

Senate Study Bill 1303

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

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 retail dealers
2 operating service stations that sell and dispense a qualifying
3 percentage of ethanol blended gasoline.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 3468SC 81
6 da/cf/24

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1 1 Section 1. Section 422.11C, subsection 2, paragraph b,
1 2 Code 2005, is amended by striking the paragraph and inserting
1 3 in lieu thereof the following:
1 4 b. The taxpayer operates at least one service station that
1 5 sells and dispenses a qualifying percentage of ethanol blended
1 6 gasoline. A qualifying percentage is the following percentage
1 7 of ethanol blended gasoline as compared the total gallons of
1 8 gasoline sold and dispensed through one or more metered pumps
1 9 at that service station in the applicable tax year:
1 10 (1) For each of the four tax years for the period
1 11 beginning on January 1, 2002, and ending on December 31, 2005,
1 12 more than sixty percent.
1 13 (2) For each of the two tax years for the period beginning
1 14 on January 1, 2006, and ending on December 31, 2007, more than
1 15 sixty=five percent.
1 16 (3) For each of the two tax years for the period beginning
1 17 on January 1, 2008, and ending on December 31, 2009, more than
1 18 seventy percent.
1 19 (4) For each of the two tax years for the period beginning
1 20 on January 1, 2010, and ending on December 31, 2011, more than
1 21 seventy=five percent.
1 22 (5) For each of the two tax years for the period beginning
1 23 on January 1, 2012, and ending on December 31, 2013, more than
1 24 eighty percent.
1 25 (6) For the tax year beginning on January 1, 2014, and for
1 26 each subsequent tax year, more than eighty=five percent.
1 27 Sec. 2. Section 422.11C, subsection 3, Code 2005, is
1 28 amended to read as follows:
1 29 3. The tax credit shall be calculated separately for each
1 30 service station ~~site~~ operated by the taxpayer that sells and
1 31 dispenses a qualifying percentage of ethanol blended gasoline.
1 32 The amount of the tax credit for each ~~eligible~~ service station
1 33 is two and one-half cents multiplied by the total number of
1 34 gallons of ethanol blended gasoline sold and dispensed through
1 35 all metered pumps located at that service station during the
2 1 tax year in ~~excess of sixty percent of all gasoline sold and~~
2 2 ~~dispensed through metered pumps at that service station during~~
2 3 ~~the tax year which the taxpayer's service station sells and~~
2 4 dispenses a qualifying percentage of ethanol blended gasoline.
2 5 Sec. 3. Section 422.33, subsection 11, paragraph b,
2 6 subparagraph (2), Code 2005, is amended by striking the
2 7 subparagraph and inserting in lieu thereof the following:
2 8 (2) The taxpayer operates at least one service station
2 9 that sells and dispenses a qualifying percentage of ethanol
2 10 blended gasoline. A qualifying percentage is the following
2 11 percentage of ethanol blended gasoline as compared to the
2 12 total gallons of gasoline sold and dispensed through one or
2 13 more metered pumps at that service station in the applicable
2 14 tax year:
2 15 (a) For each of the four tax years for the period

2 16 beginning on January 1, 2002, and ending on December 31, 2005,
2 17 more than sixty percent.
2 18 (b) For each of the two tax years for the period beginning
2 19 on January 1, 2006, and ending on December 31, 2007, more than
2 20 sixty-five percent.
2 21 (c) For each of the two tax years for the period beginning
2 22 on January 1, 2008, and ending on December 31, 2009, more than
2 23 seventy percent.
2 24 (d) For each of the two tax years for the period beginning
2 25 on January 1, 2010, and ending on December 31, 2011, more than
2 26 seventy-five percent.
2 27 (e) For each of the two tax years for the period beginning
2 28 on January 1, 2012, and ending on December 31, 2013, more than
2 29 eighty percent.
2 30 (f) For the tax year beginning on January 1, 2014, and for
2 31 each subsequent tax year, more than eighty-five percent.

2 32 Sec. 4. Section 422.33, subsection 11, paragraph c, Code
2 33 2005, is amended to read as follows:

2 34 c. The tax credit shall be calculated separately for each
2 35 service station ~~site~~ operated by the taxpayer ~~that sells and~~
3 1 ~~dispenses a qualifying percentage of ethanol blended gasoline.~~
3 2 The amount of the tax credit for each ~~eligible~~ service station
3 3 is two and one-half cents multiplied by the total number of
3 4 gallons of ethanol blended gasoline sold and dispensed through
3 5 all metered pumps located at that service station during the
3 6 tax year in ~~excess of sixty percent of all gasoline sold and~~
3 7 ~~dispensed through metered pumps at that service station during~~
3 8 ~~the tax year which the taxpayer's service station sells and~~
3 9 ~~dispenses a qualifying percentage of ethanol blended gasoline.~~

3 10 EXPLANATION

3 11 This bill amends two substantially similar provisions in
3 12 Code chapter 422, which imposes income taxes, including
3 13 various income tax credits. The two provisions which were
3 14 enacted in H.F. 716 during the 2001 legislative session (2001
3 15 Iowa Acts, ch. 123) allow a retail dealer of gasoline who
3 16 sells and dispenses ethanol blended gasoline at a service
3 17 station to claim an ethanol blended gasoline tax credit for
3 18 the 2002 tax year and subsequent tax years. The tax credit
3 19 may be claimed by a taxpayer filing as an individual under
3 20 Code section 422.11C or as a business under Code section
3 21 422.33. To be eligible to claim the tax credit, the taxpayer
3 22 must operate a service station at which more than 60 percent
3 23 of the total gallons of gasoline sold is ethanol blended
3 24 gasoline. The amount of the tax credit is 2 and one-half
3 25 cents multiplied by the total number of gallons of ethanol
3 26 blended gasoline sold and dispensed at that service station
3 27 during a tax year.
3 28 The bill amends Code sections 422.11C and 422.33 by
3 29 increasing the minimum percentage of ethanol that the
3 30 taxpayer's service station must sell and dispense in order to
3 31 be eligible to claim the tax credit for a tax year. The
3 32 increasing percentage is known as a qualifying percentage.
3 33 Until the end of the 2005 tax year, the qualifying percentage
3 34 remains at more than 60 percent. Beginning on January 1,
3 35 2006, the qualifying percentage is modified according to a
4 1 schedule which provides for a 5 percent increase after each
4 2 two tax years until the 2014 tax year. For that tax year and
4 3 for subsequent tax years, the qualifying percentage is more
4 4 than 85 percent.

4 5 LSB 3468SC 81

4 6 da:rj/cf/24