

# Senate File 128 - Introduced

SENATE FILE \_\_\_\_\_  
BY KIBBIE

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

## A BILL FOR

1 An Act relating to and increasing the excise tax on motor fuel  
2 and certain special fuel and allocating a portion of the  
3 increased revenues to the TIME=21 fund.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 2019XS 83  
6 dea/mg:sc/24

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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 from the road use tax fund to the TIME=21 fund  
1 6 created in section 312A.2 the revenue accruing to the road use  
1 7 tax fund from the excise tax on motor fuel and special fuel in  
1 8 an amount equal to the revenues collected as follows:  
1 9 (1) The amount of excise tax collected under section  
1 10 452A.3, subsections 1, 1A, 1B, subsection 3, paragraphs "a",  
1 11 "b", and "d", and subsection 3A, from five cents per gallon.  
1 12 (2) The amount of excise tax collected under section  
1 13 452A.3, subsection 4, from five cents per hundred cubic feet.  
1 14 b. This subsection is repealed June 30, 2028.  
1 15 Sec. 2. Section 452A.2, Code 2009, is amended by adding  
1 16 the following new subsection:  
1 17 NEW SUBSECTION. 3A. "Biodiesel fuel" means the same as  
1 18 defined in section 214A.1.  
1 19 Sec. 3. Section 452A.3, subsection 1, paragraph b, Code  
1 20 2009, is amended to read as follows:  
1 21 b. The rate for the excise tax shall be as follows:  
1 22 (1) If the distribution percentage is not greater than  
1 23 fifty percent, the rate shall be ~~nineteen~~ twenty-eight cents  
1 24 for ethanol blended gasoline and ~~twenty~~ twenty-nine cents for  
1 25 motor fuel other than ethanol blended gasoline.  
1 26 (2) If the distribution percentage is greater than fifty  
1 27 percent but not greater than fifty-five percent, the rate  
1 28 shall be ~~nineteen~~ twenty-eight cents for ethanol blended  
1 29 gasoline and ~~twenty~~ twenty-nine and one-tenth cents for motor  
1 30 fuel other than ethanol blended gasoline.  
1 31 (3) If the distribution percentage is greater than  
1 32 fifty-five percent but not greater than sixty percent, the  
1 33 rate shall be ~~nineteen~~ twenty-eight cents for ethanol blended  
1 34 gasoline and ~~twenty~~ twenty-nine and three-tenths cents for  
1 35 motor fuel other than ethanol blended gasoline.  
2 1 (4) If the distribution percentage is greater than sixty  
2 2 percent but not greater than sixty-five percent, the rate  
2 3 shall be ~~nineteen~~ twenty-eight cents for ethanol blended  
2 4 gasoline and ~~twenty~~ twenty-nine and five-tenths cents for  
2 5 motor fuel other than ethanol blended gasoline.  
2 6 (5) If the distribution percentage is greater than  
2 7 sixty-five percent but not greater than seventy percent, the  
2 8 rate shall be ~~nineteen~~ twenty-eight cents for ethanol blended  
2 9 gasoline and ~~twenty~~ twenty-nine and seven-tenths cents for  
2 10 motor fuel other than ethanol blended gasoline.  
2 11 (6) If the distribution percentage is greater than seventy  
2 12 percent but not greater than seventy-five percent, the rate  
2 13 shall be ~~nineteen~~ twenty-eight cents for ethanol blended  
2 14 gasoline and ~~twenty-one~~ thirty cents for motor fuel other than  
2 15 ethanol blended gasoline.  
2 16 (7) If the distribution percentage is greater than  
2 17 seventy-five percent but not greater than eighty percent, the

2 18 rate shall be ~~nineteen~~ twenty-eight and three-tenths cents for  
2 19 ethanol blended gasoline and ~~twenty~~ twenty-nine and  
2 20 eight-tenths cents for motor fuel other than ethanol blended  
2 21 gasoline.

2 22 (8) If the distribution percentage is greater than eighty  
2 23 percent but not greater than eighty-five percent, the rate  
2 24 shall be ~~nineteen~~ twenty-eight and five-tenths cents for  
2 25 ethanol blended gasoline and ~~twenty~~ twenty-nine and  
2 26 seven-tenths cents for motor fuel other than ethanol blended  
2 27 gasoline.

2 28 (9) If the distribution percentage is greater than  
2 29 eighty-five percent but not greater than ninety percent, the  
2 30 rate shall be ~~nineteen~~ twenty-eight and seven-tenths cents for  
2 31 ethanol blended gasoline and ~~twenty~~ twenty-nine and  
2 32 four-tenths cents for motor fuel other than ethanol blended  
2 33 gasoline.

2 34 (10) If the distribution percentage is greater than ninety  
2 35 percent but not greater than ninety-five percent, the rate  
3 1 shall be ~~nineteen~~ twenty-eight and nine-tenths cents for  
3 2 ethanol blended gasoline and ~~twenty~~ twenty-nine and one-tenth  
3 3 cents for motor fuel other than ethanol blended gasoline.

3 4 (11) If the distribution percentage is greater than  
3 5 ninety-five percent, the rate shall be ~~twenty~~ twenty-nine  
3 6 cents for ethanol blended gasoline and ~~twenty~~ twenty-nine  
3 7 cents for motor fuel other than ethanol blended gasoline.

3 8 Sec. 4. Section 452A.3, subsections 1A, 1B, 1C, 3, 3A, and  
3 9 4, Code 2009, are amended to read as follows:

3 10 1A. Except as otherwise provided in this section and in  
3 11 this division, after June 30, 2012, an excise tax of ~~twenty~~  
3 12 twenty-nine cents is imposed on each gallon of motor fuel used  
3 13 for any purpose for the privilege of operating motor vehicles  
3 14 in this state.

3 15 1B. a. An excise tax of ~~seventeen~~ twenty-six cents is  
3 16 imposed on each gallon of E-85 gasoline as defined in section  
3 17 214A.1, subject to the determination provided in ~~subsection 1C~~  
3 18 paragraph "b".

3 19 ~~1C.~~ b. The rate of the excise tax on E-85 gasoline  
3 20 imposed in ~~subsection 1B~~ paragraph "a" shall be determined  
3 21 based on the number of gallons of E-85 gasoline that are  
3 22 distributed in this state during the previous calendar year.  
3 23 The department shall determine the actual tax paid for E-85  
3 24 gasoline for each period beginning January 1 and ending  
3 25 December 31. The amount of the tax paid on E-85 gasoline  
3 26 during the past calendar year shall be compared to the amount  
3 27 of tax on E-85 gasoline that would have been paid using the  
3 28 tax rate for gasoline imposed in subsection 1 or 1A and a  
3 29 difference shall be established. If this difference is equal  
3 30 to or greater than twenty-five thousand dollars, the tax rate  
3 31 for E-85 gasoline for the period beginning July 1 following  
3 32 the end of the determination period shall be the rate in  
3 33 effect as stated in subsection 1 or 1A.

3 34 3. For the privilege of operating motor vehicles or  
3 35 aircraft in this state, there is imposed an excise tax on the  
4 1 use of special fuel in a motor vehicle or aircraft. ~~The tax~~  
4 2 ~~rate on special fuel for diesel engines of motor vehicles is~~  
4 3 ~~twenty-two and one-half cents per gallon.~~

4 4 a. Except as otherwise provided in this section and in  
4 5 this division, until June 30, 2012, this paragraph shall apply  
4 6 to the excise tax imposed on each gallon of special fuel for  
4 7 diesel engines of motor vehicles used for any purpose for the  
4 8 privilege of operating motor vehicles in this state. The rate  
4 9 of the excise tax shall be based on the number of gallons of  
4 10 biodiesel fuel that is distributed in this state as expressed  
4 11 as a percentage of the number of gallons of special fuel for  
4 12 diesel engines of motor vehicles distributed in this state,  
4 13 which is referred to as the distribution percentage. The  
4 14 department shall determine the percentage basis for each  
4 15 determination period beginning January 1 and ending December  
4 16 31. The rate for the excise tax shall apply for the period  
4 17 beginning July 1 and ending June 30 following the end of the  
4 18 determination period. The rate for the excise tax shall be as  
4 19 follows:

4 20 (1) If the distribution percentage is not greater than  
4 21 fifty percent, the rate shall be thirty and five-tenths cents  
4 22 for biodiesel fuel and thirty-one and five-tenths cents for  
4 23 diesel fuel other than biodiesel fuel.

4 24 (2) If the distribution percentage is greater than fifty  
4 25 percent but not greater than fifty-five percent, the rate  
4 26 shall be thirty and five-tenths cents for biodiesel fuel and  
4 27 thirty-one and six-tenths cents for diesel fuel other than  
4 28 biodiesel fuel.

4 29 (3) If the distribution percentage is greater than  
4 30 fifty-five percent but not greater than sixty percent, the  
4 31 rate shall be thirty and five-tenths cents for biodiesel fuel  
4 32 and thirty-one and eight-tenths cents for diesel fuel other  
4 33 than biodiesel fuel.

4 34 (4) If the distribution percentage is greater than sixty  
4 35 percent but not greater than sixty-five percent, the rate  
5 1 shall be thirty and five-tenths cents for biodiesel fuel and  
5 2 thirty-two cents for diesel fuel other than biodiesel fuel.

5 3 (5) If the distribution percentage is greater than  
5 4 sixty-five percent but not greater than seventy percent, the  
5 5 rate shall be thirty and five-tenths cents for biodiesel fuel  
5 6 and thirty-two and two-tenths cents for diesel fuel other than  
5 7 biodiesel fuel.

5 8 (6) If the distribution percentage is greater than seventy  
5 9 percent but not greater than seventy-five percent, the rate  
5 10 shall be thirty and five-tenths cents for biodiesel fuel and  
5 11 thirty-two and five-tenths cents for diesel fuel other than  
5 12 biodiesel fuel.

5 13 (7) If the distribution percentage is greater than  
5 14 seventy-five percent but not greater than eighty percent, the  
5 15 rate shall be thirty and eight-tenths cents for biodiesel fuel  
5 16 and thirty-two and three-tenths cents for diesel fuel other  
5 17 than biodiesel fuel.

5 18 (8) If the distribution percentage is greater than eighty  
5 19 percent but not greater than eighty-five percent, the rate  
5 20 shall be thirty-one cents for biodiesel fuel and thirty-two  
5 21 and two-tenths cents for diesel fuel other than biodiesel  
5 22 fuel.

5 23 (9) If the distribution percentage is greater than  
5 24 eighty-five percent but not greater than ninety percent, the  
5 25 rate shall be thirty-one and two-tenths cents for biodiesel  
5 26 fuel and thirty-one and nine-tenths cents for diesel fuel  
5 27 other than biodiesel fuel.

5 28 (10) If the distribution percentage is greater than ninety  
5 29 percent but not greater than ninety-five percent, the rate  
5 30 shall be thirty-one and four-tenths cents for biodiesel fuel  
5 31 and thirty-one and six-tenths cents for diesel fuel other than  
5 32 biodiesel fuel.

5 33 (11) If the distribution percentage is greater than  
5 34 ninety-five percent, the rate shall be thirty-one and  
5 35 five-tenths cents for biodiesel fuel and thirty-one and  
6 1 five-tenths cents for diesel fuel other than biodiesel fuel.

6 2 b. Except as otherwise provided in this section and in  
6 3 this division, after June 30, 2012, an excise tax of  
6 4 thirty-one and five-tenths cents is imposed on each gallon of  
6 5 special fuel for diesel engines of motor vehicles used for any  
6 6 purpose for the privilege of operating motor vehicles in this  
6 7 state.

6 8 c. The rate of tax on special fuel for aircraft is three  
6 9 cents per gallon.

6 10 d. On all other special fuel not covered under paragraph  
6 11 "a", "b", or "c", unless otherwise specified in this section,  
6 12 the per gallon rate is the same as the motor fuel tax.

6 13 e. Indelible dye meeting United States environmental  
6 14 protection agency and internal revenue service regulations  
6 15 must be added to fuel before or upon withdrawal at a terminal  
6 16 or refinery rack for that fuel to be exempt from tax and the  
6 17 dyed fuel may be used only for an exempt purpose.

6 18 3A. For liquefied petroleum gas used as a special fuel,  
6 19 the rate of tax shall be ~~twenty~~ twenty-nine cents per gallon.

6 20 4. For compressed natural gas used as a special fuel, the  
6 21 rate of tax that is equivalent to the motor fuel tax shall be  
6 22 ~~sixteen~~ twenty-five cents per hundred cubic feet adjusted to a  
6 23 base temperature of sixty degrees Fahrenheit and a pressure of  
6 24 fourteen and seventy-three hundredths pounds per square inch  
6 25 absolute.

#### 6 26 EXPLANATION

6 27 This bill increases the excise tax on motor fuel by 9 cents  
6 28 per gallon beginning July 1, 2009. The increase applies to  
6 29 gasoline, ethanol blended gasoline, and E=85 gasoline. The  
6 30 differential in the tax rate between ethanol and other motor  
6 31 fuel is not affected under the bill.

6 32 The bill also increases the excise tax on special fuel for  
6 33 diesel engines of motor vehicles and establishes a  
6 34 differential between the tax rate on biodiesel fuel and diesel  
6 35 fuel other than biodiesel fuel based on the distribution  
7 1 percentage of biodiesel fuel. Under the distribution  
7 2 percentage formula, which mirrors the formula for ethanol  
7 3 blended gasoline and nonblended gasoline, the tax rates for  
7 4 biodiesel fuel and diesel fuel other than biodiesel fuel are

7 5 as follows:

7 6 DISTRIBUTION	BIODIESEL RATE	NONBIODIESEL RATE
7 7 PERCENTAGE		
7 8 50 percent or less	30.5 cents	31.5 cents
7 9 50-55 percent	30.5 cents	31.6 cents
7 10 55-60 percent	30.5 cents	31.8 cents
7 11 60-65 percent	30.5 cents	32.0 cents
7 12 65-70 percent	30.5 cents	32.2 cents
7 13 70-75 percent	30.5 cents	32.5 cents
7 14 75-80 percent	30.8 cents	32.3 cents
7 15 80-85 percent	31.0 cents	32.2 cents
7 16 85-90 percent	31.2 cents	31.9 cents
7 17 90-95 percent	31.4 cents	31.6 cents
7 18 greater than 95 percent	31.5 cents	31.5 cents

7 19 percent  
7 20 The distribution formula applies through June 30, 2012.

7 21 After that date, the tax rate for all special fuel for diesel  
7 22 engines of motor vehicles is 31.5 cents.

7 23 The bill also raises the excise tax on liquefied petroleum  
7 24 gas used as a special fuel by 9 cents per gallon and the tax  
7 25 on compressed natural gas by 9 cents per cubic foot.

7 26 All excise taxes on motor vehicle fuel are to be used for  
7 27 road purposes as required under the Iowa Constitution. The  
7 28 bill directs the treasurer of state to credit monthly from the  
7 29 road use tax fund to the TIME=21 fund an amount equal to 5  
7 30 cents per gallon of the tax collected on motor fuel and  
7 31 special fuel other than aviation gasoline and special fuel for  
7 32 aircraft. The provision crediting that portion of increased  
7 33 motor fuel tax revenues to the TIME=21 fund is repealed, and  
7 34 the revenues will revert to the road use tax fund, on June 30,  
7 35 2028. Pursuant to current law, the TIME=21 fund is scheduled

8 1 to be dissolved on that date.

8 2 The marine fuel tax fund, which receives a small percentage  
8 3 of motor fuel tax revenues attributable to fuel used in  
8 4 watercraft, is also impacted by the bill.

8 5 LSB 2019XS 83  
8 6 dea/mg:sc/24.2