

FILED MAR 4 '03

SENATE FILE

266

BY LARSON

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

**A BILL FOR**

1 An Act relating to ethanol blended gasoline tax credits, and  
 2 providing for its retroactive applicability, refunds, and an  
 3 effective date.

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

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SF 266  
 WAYS & MEANS

1 Section 1. 2001 Iowa Acts, chapter 123, section 6,  
2 subsection 2, is amended to read as follows:

3 2. The ethanol blended gasoline tax credits provided in  
4 sections 422.11C and 422.33 apply ~~to tax-years~~ beginning ~~on or~~  
5 ~~after~~ January 1, 2002. Notwithstanding the provisions in  
6 those sections limiting the tax credits to taxpayers' tax  
7 years, the amount of the initial tax credit under these  
8 sections for each eligible service station shall be based on  
9 the total number of gallons of ethanol blended gasoline sold  
10 and dispensed through all metered pumps located at the  
11 taxpayer's service station from January 1, 2002, until the  
12 beginning of the taxpayer's next fiscal year. The department  
13 of revenue and finance shall perform functions, ~~prior to the~~  
14 ~~beginning of that tax year,~~ necessary in order to implement  
15 the tax credits.

16 Sec. 2. REFUNDS. Refunds of taxes, interest, or penalties  
17 which arise from claims resulting from the enactment of 2001  
18 Iowa Acts, chapter 123, section 6, subsection 2, as amended in  
19 this Act, for sales of ethanol blended gasoline occurring  
20 between January 1, 2002, and the effective date of this Act,  
21 shall be limited to one hundred thousand dollars in the  
22 aggregate and shall not be allowed unless refund claims are  
23 filed prior to October 1, 2003, notwithstanding any other  
24 provision of law. If the amount of claims totals more than  
25 one hundred thousand dollars in the aggregate, the department  
26 of revenue and finance shall prorate the one hundred thousand  
27 dollars among all claimants in relation to the amounts of the  
28 claimants' valid claims.

29 Sec. 3. EFFECTIVE DATE AND RETROACTIVE APPLICABILITY  
30 PROVISION. This Act, being deemed of immediate importance,  
31 takes effect upon enactment and applies retroactively to  
32 January 1, 2002.

33 EXPLANATION

34 BACKGROUND. In 2001 the general assembly enacted House  
35 File 716, which promoted the production and consumption of

1 ethanol. In part the bill provided a tax credit for retail  
2 dealers of gasoline who sell ethanol blended gasoline (motor  
3 fuel containing at least 10 percent alcohol). The tax credit  
4 applies to both taxpayers filing as individuals under new Code  
5 section 422.11C and businesses under Code section 422.33.  
6 Specifically, it provides a tax credit for a retail dealer who  
7 operates at least one service station at which more than 60  
8 percent of the total gallons of gasoline sold by the retail  
9 dealer is ethanol blended gasoline.

10 PROVISIONS OF THE BILL. The bill changes when a retail  
11 dealer may claim the tax credit. Under House File 716, the  
12 date is tied to the beginning of the retail dealer's tax year,  
13 but it must begin on or after January 1, 2002. The bill  
14 allows a retail dealer whose tax year began after January 1,  
15 2002, to be eligible for a tax credit in the period beginning  
16 January 1, 2002, and ending just before the retail dealer's  
17 next tax year begins. It also provides a refund of taxes  
18 which arise from claims resulting from the enactment of the  
19 bill.

20 The bill takes effect upon enactment.

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