

Senate Study Bill 1192

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
WAYS AND MEANS BILL BY
CO=CHAIRPERSON BOLKCOM)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing an income tax credit for purchasing new fuel
2 economy vehicles and including effective and retroactive
3 applicability date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2277SC 81
6 mg/gg/14

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1 1 Section 1. NEW SECTION. 422.11I FUEL ECONOMY TAX CREDIT.
1 2 1. The taxes imposed under this division, less the credits
1 3 allowed under sections 422.12 and 422.12B, shall be reduced by
1 4 a fuel economy tax credit equal to five hundred dollars for
1 5 the purchase by the taxpayer of each new motor vehicle which
1 6 has attached a fuel economy label, as required by the United
1 7 States environmental protection agency, listing the fuel
1 8 economy rating for city driving of at least thirty miles per
1 9 gallon. For purposes of this section, "new motor vehicle"
1 10 means a motor vehicle as defined in section 321.1 which has
1 11 never before been sold at retail.

1 12 2. Any credit in excess of the tax liability shall be
1 13 refunded. In lieu of claiming a refund, a taxpayer may elect
1 14 to have the overpayment shown on the taxpayer's final,
1 15 completed return credited to the tax liability for the
1 16 following taxable year.

1 17 3. An individual may claim a fuel economy tax credit
1 18 allowed a partnership, limited liability company, S
1 19 corporation, estate, or trust electing to have the income
1 20 taxed directly to the individual. The amount claimed by the
1 21 individual shall be based upon the pro rata share of the
1 22 individual's earnings of the partnership, limited liability
1 23 company, S corporation, estate, or trust.

1 24 Sec. 2. Section 422.33, Code 2005, is amended by adding
1 25 the following new subsection:

1 26 NEW SUBSECTION. 15. a. The taxes imposed under this
1 27 division shall be reduced by a fuel economy tax credit equal
1 28 to five hundred dollars for the purchase by the taxpayer of
1 29 each new motor vehicle which has attached a fuel economy
1 30 label, as required by the United States environmental
1 31 protection agency, listing the fuel economy rating for city
1 32 driving of at least thirty miles per gallon. For purposes of
1 33 this subsection, "new motor vehicle" means a motor vehicle as
1 34 defined in section 321.1 which has never before been sold at
1 35 retail.

2 1 b. Any credit in excess of the tax liability shall be
2 2 refunded. In lieu of claiming a refund, a taxpayer may elect
2 3 to have the overpayment shown on the taxpayer's final,
2 4 completed return credited to the tax liability for the
2 5 following taxable year.

2 6 Sec. 3. EFFECTIVE AND APPLICABILITY DATE. This Act, being
2 7 deemed of immediate importance, takes effect upon enactment
2 8 and applies retroactively to January 1, 2005, for tax years
2 9 beginning on or after that date.

EXPLANATION

2 10 This bill provides a refundable \$500 individual and
2 11 corporate income tax credit for each new motor vehicle
2 12 purchased by the taxpayer which has listed on the required
2 13 fuel economy label attached to the motor vehicle a fuel
2 14 economy rating of 30 miles per gallons or more for city
2 15

2 16 driving.
2 17 The bill takes effect upon enactment and applies
2 18 retroactively to January 1, 2005, for tax years beginning on
2 19 or after that date.
2 20 LSB 2277SC 81
2 21 mg:rj/gg/14