

House Study Bill 164

HOUSE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON QUIRK)

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

A BILL FOR

1 An Act increasing the excise tax on motor fuel and special fuel
2 for diesel engines of motor vehicles, allocating revenues to
3 the TIME=21 fund, and providing an effective date.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
5 TLSB 2070YC 83
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1 1 Section 1. Section 312.2, Code 2009, is amended by adding
1 2 the following new subsection:
1 3 NEW SUBSECTION. 21. a. The treasurer of state, before
1 4 making the allotments provided for in this section, shall
1 5 credit monthly to the TIME=21 fund created in section 312A.2
1 6 the revenue accruing to the road use tax fund from the excise
1 7 tax on motor fuel and special fuel, in the amount equal to the
1 8 revenues collected as follows:
1 9 (1) For the period beginning on the effective date of this
1 10 Act and ending December 31, 2009, the following amounts:
1 11 (a) The amount of excise tax collected under section
1 12 452A.3, subsections 1 and 1A, from four cents per gallon.
1 13 (b) The amount of excise tax on special fuel for diesel
1 14 engines of motor vehicles collected under section 452A.3,
1 15 subsection 3, from four cents per gallon.
1 16 (2) Beginning January 1, 2010, the following amounts:
1 17 (a) The amount of excise tax collected under section
1 18 452A.3, subsections 1 and 1A, from eight cents per gallon.
1 19 (b) The amount of excise tax on special fuel for diesel
1 20 engines of motor vehicles collected under section 452A.3,
1 21 subsection 3, from eight cents per gallon.
1 22 b. For each fiscal year beginning on or after July 1,
1 23 2008, the crediting of revenues under paragraph "a" shall
1 24 continue until the aggregate amount of revenue accruing to the
1 25 TIME=21 fund from all sources as provided in section 312A.2
1 26 for the fiscal year is equal to two hundred million dollars.
1 27 c. This subsection is repealed June 30, 2028.
1 28 Sec. 2. Section 452A.3, subsection 1, paragraph b, Code
1 29 2009, is amended to read as follows:
1 30 b. ~~The~~ For the period beginning on the effective date of
1 31 this Act and ending December 31, 2009, the rate for the excise
1 32 tax shall be as follows:
1 33 (1) If the distribution percentage is not greater than
1 34 fifty percent, the rate shall be ~~nineteen twenty-three~~ cents
1 35 for ethanol blended gasoline and ~~twenty twenty-four~~ cents for
2 1 motor fuel other than ethanol blended gasoline.
2 2 (2) If the distribution percentage is greater than fifty
2 3 percent but not greater than fifty-five percent, the rate
2 4 shall be ~~nineteen twenty-three~~ cents for ethanol blended
2 5 gasoline and ~~twenty twenty-four~~ and one-tenth cents for motor
2 6 fuel other than ethanol blended gasoline.
2 7 (3) If the distribution percentage is greater than
2 8 fifty-five percent but not greater than sixty percent, the
2 9 rate shall be ~~nineteen twenty-three~~ cents for ethanol blended
2 10 gasoline and ~~twenty twenty-four~~ and three-tenths cents for
2 11 motor fuel other than ethanol blended gasoline.
2 12 (4) If the distribution percentage is greater than sixty
2 13 percent but not greater than sixty-five percent, the rate
2 14 shall be ~~nineteen twenty-three~~ cents for ethanol blended
2 15 gasoline and ~~twenty twenty-four~~ and five-tenths cents for
2 16 motor fuel other than ethanol blended gasoline.
2 17 (5) If the distribution percentage is greater than

2 18 sixty-five percent but not greater than seventy percent, the
2 19 rate shall be ~~nineteen twenty-three~~ cents for ethanol blended
2 20 gasoline and ~~twenty twenty-four~~ and seven-tenths cents for
2 21 motor fuel other than ethanol blended gasoline.

2 22 (6) If the distribution percentage is greater than seventy
2 23 percent but not greater than seventy-five percent, the rate
2 24 shall be ~~nineteen twenty-three~~ cents for ethanol blended
2 25 gasoline and ~~twenty-one twenty-five~~ cents for motor fuel other
2 26 than ethanol blended gasoline.

2 27 (7) If the distribution percentage is greater than
2 28 seventy-five percent but not greater than eighty percent, the
2 29 rate shall be ~~nineteen twenty-three~~ and three-tenths cents for
2 30 ethanol blended gasoline and ~~twenty twenty-four~~ and
2 31 eight-tenths cents for motor fuel other than ethanol blended
2 32 gasoline.

2 33 (8) If the distribution percentage is greater than eighty
2 34 percent but not greater than eighty-five percent, the rate
2 35 shall be ~~nineteen twenty-three~~ and five-tenths cents for
3 1 ethanol blended gasoline and ~~twenty twenty-four~~ and
3 2 seven-tenths cents for motor fuel other than ethanol blended
3 3 gasoline.

3 4 (9) If the distribution percentage is greater than
3 5 eighty-five percent but not greater than ninety percent, the
3 6 rate shall be ~~nineteen twenty-three~~ and seven-tenths cents for
3 7 ethanol blended gasoline and ~~twenty twenty-four~~ and
3 8 four-tenths cents for motor fuel other than ethanol blended
3 9 gasoline.

3 10 (10) If the distribution percentage is greater than ninety
3 11 percent but not greater than ninety-five percent, the rate
3 12 shall be ~~nineteen twenty-three~~ and nine-tenths cents for
3 13 ethanol blended gasoline and ~~twenty twenty-four~~ and one-tenth
3 14 cents for motor fuel other than ethanol blended gasoline.

3 15 (11) If the distribution percentage is greater than
3 16 ninety-five percent, the rate shall be ~~twenty twenty-four~~
3 17 cents for ethanol blended gasoline and ~~twenty twenty-four~~
3 18 cents for motor fuel other than ethanol blended gasoline.

3 19 Sec. 3. Section 452A.3, subsection 1, Code 2009, is
3 20 amended by adding the following new paragraph:

3 21 NEW PARAGRAPH. c. Beginning January 1, 2010, the rate for
3 22 the excise tax shall be as follows:

3 23 (1) If the distribution percentage is not greater than
3 24 fifty percent, the rate shall be twenty-seven cents for
3 25 ethanol blended gasoline and twenty-eight cents for motor fuel
3 26 other than ethanol blended gasoline.

3 27 (2) If the distribution percentage is greater than fifty
3 28 percent but not greater than fifty-five percent, the rate
3 29 shall be twenty-seven cents for ethanol blended gasoline and
3 30 twenty-eight and one-tenth cents for motor fuel other than
3 31 ethanol blended gasoline.

3 32 (3) If the distribution percentage is greater than
3 33 fifty-five percent but not greater than sixty percent, the
3 34 rate shall be twenty-seven cents for ethanol blended gasoline
3 35 and twenty-eight and three-tenths cents for motor fuel other
4 1 than ethanol blended gasoline.

4 2 (4) If the distribution percentage is greater than sixty
4 3 percent but not greater than sixty-five percent, the rate
4 4 shall be twenty-seven cents for ethanol blended gasoline and
4 5 twenty-eight and five-tenths cents for motor fuel other than
4 6 ethanol blended gasoline.

4 7 (5) If the distribution percentage is greater than
4 8 sixty-five percent but not greater than seventy percent, the
4 9 rate shall be twenty-seven cents for ethanol blended gasoline
4 10 and twenty-eight and seven-tenths cents for motor fuel other
4 11 than ethanol blended gasoline.

4 12 (6) If the distribution percentage is greater than seventy
4 13 percent but not greater than seventy-five percent, the rate
4 14 shall be twenty-seven cents for ethanol blended gasoline and
4 15 twenty-nine cents for motor fuel other than ethanol blended
4 16 gasoline.

4 17 (7) If the distribution percentage is greater than
4 18 seventy-five percent but not greater than eighty percent, the
4 19 rate shall be twenty-seven and three-tenths cents for ethanol
4 20 blended gasoline and twenty-eight and eight-tenths cents for
4 21 motor fuel other than ethanol blended gasoline.

4 22 (8) If the distribution percentage is greater than eighty
4 23 percent but not greater than eighty-five percent, the rate
4 24 shall be twenty-seven and five-tenths cents for ethanol
4 25 blended gasoline and twenty-eight and seven-tenths cents for
4 26 motor fuel other than ethanol blended gasoline.

4 27 (9) If the distribution percentage is greater than
4 28 eighty-five percent but not greater than ninety percent, the

4 29 rate shall be twenty=seven and seven=tenths cents for ethanol
4 30 blended gasoline and twenty=eight and four=tenths cents for
4 31 motor fuel other than ethanol blended gasoline.

4 32 (10) If the distribution percentage is greater than ninety
4 33 percent but not greater than ninety=five percent, the rate
4 34 shall be twenty=seven and nine=tenths cents for ethanol
4 35 blended gasoline and twenty=eight and one=tenth cents for
5 1 motor fuel other than ethanol blended gasoline.

5 2 (11) If the distribution percentage is greater than
5 3 ninety=five percent, the rate shall be twenty=eight cents for
5 4 ethanol blended gasoline and twenty=eight cents for motor fuel
5 5 other than ethanol blended gasoline.

5 6 Sec. 4. Section 452A.3, subsection 1A, Code 2009, is
5 7 amended to read as follows:

5 8 1A. Except as otherwise provided in this section and in
5 9 this division, after June 30, 2012, an excise tax of ~~twenty~~
5 10 ~~twenty=eight~~ cents is imposed on each gallon of motor fuel
5 11 used for any purpose for the privilege of operating motor
5 12 vehicles in this state.

5 13 Sec. 5. Section 452A.3, subsection 3, Code 2009, is
5 14 amended to read as follows:

5 15 3. For the privilege of operating motor vehicles or
5 16 aircraft in this state, there is imposed an excise tax on the
5 17 use of special fuel in a motor vehicle or aircraft. ~~The For~~
5 18 ~~the period beginning on the effective date of this Act and~~
5 19 ~~ending December 31, 2009, the tax rate on special fuel for~~
5 20 ~~diesel engines of motor vehicles is ~~twenty=two~~ ~~twenty=six~~ and~~
5 21 ~~one=half cents per gallon, and beginning January 1, 2010, the~~
5 22 ~~tax rate is thirty and one=half cents per gallon.~~ The rate of

5 23 tax on special fuel for aircraft is three cents per gallon.
5 24 On all other special fuel, unless otherwise specified in this
5 25 section, the per gallon rate is the same as the motor fuel
5 26 tax. Indelible dye meeting United States environmental
5 27 protection agency and internal revenue service regulations
5 28 must be added to fuel before or upon withdrawal at a terminal
5 29 or refinery rack for that fuel to be exempt from tax and the
5 30 dyed fuel may be used only for an exempt purpose.

5 31 Sec. 6. EFFECTIVE DATE. This Act, being deemed of
5 32 immediate importance, takes effect upon enactment.

5 33 EXPLANATION
5 34 This bill increases the excise tax on gasoline and ethanol
5 35 blended gasoline by 4 cents per gallon beginning on the
6 1 effective date of the bill and by an additional 4 cents per
6 2 gallon beginning January 1, 2010. The current differential in
6 3 the tax rate between ethanol and other motor fuel is
6 4 maintained under the bill.

6 5 The bill also increases the excise tax on special fuel for
6 6 diesel engines of motor vehicles by 4 cents per gallon
6 7 beginning on the effective date of the bill and by an
6 8 additional 4 cents per gallon beginning January 1, 2010.

6 9 The excise tax on E=85 gasoline is not increased under the
6 10 bill. However, pursuant to current law, the tax on E=85
6 11 defaults to the rate applicable to gasoline and ethanol
6 12 blended gasoline at such time as sales of E=85 reach a
6 13 specified threshold.

6 14 All excise taxes on motor vehicle fuel are used for road
6 15 purposes as required under the Iowa Constitution. The bill
6 16 requires the treasurer of state to credit from the road use
6 17 tax fund to the TIME=21 fund the revenues attributable to the
6 18 increase in motor fuel taxes under the bill until the
6 19 aggregate amount in a fiscal year of all revenue accruing to
6 20 the TIME=21 fund from all sources during each fiscal year
6 21 beginning on or after July 1, 2008, equals \$200 million. Once
6 22 the TIME=21 funding target is reached, additional revenues
6 23 collected from the increase in motor fuel and special fuel
6 24 taxes under the bill will not be transferred from the road use
6 25 tax fund for the remainder of the fiscal year.

6 26 Regardless of whether the TIME=21 fund is fully funded, the
6 27 provision crediting motor fuel tax revenues to the TIME=21
6 28 fund is repealed, and the revenues will remain in the road use
6 29 tax fund, on June 30, 2028. Pursuant to current law, the
6 30 TIME=21 fund is scheduled to be dissolved on that date.

6 31 The marine fuel tax fund, which receives a small percentage
6 32 or motor fuel tax revenues attributable to fuel used in
6 33 watercraft, is also impacted by the bill.

6 34 The bill takes effect upon enactment.