

House Study Bill 245

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON MERTZ)

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

A BILL FOR

1 An Act providing for excise taxes imposed on the sale of motor
2 fuel containing ethanol blended gasoline.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
4 TLSB 2805HC 82
5 da/je/5

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1 1 Section 1. Section 452A.3, subsection 1, unnumbered
1 2 paragraph 1, Code 2007, is amended to read as follows:
1 3 Except as otherwise provided in this section and in this
1 4 division, until June 30, ~~2007~~ 2012, this subsection shall
1 5 apply to the excise tax imposed on each gallon of motor fuel
1 6 used for any purpose for the privilege of operating motor
1 7 vehicles in this state.
1 8 Sec. 2. Section 452A.3, subsection 1A, Code 2007, is
1 9 amended to read as follows:
1 10 1A. Except as otherwise provided in this section and in
1 11 this division, after June 30, ~~2007~~ 2012, an excise tax of
1 12 twenty cents is imposed on each gallon of motor fuel used for
1 13 any purpose for the privilege of operating motor vehicles in
1 14 this state.

EXPLANATION

1 15 This bill amends provisions in Code section 452A.3 that
1 16 provide for an excise tax on each gallon of "motor fuel"
1 17 (i.e., gasoline) sold in the state. Until June 30, 2007, the
1 18 rates for unblended and blended motor fuel are adjusted each
1 19 year based on the number of gallons of ethanol blended
1 20 gasoline that are distributed in this state expressed as a
1 21 percentage of the total number of gallons of motor fuel
1 22 distributed in this state. The department of revenue must
1 23 determine the percentage basis. The rates are set based on
1 24 that determination effective for 12 months beginning on the
1 25 following July 1. Under the formula, the general rate for
1 26 nonblended motor fuel fluctuates between 20 and 20.8 cents and
1 27 the special rate for ethanol blended gasoline fluctuates
1 28 between 19 and 20 cents. After June 30, 2007, the tax rate
1 29 reverts to a flat 20 cents for motor fuel regardless of the
1 30 ethanol blend.

1 31 The bill extends the June 30, 2007, expiration date and
1 32 flat rate of 20 cents that would have become effective after
1 33 that date, making the formula effective until June 30, 2012.

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