCAL IMPACT**

Extending the \$.19 tax on ethanol blended fuels for an additional seven years will result in a decrease of \$6.0 million annually to the Road Use Tax Fund beginning in FY 2001 and ending in FY 2007.

**SOURCE**

Department of Transportation

(LSB 3839SV, DLR)

FILED MARCH 10, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

Douglas  
Hedge  
Judge

SSB 2153  
Ways & Means

Preceded By  
SENATE FILE SF/HF 2407  
BY (PROPOSED COMMITTEE ON  
WAYS AND MEANS BILL BY  
CHAIRPERSON DOUGLAS)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

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7 ~~ten-percent-alcohol-distilled-from-cereal-grains-grown-in-the~~  
8 ~~United-States-for-the-period-ending-June-30,-2000,-and-except~~  
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12 the use of all aviation gasoline.

13 ~~2. b.~~ For the privilege of operating motor vehicles in  
14 this state, an excise tax of nineteen cents per gallon until  
15 June 30, ~~2000~~ 2007, is imposed upon the use of motor fuel  
16 containing at least ten percent alcohol distilled from cereal  
17 grains grown in the United States and used for any purpose  
18 except as otherwise provided in this division.

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20 Current law imposes a tax of 20 cents per gallon on all  
21 motor fuel used by vehicles except ethanol fuel. A tax rate  
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SENATE FILE 2407

AN ACT  
RELATING TO THE EXTENSION OF THE REDUCED EXCISE TAX  
IMPOSED ON MOTOR FUEL CONTAINING ETHANOL.

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

Section 1. Section 452A.3, subsections 1 and 2, Code 1997, are amended to read as follows:

1. For the privilege of operating motor vehicles in this state, an excise tax of twenty cents per gallon is imposed upon the use of all motor fuel used for any purpose except ~~aviation gasoline and except motor fuel containing at least ten percent alcohol distilled from cereal grains grown in the United States for the period ending June 30, 2007, and except as otherwise provided in this section and in this division.~~

2. a. For the privilege of operating aircraft in this state an excise tax of eight cents per gallon is imposed on the use of all aviation gasoline.

b. For the privilege of operating motor vehicles in this state, an excise tax of nineteen cents per gallon until June 30, ~~2000~~ 2007, is imposed upon the use of motor fuel containing at least ten percent alcohol distilled from cereal

\_\_\_\_\_  
MARY E. KRAMER  
President of the Senate

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RON J. CORBETT  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2407, Seventy-seventh General Assembly.

\_\_\_\_\_  
MARY PAT GUNDERSON  
Secretary of the Senate

Approved  1998

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TERRY E. BRANSTAD  
Governor