

House Study Bill 547 - Introduced

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

A BILL FOR

1 An Act relating to funding for Iowa roads, including by
2 increasing and imposing certain vehicle registration
3 fees and taxes, modifying appropriations and allocations
4 from certain funds, providing for the use of certain
5 fees, increasing motor vehicle fuel taxes, providing
6 accountability measures, and including effective date
7 provisions.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35

DIVISION I

FEE FOR NEW REGISTRATION AND USE TAX

Section 1. Section 312.2, Code 2011, is amended by adding the following new subsection:

NEW SUBSECTION. 18. *a.* The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the TIME-21 fund created in section 312A.2 the following amounts:

(1) An amount equal to one-sixth of the revenues collected from fees for new registration pursuant to section 321.105A, subsections 2 and 3.

(2) An amount equal to one-sixth of the revenues collected from the use tax pursuant to sections 423.26 and 423.26A.

b. This subsection is repealed June 30, 2028.

Sec. 2. Section 321.105A, subsection 2, unnumbered paragraph 1, Code Supplement 2011, is amended to read as follows:

In addition to the annual registration fee required under section 321.105, a "fee for new registration" is imposed in the amount of ~~five~~ six percent of the purchase price for each vehicle subject to registration. The fee for new registration shall be paid by the owner of the vehicle to the county treasurer at the time application is made for a new registration and certificate of title, if applicable. A new registration receipt shall not be issued until the fee has been paid. The county treasurer or the department of transportation shall require every applicant for a new registration receipt for a vehicle subject to registration to supply information as the county treasurer or the director deems necessary as to the time of purchase, the purchase price, and other information relative to the purchase of the vehicle. On or before the tenth day of each month, the county treasurer or the department of transportation shall remit to the department of revenue the amount of the fees for new registration collected during the preceding month.

1 Sec. 3. Section 321.105A, subsection 3, paragraph a, Code
2 Supplement 2011, is amended to read as follows:

3 a. A fee for new registration is imposed in an amount
4 equal to ~~five~~ six percent of the leased price for each vehicle
5 subject to registration with a gross vehicle weight rating of
6 less than sixteen thousand pounds which is leased by a lessor
7 licensed pursuant to chapter 321F for a period of twelve months
8 or more. The fee for new registration shall be paid by the
9 owner of the vehicle to the county treasurer from whom the
10 registration receipt or certificate of title is obtained. A
11 registration receipt for a vehicle subject to registration or
12 issuance of a certificate of title shall not be issued until
13 the fee for new registration is paid in the initial instance.

14 Sec. 4. Section 423.5, Code Supplement 2011, is amended to
15 read as follows:

16 **423.5 Imposition of tax.**

17 1. a. Except as provided in subsection ~~3~~ 2, an excise tax
18 at the rate of six percent of the purchase price or installed
19 purchase price is imposed on the following:

20 ~~1.~~ (1) The use in this state of tangible personal property
21 as defined in section 423.1, including aircraft subject to
22 registration under section 328.20, purchased for use in this
23 state. For the purposes of this subchapter, the furnishing
24 or use of the following services is also treated as the use
25 of tangible personal property: optional service or warranty
26 contracts, except residential service contracts regulated under
27 chapter 523C, vulcanizing, recapping, or retreading services,
28 engraving, photography, retouching, printing, or binding
29 services, and communication service when furnished or delivered
30 to consumers or users within this state.

31 ~~2.~~ (2) The use of manufactured housing in this state,
32 on the purchase price if the manufactured housing is sold in
33 the form of tangible personal property or on the installed
34 purchase price if the manufactured housing is sold in the form
35 of realty.

1 ~~3. An excise tax at the rate of five percent is imposed~~
2 ~~on the use of vehicles subject only to the issuance of a~~
3 ~~certificate of title and the use of manufactured housing, and~~
4 ~~on the use of leased vehicles, if the lease transaction does~~
5 ~~not require titling or registration of the vehicle, on the~~
6 ~~amount subject to tax as calculated pursuant to section 423.26,~~
7 ~~subsection 2.~~

8 4. (3) Purchases of tangible personal property made from
9 the government of the United States or any of its agencies by
10 ultimate consumers shall be subject to the tax imposed by this
11 section. Services purchased from the same source or sources
12 shall be subject to the service tax imposed by this subchapter
13 and apply to the user of the services.

14 5. (4) The use in this state of services enumerated in
15 section 423.2. This tax is applicable where the service is
16 first used in this state.

17 6. (5) The excise tax is imposed upon every person using
18 the property within this state until the tax has been paid
19 directly to the county treasurer, the state department of
20 transportation, a retailer, or the department. This tax is
21 imposed on every person using the services or the product of
22 the services in this state until the user has paid the tax
23 either to an Iowa use tax permit holder or to the department.

24 7. (6) For the purpose of the proper administration of
25 the use tax and to prevent its evasion, evidence that tangible
26 personal property was sold by any person for delivery in this
27 state shall be prima facie evidence that such tangible personal
28 property was sold for use in this state.

29 8. (7) Any person or that person's affiliate, which is a
30 retailer in this state or a retailer maintaining a place of
31 business in this state under this chapter, that enters into a
32 contract with an agency of this state must register, collect,
33 and remit Iowa use tax under this chapter on all sales of
34 tangible personal property and enumerated services. Every
35 bid submitted and each contract executed by a state agency

1 shall contain a certification by the bidder or contractor
2 stating that the bidder or contractor is registered with the
3 department and will collect and remit Iowa use tax due under
4 this chapter. In the certification, the bidder or contractor
5 shall also acknowledge that the state agency may declare the
6 contract or bid void if the certification is false. Fraudulent
7 certification, by act or omission, may result in the state
8 agency or its representative filing for damages for breach of
9 contract.

10 ~~9.~~ b. The use tax rate of six percent imposed under this
11 subsection is reduced to five percent on January 1, 2030.

12 2. An excise tax at the rate of six percent is imposed
13 on the use of vehicles subject only to the issuance of a
14 certificate of title and the use of manufactured housing, and
15 on the use of leased vehicles, if the lease transaction does
16 not require titling or registration of the vehicle, on the
17 amount subject to tax as calculated pursuant to section 423.26,
18 subsection 2.

19 DIVISION II

20 ANNUAL REGISTRATION FEES

21 Sec. 5. Section 312.2, Code 2011, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 19. *a.* The treasurer of state, before
24 making the allotments provided for in this section, shall
25 credit monthly from the road use tax fund to the TIME-21
26 fund created in section 312A.2 the amount received by the
27 treasurer from the additional sums collected as registration
28 fees for hybrid vehicles, mixed fuel vehicles, alternative fuel
29 vehicles, fuel cell vehicles, and plug-in electric vehicles
30 pursuant to section 321.109, subsection 1, paragraph "b";
31 section 321.113, subsections 2, 3, and 4; section 321.121,
32 subsection 1, paragraph "e"; section 321.122, subsection 2A;
33 and section 321.124, subsection 3, paragraph "e".

34 *b.* This subsection is repealed June 30, 2028.

35 Sec. 6. Section 321.1, Code Supplement 2011, is amended by

1 adding the following new subsections:

2 NEW SUBSECTION. 4A. "*Alternative fuel*" means compressed
3 natural gas, liquefied natural gas, liquefied petroleum gas,
4 hydrogen, or any liquid at least eighty-five percent of the
5 volume of which consists of methanol.

6 NEW SUBSECTION. 4B. "*Alternative fuel vehicle*" means a
7 motor vehicle which can only operate on alternative fuel.

8 NEW SUBSECTION. 27A. "*Fuel cell vehicle*" means a motor
9 vehicle that is propelled by power derived from one or more
10 cells which convert chemical energy directly into electricity
11 by combining oxygen with hydrogen fuel which is stored on board
12 the vehicle in any form and may or may not require reformation
13 prior to use.

14 NEW SUBSECTION. 31A. "*Hybrid vehicle*" means a motor vehicle
15 which draws propulsion energy from onboard sources of stored
16 energy which are both an internal combustion or heat engine
17 using petroleum-based fuel and a rechargeable energy storage
18 system.

19 NEW SUBSECTION. 39. "*Mixed fuel vehicle*" means a motor
20 vehicle certified by the manufacturer as being able to
21 perform efficiently in normal operation on a combination of an
22 alternative fuel and a petroleum-based fuel.

23 NEW SUBSECTION. 52A. "*Plug-in electric vehicle*" means a
24 motor vehicle that is propelled to a significant extent by an
25 electric motor which draws electricity from a battery which has
26 a capacity of not less than four kilowatt hours and is capable
27 of being recharged from an external source of electricity.

28 Sec. 7. Section 321.109, subsection 1, Code 2011, is amended
29 to read as follows:

30 1. a. The annual fee for all motor vehicles including
31 vehicles designated by manufacturers as station wagons, 1993
32 and subsequent model year multipurpose vehicles, and 2010 and
33 subsequent model year motor trucks with an unladen weight of
34 ten thousand pounds or less, except motor trucks registered
35 under section 321.122, business-trade trucks, special trucks,

1 motor homes, ambulances, hearses, motorcycles, motorized
2 bicycles, and 1992 and older model year multipurpose vehicles,
3 shall be equal to one percent of the value as fixed by the
4 department plus forty cents for each one hundred pounds
5 or fraction thereof of weight of vehicle, as fixed by the
6 department, plus the additional sum required under paragraph
7 "b", if applicable. The weight of a motor vehicle, fixed by
8 the department for registration purposes, shall include the
9 weight of a battery, heater, bumpers, spare tire, and wheel.
10 ~~Provided, however, that for any new vehicle purchased in~~
11 ~~this state by a nonresident for removal to the nonresident's~~
12 ~~state of residence the purchaser may make application to the~~
13 ~~county treasurer in the county of purchase for a transit plate~~
14 ~~for which a fee of ten dollars shall be paid. And provided,~~
15 ~~however, that for any used vehicle held by a registered dealer~~
16 ~~and not currently registered in this state, or for any vehicle~~
17 ~~held by an individual and currently registered in this state,~~
18 ~~when purchased in this state by a nonresident for removal to~~
19 ~~the nonresident's state of residence, the purchaser may make~~
20 ~~application to the county treasurer in the county of purchase~~
21 ~~for a transit plate for which a fee of three dollars shall~~
22 ~~be paid. The county treasurer shall issue a nontransferable~~
23 ~~certificate of registration for which no refund shall be~~
24 ~~allowed; and the transit plates shall be void thirty days~~
25 ~~after issuance. Such purchaser may apply for a certificate~~
26 ~~of title by surrendering the manufacturer's or importer's~~
27 ~~certificate or certificate of title, duly assigned as provided~~
28 ~~in this chapter. In this event, the treasurer in the county~~
29 ~~of purchase shall, when satisfied with the genuineness and~~
30 ~~regularity of the application, and upon payment of a fee of~~
31 ~~twenty dollars, issue a certificate of title in the name and~~
32 ~~address of the nonresident purchaser delivering the title~~
33 ~~to the owner. If there is a security interest noted on the~~
34 ~~title, the county treasurer shall mail to the secured party an~~
35 ~~acknowledgment of the notation of the security interest. The~~

~~1 county treasurer shall not release a security interest that
2 has been noted on a title issued to a nonresident purchaser
3 as provided in this paragraph. The application requirements
4 of section 321.20 apply to a title issued as provided in this
5 subsection, except that a natural person who applies for a
6 certificate of title shall provide either the person's social
7 security number, passport number, or driver's license number,
8 whether the license was issued by this state, another state, or
9 another country. The provisions of this subsection relating to
10 multipurpose vehicles are effective for all 1993 and subsequent
11 model years. The annual registration fee for multipurpose
12 vehicles that are 1992 model years and older shall be in
13 accordance with section 321.124.~~

14 b. (1) For a motor vehicle described in paragraph "a"
15 which is a hybrid vehicle or a mixed fuel vehicle, the annual
16 registration fee is the fee calculated pursuant to paragraph "a"
17 plus an additional sum of fifty dollars.

18 (2) For a motor vehicle described in paragraph "a" which
19 is an alternative fuel vehicle, a fuel cell vehicle, or a
20 plug-in electric vehicle, the annual registration fee is the
21 fee calculated pursuant to paragraph "a" plus an additional sum
22 of one hundred dollars.

23 c. Notwithstanding paragraphs "a" and "b", for any new
24 vehicle purchased in this state by a nonresident for removal to
25 the nonresident's state of residence, the purchaser may make
26 application to the county treasurer in the county of purchase
27 for a transit plate for which a fee of ten dollars shall be
28 paid. For any used vehicle held by a registered dealer and
29 not currently registered in this state, or for any vehicle
30 held by an individual and currently registered in this state,
31 when purchased in this state by a nonresident for removal to
32 the nonresident's state of residence, the purchaser may make
33 application to the county treasurer in the county of purchase
34 for a transit plate for which a fee of three dollars shall
35 be paid. The county treasurer shall issue a nontransferable

1 certificate of registration for which no refund shall be
2 allowed; and the transit plates shall be void thirty days
3 after issuance. Such purchaser may apply for a certificate
4 of title by surrendering the manufacturer's or importer's
5 certificate or certificate of title, duly assigned as provided
6 in this chapter. In this event, the treasurer in the county
7 of purchase shall, when satisfied with the genuineness and
8 regularity of the application, and upon payment of a fee of
9 twenty dollars, issue a certificate of title in the name and
10 address of the nonresident purchaser delivering the title
11 to the owner. If there is a security interest noted on the
12 title, the county treasurer shall mail to the secured party an
13 acknowledgment of the notation of the security interest. The
14 county treasurer shall not release a security interest that
15 has been noted on a title issued to a nonresident purchaser
16 as provided in this paragraph. The application requirements
17 of section 321.20 apply to a title issued as provided in this
18 paragraph, except that a natural person who applies for a
19 certificate of title shall provide either the person's social
20 security number, passport number, or driver's license number,
21 whether the license was issued by this state, another state,
22 or another country.

23 *b. d.* The annual registration fee shall be sixty dollars
24 for a vehicle with permanently installed equipment manufactured
25 for and necessary to assist a person with a disability who is
26 either the owner or lessee of the vehicle or a member of the
27 owner's or lessee's household in entry and exit of the vehicle
28 or if the owner or lessee of the vehicle or a member of the
29 owner's or lessee's household uses a wheelchair as the only
30 means of mobility. This paragraph applies only to vehicles
31 that are otherwise subject to paragraph "a" and to motor trucks
32 with an unladen weight of ten thousand pounds or less that
33 are otherwise subject to section 321.122. For purposes of
34 this paragraph, "uses a wheelchair" does not include use of a
35 wheelchair due to a temporary injury or medical condition.

1 Sec. 8. Section 321.113, subsections 2, 3, and 4, Code
2 Supplement 2011, are amended to read as follows:

3 2. If a motor vehicle is more than seven model years old,
4 the part of the annual registration fee that is based on the
5 value of the vehicle shall be seventy-five percent of the rate
6 as fixed when the motor vehicle was new and the total fee
7 shall not be less than fifty dollars plus the additional sum
8 required under section 321.109, subsection 1, paragraph "b", if
9 applicable; except that if the registration is a renewal for a
10 vehicle registered to the same owner prior to January 1, 2009,
11 the annual registration fee shall not be more than the fee paid
12 for the previous registration year.

13 3. If a motor vehicle is more than nine model years old, the
14 part of the annual registration fee that is based on the value
15 of the vehicle shall be fifty percent of the rate as fixed
16 when the motor vehicle was new and the total fee shall not be
17 less than fifty dollars plus the additional sum required under
18 section 321.109, subsection 1, paragraph "b", if applicable;
19 except that if the registration is a renewal for a vehicle
20 registered to the same owner prior to January 1, 2009, the
21 annual registration fee shall not be more than the fee paid for
22 the previous registration year.

23 4. a. Except as provided in paragraph "b", if a motor
24 vehicle is twelve model years old or older, the annual
25 registration fee is fifty dollars plus the additional sum
26 required under section 321.109, subsection 1, paragraph "b", if
27 applicable; except that if the registration is a renewal for a
28 vehicle registered to the same owner prior to January 1, 2009,
29 the annual registration fee shall not be more than the fee paid
30 for the previous registration year.

31 b. If the registration is a renewal for a motor vehicle
32 registered as an antique vehicle by the same owner prior
33 to January 1, 2009, the annual registration fee shall be
34 twenty-three dollars for a motor vehicle that is model year
35 1970 through 1983 and sixteen dollars for a motor vehicle that

1 is model year 1969 or older.

2 c. For purposes of determining the portion of an annual
3 registration fee under paragraph "a" or "b" that is based upon
4 the value of the motor vehicle, sixty percent of the annual
5 registration fee is attributable to the value of the vehicle.

6 Sec. 9. Section 321.120, subsection 1, Code Supplement
7 2011, is amended to read as follows:

8 1. The annual registration fee for a business-trade truck
9 shall be determined pursuant to section 321.122, subsection 1,
10 paragraph "a", and subsection 2A.

11 Sec. 10. Section 321.121, subsection 1, paragraph a, Code
12 Supplement 2011, is amended to read as follows:

13 a. Except as otherwise provided in ~~paragraph "b"~~ this
14 section, the annual registration fee for a special truck with a
15 gross weight of six tons shall be one hundred dollars, and the
16 annual registration fee for a special truck with a gross weight
17 exceeding six tons but not exceeding eighteen tons shall be as
18 follows:

| 19 For a gross | And not | The annual |
|------------------|---------------|---------------|
| 20 weight | exceeding: | registration |
| 21 exceeding: | | fee shall be: |
| 22 6 Tons | 7 Tons | \$125 |
| 23 7 Tons | 8 Tons | \$155 |
| 24 8 Tons | 9 Tons | \$170 |
| 25 9 Tons | 10 Tons | \$190 |
| 26 10 Tons | 11 Tons | \$205 |
| 27 11 Tons | 12 Tons | \$225 |
| 28 12 Tons | 13 Tons | \$245 |
| 29 13 Tons | 14 Tons | \$265 |
| 30 14 Tons | 15 Tons | \$280 |
| 31 15 Tons | 16 Tons | \$295 |
| 32 16 Tons | 17 Tons | \$305 |
| 33 17 Tons | 18 Tons | \$315 |

34 Sec. 11. Section 321.121, subsection 1, Code Supplement
35 2011, is amended by adding the following new paragraph:

1 NEW PARAGRAPH. e. (1) For a special truck which is a
2 hybrid vehicle or a mixed fuel vehicle, the annual registration
3 fee is the fee calculated pursuant to paragraph "a", "b", "c",
4 or "d" plus an additional sum of fifty dollars.

5 (2) For a special truck which is an alternative fuel
6 vehicle, a fuel cell vehicle, or a plug-in electric vehicle,
7 the annual registration fee is the fee calculated pursuant to
8 paragraph "a", "b", "c", or "d" plus an additional sum of one
9 hundred dollars.

10 Sec. 12. Section 321.122, subsection 1, unnumbered
11 paragraph 1, Code Supplement 2011, is amended to read as
12 follows:

13 ~~The~~ Except as provided in subsection 2A, the annual
14 registration fee for truck tractors, road tractors, and
15 motor trucks, except 2010 and subsequent model year motor
16 trucks required to be registered under section 321.109 and
17 motor trucks registered as special trucks, shall be based on
18 the combined gross weight of the vehicle or combination of
19 vehicles. All such trucks, truck tractors, or road tractors
20 registered under this section shall be registered for a gross
21 weight equal to or in excess of the unladen weight of the
22 vehicle or combination of vehicles. The annual registration
23 fee for such vehicles or combination of vehicles, except
24 special trucks, shall be the applicable fee under paragraph "a"
25 or "b".

26 Sec. 13. Section 321.122, Code Supplement 2011, is amended
27 by adding the following new subsection:

28 NEW SUBSECTION. 2A. a. For a motor truck, truck tractor,
29 or road tractor described in subsection 1 or 2 which is a
30 hybrid vehicle or a mixed fuel vehicle, the annual registration
31 fee is the fee required under subsection 1 or 2 plus an
32 additional sum of fifty dollars.

33 b. For a motor truck, truck tractor, or road tractor
34 described in subsection 1 or 2 which is an alternative
35 fuel vehicle, a fuel cell vehicle, or a plug-in electric

1 vehicle, the annual registration fee is the fee required
2 under subsection 1 or 2 plus an additional sum of one hundred
3 dollars.

4 Sec. 14. Section 321.124, subsection 3, Code 2011, is
5 amended by adding the following new paragraph:

6 NEW PARAGRAPH. *i.* (1) For a motor home or multipurpose
7 vehicle which is a hybrid vehicle or a mixed fuel vehicle, the
8 annual registration fee is the fee required under paragraph "a",
9 "b", "c", "d", "e", "f", "g", or "h" plus an additional sum of
10 fifty dollars.

11 (2) For a motor home or multipurpose vehicle which is an
12 alternative fuel vehicle, a fuel cell vehicle, or a plug-in
13 electric vehicle, the annual registration fee is the fee
14 required under paragraph "a", "b", "c", "d", "e", "f", "g", or
15 "h" plus an additional sum of one hundred dollars.

16 Sec. 15. REPEAL. Section 321.116, Code 2011, is repealed.

17 Sec. 16. APPLICABILITY. This division of this Act applies
18 for registration years beginning on or after January 1, 2013.

19 DIVISION III

20 APPROPRIATIONS FOR OPERATIONAL COSTS

21 Sec. 17. Section 312.2, Code 2011, is amended by adding the
22 following new subsection:

23 NEW SUBSECTION. 20. The treasurer of state, before making
24 the allotments provided for in this section, shall credit
25 annually from the road use tax fund to the TIME-21 fund
26 created in section 312A.2 the sum of three million seventy-nine
27 thousand dollars.

28 Sec. 18. Section 312.9, Code 2011, is amended to read as
29 follows:

30 **312.9 Fund not for ~~personnel expense~~ certain expenses.**

31 1. Moneys credited to the road use tax fund shall not
32 be appropriated for the payment of salaries, support, or
33 maintenance of any personnel in the department of public
34 safety.

35 2. Moneys credited to the road use tax fund shall not

1 be appropriated for operational costs of the department of
2 inspections and appeals, the department of management, the
3 department of revenue, or the treasurer of state. For purposes
4 of this section, "operational costs" means costs of salaries,
5 support, administrative expenses, or other personnel-related
6 costs.

7 Sec. 19. Section 452A.77, Code 2011, is amended to read as
8 follows:

9 **452A.77 Moneys deposited in treasury — refunds —**
10 **administration.**

11 1. All fees, taxes, interest, and penalties imposed
12 under this chapter must be paid to the department of revenue
13 or the state department of transportation, whichever is
14 responsible for the collection. The appropriate state
15 agency shall transmit each payment daily to the treasurer of
16 state. Such payments shall be deposited by the treasurer of
17 state in a fund, hereby created, within the state treasury
18 which shall be known as the "*motor fuel tax fund*", the net
19 proceeds of which fund, after deductions by lawful transfers
20 and refunds, shall be known as the "*motor vehicle fuel tax*
21 *fund*". The department of revenue and the state department of
22 transportation shall certify monthly to the director of the
23 department of administrative services amounts of refunds of tax
24 approved during each month, and the director of the department
25 of administrative services shall draw warrants in such amounts
26 on the motor fuel tax fund and transmit them. There is hereby
27 appropriated out of the money received under the provisions
28 of this chapter and deposited in the motor fuel tax fund
29 sufficient funds to pay such refunds as may be authorized in
30 this chapter.

31 2. The general assembly ~~may~~ shall appropriate from the
32 ~~motor fuel tax general fund of the state~~ such amounts as it
33 determines are necessary for administrative expenses of this
34 chapter. Allocations and transfers of fees, taxes, interest
35 and penalties imposed under this chapter, pursuant to any

1 provision of the Code, shall be made from the motor fuel tax
2 fund.

3 DIVISION IV

4 ROAD USE TAX FUND

5 Sec. 20. Section 312.2, subsection 6, Code 2011, is amended
6 to read as follows:

7 6. a. The treasurer of state, before making the allotments
8 provided for in this section, shall credit annually from the
9 road use tax fund to the living roadway trust TIME-21 fund
10 created under section 314.21 one section 312A.2 the sum of two
11 hundred fifty thousand dollars from the road use tax fund.

12 b. This subsection is repealed June 30, 2028.

13 Sec. 21. REPEAL. Section 312.2, subsection 8, Code 2011,
14 is repealed.

15 DIVISION V

16 MOTOR VEHICLE OPERATOR REGISTRATION FEES

17 Sec. 22. Section 312.1, subsection 1, Code 2011, is amended
18 by adding the following new paragraph:

19 NEW PARAGRAPH. f. Revenue derived from motor vehicle
20 operator registration fees under chapter 321.

21 Sec. 23. Section 321.145, subsection 2, unnumbered
22 paragraph 1, Code Supplement 2011, is amended to read as
23 follows:

24 Revenues derived from trailer registration fees collected
25 pursuant to sections 321.105 and 321.105A, fees charged for
26 ~~driver's licenses and nonoperator's identification cards,~~
27 fees charged for the issuance of a certificate of title, the
28 certificate of title surcharge collected pursuant to section
29 321.52A, and revenues credited pursuant to section 423.43,
30 subsection 2, and section 423C.5 shall be deposited in a fund
31 to be known as the statutory allocations fund under the control
32 of the department and credited as follows:

33 Sec. 24. Section 321.180B, subsection 2, paragraph a, Code
34 Supplement 2011, is amended to read as follows:

35 a. The department may issue an intermediate driver's

1 license to a person sixteen or seventeen years of age who
2 possesses an instruction permit issued under subsection 1 or
3 a comparable instruction permit issued by another state for a
4 minimum of six months immediately preceding application, and
5 who presents an affidavit signed by a parent, guardian, or
6 custodian on a form to be provided by the department that the
7 permittee has accumulated a total of twenty hours of street
8 or highway driving of which two hours were conducted after
9 sunset and before sunrise and the street or highway driving was
10 with the permittee's parent, guardian, custodian, instructor,
11 a person certified by the department, or a person at least
12 twenty-five years of age who had written permission from a
13 parent, guardian, or custodian to accompany the permittee, and
14 whose driving privileges have not been suspended, revoked,
15 or barred under this chapter or chapter 321J during, and who
16 has been accident and violation free continuously for, the
17 six-month period immediately preceding the application for an
18 intermediate license. An applicant for an intermediate license
19 must meet the requirements of section 321.186, including
20 satisfactory completion of driver education as required in
21 section 321.178, and payment of the required ~~license~~ fee before
22 an intermediate license will be issued. A person issued an
23 intermediate license must limit the number of passengers in the
24 motor vehicle when the intermediate licensee is operating the
25 motor vehicle to the number of passenger safety belts.

26 Sec. 25. Section 321.189, subsection 1, paragraph a,
27 unnumbered paragraph 1, Code 2011, is amended to read as
28 follows:

29 Upon payment of the required motor vehicle operator
30 registration fee, the department shall issue to every qualified
31 applicant a driver's license. Driver's licenses shall be
32 classified as follows:

33 Sec. 26. Section 321.189, subsection 3, Code 2011, is
34 amended to read as follows:

35 3. *Replacement.* If prior to the renewal date, a person

1 desires to obtain a driver's license in the form authorized
2 by this section, a license may be issued as a voluntary
3 replacement upon payment of the required motor vehicle operator
4 registration fee as set by the department by rule. A person
5 shall return a driver's license and be issued a new license
6 when the first license contains inaccurate information upon
7 payment of the required motor vehicle operator registration fee
8 as set by the department by rule.

9 Sec. 27. Section 321.189, subsection 6, Code 2011, is
10 amended to read as follows:

11 6. *Licenses issued to persons under age twenty-one.* A
12 driver's license issued to a person under eighteen years
13 of age shall contain the same information as any other
14 driver's license except that the words "under eighteen" shall
15 appear prominently on the face of the license. A driver's
16 license issued to a person eighteen years of age or older
17 but less than twenty-one years of age shall contain the same
18 information as any other driver's license except that the
19 words "under twenty-one" shall appear prominently on the
20 face of the license. Upon attaining the age of eighteen or
21 upon attaining the age of twenty-one, and upon payment of a
22 one dollar motor vehicle operator registration fee or a one
23 dollar administrative fee, the person shall be entitled to
24 a new driver's license or nonoperator's identification card
25 for the unexpired months of the driver's license or card. An
26 instruction permit or intermediate license issued under section
27 321.180B, subsection 1 or 2, shall include a distinctive color
28 bar. An intermediate license issued under section 321.180B,
29 subsection 2, shall include the words "intermediate license"
30 printed prominently on the face of the license.

31 Sec. 28. Section 321.191, Code 2011, is amended by adding
32 the following new unnumbered paragraph:

33 NEW UNNUMBERED PARAGRAPH. Licenses and permits to operate
34 a motor vehicle shall be subject to motor vehicle operator
35 registration fees as follows:

1 Sec. 29. Section 321.195, Code 2011, is amended to read as
2 follows:

3 **321.195 Duplicate driver's licenses and nonoperator's**
4 **identification cards.**

5 If a driver's license or nonoperator's identification card
6 issued under this chapter is lost or destroyed, the person to
7 whom the license or card was issued may, upon payment of a
8 motor vehicle operator registration fee of three dollars for a
9 driver's license or a fee of three dollars for a nonoperator's
10 identification card, obtain a duplicate, or substitute, upon
11 furnishing proof satisfactory to the department that the
12 driver's license or nonoperator's identification card has been
13 lost or destroyed. A motor vehicle operator registration fee
14 of one dollar shall be charged for voluntary replacement of
15 a driver's license and a fee of one dollar shall be charged
16 for the voluntary replacement of a ~~driver's license or~~
17 nonoperator's identification card.

18 Sec. 30. Section 321.208, subsection 13, Code 2011, is
19 amended to read as follows:

20 13. Upon notice, the disqualified person shall surrender
21 the person's commercial driver's license to the department
22 and the department may issue a driver's license valid only to
23 operate a noncommercial motor vehicle upon payment of a one
24 dollar motor vehicle operator registration fee. The department
25 shall notify the commercial driver's license information system
26 of the disqualification if required to do so under section
27 321.204.

28 DIVISION VI

29 MOTOR FUEL TAX

30 Sec. 31. Section 312.2, Code 2011, is amended by adding the
31 following new subsection:

32 NEW SUBSECTION. 21. a. The treasurer of state, before
33 making the allotments provided for in this section, shall
34 credit monthly from the road use tax fund to the TIME-21 fund
35 created in section 312A.2 the revenue accruing to the road use

1 tax fund from the excise tax on motor fuel and special fuel for
2 motor vehicles in the amount equal to the revenues collected
3 as follows:

4 (1) For the period beginning May 1, 2013, and ending April
5 30, 2014, the following amounts:

6 (a) The amount of excise tax collected under section 452A.3,
7 subsection 1A, paragraph "b", from four cents per gallon.

8 (b) The amount of excise tax on special fuel for diesel
9 engines of motor vehicles, other than biodiesel or biodiesel
10 blended fuel, collected under section 452A.3, subsection 3,
11 paragraph "a", subparagraph (2), from four cents per gallon.

12 (2) Beginning May 1, 2014, the following amounts:

13 (a) The amount of excise tax collected under section 452A.3,
14 subsection 1A, paragraph "c", from eight cents per gallon.

15 (b) The amount of excise tax on special fuel for diesel
16 engines of motor vehicles, other than biodiesel or biodiesel
17 blended fuel, collected under section 452A.3, subsection 3,
18 paragraph "a", subparagraph (3), from eight cents per gallon.

19 *b.* This subsection is repealed June 30, 2028.

20 Sec. 32. Section 452A.3, subsection 1A, Code 2011, is
21 amended to read as follows:

22 1A. Except as otherwise provided in this section and in this
23 division, after June 30, 2012, the following excise tax rates
24 shall apply:

25 a. For the period beginning July 1, 2012, and ending April
26 30, 2013, an excise tax of twenty cents is imposed on each
27 gallon of motor fuel used for any purpose for the privilege of
28 operating motor vehicles in this state.

29 b. For the period beginning May 1, 2013, and ending April
30 30, 2014, an excise tax of twenty-four cents is imposed on each
31 gallon of motor fuel used for any purpose for the privilege of
32 operating motor vehicles in this state.

33 c. Beginning May 1, 2014, an excise tax of twenty-eight
34 cents is imposed on each gallon of motor fuel used for any
35 purpose for the privilege of operating motor vehicles in this

1 state.

2 Sec. 33. Section 452A.3, subsection 3, Code 2011, is amended
3 to read as follows:

4 3. a. For the privilege of operating motor vehicles or
5 aircraft in this state, there is imposed an excise tax on the
6 use of special fuel in a motor vehicle or aircraft. The

7 (1) Prior to May 1, 2013, the tax rate on special fuel for
8 diesel engines of motor vehicles is twenty-two and one-half
9 cents per gallon.

10 (2) For the period beginning May 1, 2013, and ending April
11 30, 2014, the tax rate on biodiesel and biodiesel blended fuel
12 for diesel engines of motor vehicles is twenty-two and one-half
13 cents per gallon and the tax rate on special fuel for diesel
14 engines of motor vehicles other than biodiesel or biodiesel
15 blended fuel is twenty-six and one-half cents per gallon.

16 (3) Beginning May 1, 2014, the tax rate on biodiesel and
17 biodiesel blended fuel for diesel engines of motor vehicles is
18 twenty-two and one-half cents per gallon and the tax rate on
19 special fuel for diesel engines of motor vehicles other than
20 biodiesel or biodiesel blended fuel is thirty and one-half
21 cents per gallon.

22 (4) The rate of tax on special fuel for aircraft is three
23 cents per gallon.

24 (5) On all other special fuel, unless otherwise specified in
25 this section, the per gallon rate is the same as the motor fuel
26 tax.

27 b. Indelible dye meeting United States environmental
28 protection agency and internal revenue service regulations must
29 be added to fuel before or upon withdrawal at a terminal or
30 refinery rack for that fuel to be exempt from tax and the dyed
31 fuel may be used only for an exempt purpose.

32 DIVISION VII

33 ROAD FUNDING NEEDS AND EFFICIENCY EFFORTS

34 Sec. 34. Section 307.31, Code 2011, is amended to read as
35 follows:

1 **307.31 Periodic review of revenues — evaluation of**
 2 **alternative funding sources.**

3 1. The department shall periodically review the current
 4 revenue levels of the road use tax fund and the sufficiency of
 5 those revenues for the projected construction and maintenance
 6 needs of city, county, and state governments in the future.
 7 The department shall submit a written report to the general
 8 assembly regarding its findings by December 31 every ~~five~~
 9 two years, beginning in ~~2011~~ 2013. The report may include
 10 recommendations concerning funding levels needed to support the
 11 future mobility and accessibility for users of Iowa's public
 12 road system.

13 2. The department shall evaluate alternative funding
 14 sources for road maintenance and construction and report to
 15 the general assembly at least every ~~five~~ two years on the
 16 advantages and disadvantages and the viability of alternative
 17 funding mechanisms. The department's evaluation of alternative
 18 funding sources may be included in the report submitted to the
 19 general assembly under subsection 1.

20 Sec. 35. NEW SECTION. **307.32 Operation, maintenance, and**
 21 **improvement of state roads — annual review.**

22 The department shall convene a meeting, at least annually,
 23 of representatives of Iowa cities and counties and the
 24 department to review practices relating to the operation,
 25 maintenance, and improvement of the state's public road system
 26 and to identify ways to jointly increase the efficiency of
 27 those practices.

28 EXPLANATION

29 This bill contains various provisions relating to the
 30 funding of Iowa roads.

31 DIVISION I — FEE FOR NEW REGISTRATION AND USE TAX. This
 32 division increases the fee for new registration of vehicles
 33 from 5 percent to 6 percent of the purchase price of the
 34 vehicle, and for leased vehicles, from 5 percent to 6 percent
 35 of the leased price of the vehicle. The fee is imposed on every

1 vehicle subject to registration at the time the owner or lessor
2 applies for initial registration of the vehicle. In addition,
3 the use tax imposed on the use of vehicles subject only to
4 a certificate of title, the use of manufactured housing, and
5 the use of leased vehicles if the lease transaction does not
6 require titling or registration of the vehicle is increased
7 from 5 percent to 6 percent of the purchase price, installed
8 purchase price, or lease price.

9 Currently, all revenues derived from fees for new
10 registration and use taxes on vehicles not subject to
11 registration are deposited in the road use tax fund. The bill
12 directs the treasurer of state to deposit revenues derived
13 from the increase in fees for new registration and use taxes
14 on vehicles imposed under this division into the TIME-21 fund,
15 subject to the statutory limitation on annual deposits to that
16 fund. After the repeal of the TIME-21 fund on June 30, 2028,
17 the revenues will accrue to the road use tax fund.

18 DIVISION II — ANNUAL REGISTRATION FEES. This division
19 increases annual registration fees for hybrid vehicles,
20 mixed fuel vehicles, alternative fuel vehicles, fuel cell
21 vehicles, and plug-in electric vehicles. The division defines
22 "alternative fuel" as compressed natural gas, liquefied natural
23 gas, liquefied petroleum gas, hydrogen, or any liquid at
24 least 85 percent of the volume of which consists of methanol.
25 An alternative fuel vehicle is only capable of running on
26 alternative fuel, while a mixed fuel vehicle is one which is
27 certified by the manufacturer to be able to operate efficiently
28 on a combination of alternative fuel and petroleum-based fuel.
29 A hybrid vehicle uses both an internal combustion or heat
30 engine using petroleum-based fuel and a rechargeable energy
31 storage system. A fuel cell vehicle derives power from one or
32 more cells which convert chemical energy into electricity, and
33 a plug-in electric vehicle has an electric motor that draws
34 electricity from a battery which has a capacity of not less
35 than four kilowatt hours and is capable of being recharged from

1 an external source of electricity.

2 The annual registration fees for hybrid vehicles and
3 mixed-fuel vehicles are increased by \$50, and the annual
4 registration fees for alternative fuel vehicles, fuel cell
5 vehicles, and plug-in electric vehicles are increased by
6 \$100. The increases apply to hybrid vehicles, mixed-fuel
7 vehicles, alternative fuel vehicles, fuel cell vehicles, and
8 plug-in electric vehicles whose registration fees are initially
9 based on the weight and value of the vehicle, including
10 vehicles whose fees are automatically reduced with the age
11 of the vehicle. The increases also apply to motor homes and
12 multipurpose vehicles and to truck tractors, road tractors,
13 and motor trucks, including special trucks and business-trade
14 trucks, which qualify as hybrid, mixed-fuel, alternative fuel,
15 fuel cell, or plug-in electric vehicles. The fee increases
16 apply for vehicle registration years beginning on or after
17 January 1, 2013.

18 The treasurer of state is directed to deposit revenues
19 derived from the increase in fees for hybrid vehicles,
20 mixed-fuel vehicles, alternative fuel vehicles, fuel cell
21 vehicles, and plug-in electric vehicles under this division
22 into the TIME-21 fund, subject to the statutory limitation on
23 annual deposits to that fund. After the repeal of the TIME-21
24 fund on June 30, 2028, the revenues will accrue to the road use
25 tax fund.

26 DIVISION III — APPROPRIATIONS FOR OPERATIONAL COSTS. This
27 division provides that moneys which are credited to the road
28 use tax fund shall not be appropriated for operational costs
29 of the department of inspections and appeals, the department
30 of management, the department of revenue, or the treasurer of
31 state. "Operational costs" is defined as costs of salaries,
32 support, administrative expenses, or other personnel-related
33 costs. The division also requires that appropriations to the
34 department of revenue for administration of motor fuel and
35 special fuel taxes be made from the general fund of the state,

1 rather than the motor fuel tax fund.

2 For FY 2011-2012, appropriations from the road use tax fund
3 to the department of inspections and appeals, the department of
4 management, and the treasurer of state and from the motor fuel
5 tax fund to the department of revenue totaled approximately
6 \$3,079,000. The division directs the treasurer of state to
7 credit that amount annually from the road use tax fund to the
8 TIME-21 fund, subject to the statutory limitation on annual
9 deposits to that fund. After the repeal of the TIME-21 fund
10 on June 30, 2028, the revenues will accrue to the road use tax
11 fund.

12 DIVISION IV — ROAD USE TAX FUND. Under current law,
13 allotments from the road use tax fund to the living roadway
14 trust fund total \$250,000 annually. This division strikes
15 those allotments and directs the treasurer of state to deposit
16 \$250,000 annually in the TIME-21 fund instead. After the
17 repeal of the TIME-21 fund on June 30, 2028, the revenues will
18 accrue to the road use tax fund.

19 DIVISION V — MOTOR VEHICLE OPERATOR REGISTRATION FEES.
20 This division amends Code section 321.191 to provide that fees
21 charged for licenses and permits to operate a motor vehicle are
22 "motor vehicle operator registration fees". Code section 312.1
23 is amended to provide that revenue derived from motor vehicle
24 operator registration fees accrues directly to the road use
25 tax fund. Under current law, revenue derived from fees for
26 driver's licenses and permits is deposited in the statutory
27 allocations fund and used for a variety of purposes, with any
28 remaining revenues credited to the road use tax fund. The
29 division makes related conforming amendments as well.

30 DIVISION VI — MOTOR FUEL TAX. This division increases
31 the excise tax on motor fuel and special fuel used in motor
32 vehicles, other than biodiesel or biodiesel blended fuel, by
33 four cents beginning May 1, 2013, and by an additional four
34 cents beginning May 1, 2014. The additional revenues shall
35 be credited to the TIME-21 fund, subject to the statutory

1 limitation on annual deposits to that fund. After the repeal
2 of the TIME-21 fund on June 30, 2028, the revenues will accrue
3 to the road use tax fund.

4 DIVISION VII — ROAD FUNDING NEEDS AND EFFICIENCY EFFORTS.
5 Under current law, the department of transportation is required
6 to periodically review current road use tax fund revenues
7 and the sufficiency of those revenues to meet projected
8 construction and maintenance needs of cities, counties, and the
9 state and submit a report of its findings and recommendations
10 to the general assembly every five years. This division
11 requires more frequent reports, every two years. In addition,
12 the department is currently required to report to the general
13 assembly at least every five years regarding the viability
14 of alternative funding mechanisms for roads. This division
15 requires the report on alternative funding mechanisms be made
16 at least every two years.

17 The division requires the department to convene a meeting of
18 representatives of Iowa cities, counties, and the department at
19 least annually to review practices relating to the operation,
20 maintenance, and improvement of the state's public road system
21 and identify ways to jointly increase efficiency.