

Senate File 2069 - Introduced

SENATE FILE 2069

BY HOGG

A BILL FOR

1 An Act providing an individual and corporate income tax credit
2 for the purchase of a fuel efficient new motor vehicle and
3 including retroactive applicability provisions.

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

1 Section 1. NEW SECTION. 422.11I Fuel efficient new motor
2 vehicle tax credit.

3 1. For purposes of this section, unless the context
4 otherwise requires:

5 a. "*Fuel economy*" means the average number of miles
6 traveled by an automobile per gallon of gasoline consumed as
7 determined by the United States environmental protection agency
8 administrator in accordance with 26 U.S.C. § 4064(c).

9 b. "*New motor vehicle*" means the same as defined in section
10 321.1, subsection 42, paragraph "c", excluding motorcycles and
11 motorized bicycles.

12 c. "*Plug-in electric drive motor vehicle*" means the same as
13 in section 30D(d) of the Internal Revenue Code.

14 2. The taxes imposed under this division, less the credits
15 allowed under section 422.12, shall be reduced by a fuel
16 efficient new motor vehicle tax credit for the purchase in this
17 state of a new motor vehicle subject to registration pursuant
18 to section 321.18, which was purchased by the taxpayer and
19 placed in service in this state during the tax year. The
20 credit shall be equal to the following amount:

21 a. Five hundred dollars if the new motor vehicle has
22 a highway or city fuel economy of between thirty-five and
23 thirty-nine miles per gallon.

24 b. One thousand dollars if the new motor vehicle has a
25 highway or city fuel economy of between forty and forty-four
26 miles per gallon.

27 c. Fifteen hundred dollars if the new motor vehicle has
28 a highway or city fuel economy of between forty-five and
29 forty-nine miles per gallon.

30 d. Two thousand dollars if the new motor vehicle has a
31 highway or city fuel economy of fifty miles per gallon or
32 higher, or if the new motor vehicle is a plug-in electric drive
33 motor vehicle.

34 3. For purposes of this chapter, the basis of any property
35 for which a credit is allowable under this section shall be

1 reduced by the amount of the credit so allowed.

2 4. Any tax credit in excess of the taxpayer's liability for
3 the tax year is not refundable, but the taxpayer may elect to
4 have the excess credited to the tax liability for the following
5 three years or until depleted, whichever is earlier.

6 5. An individual may claim the tax credit allowed a
7 partnership, limited liability company, S corporation, estate,
8 or trust electing to have the income taxed directly to the
9 individual. The amount claimed by the individual shall be
10 based upon the pro rata share of the individual's earnings of
11 the partnership, limited liability company, S corporation,
12 estate, or trust.

13 Sec. 2. Section 422.33, Code Supplement 2011, is amended by
14 adding the following new subsection:

15 NEW SUBSECTION. 29. The taxes imposed under this division
16 shall be reduced by a fuel efficient new motor vehicle tax
17 credit allowed under section 422.11I.

18 Sec. 3. RETROACTIVE APPLICABILITY. This Act applies
19 retroactively to January 1, 2012, for tax years beginning on
20 or after that date.

21 EXPLANATION

22 This bill provides an individual and corporate income tax
23 credit for the purchase in this state of a new motor vehicle
24 subject to registration pursuant to Code section 321.18, which
25 was purchased by the taxpayer and placed in service in this
26 state during the tax year. "New motor vehicle" means the same
27 as defined in Code section 321.1, subsection 42, paragraph "c",
28 excluding motorcycles and motorized bicycles.

29 The amount of the credit varies depending on the fuel economy
30 of the new motor vehicle, as established by the United States
31 environmental protection agency. The credit equals \$500 if the
32 fuel economy is between 35 and 39 miles per gallon; \$1,000 if
33 the fuel economy is between 40 and 44 miles per gallon; \$1,500
34 if the fuel economy is between 45 and 49 miles per gallon; and
35 \$2,000 if the fuel economy is 50 miles per gallon or greater,

1 or if the new motor vehicle is a plug-in electric drive motor
2 vehicle. "Plug-in electric drive motor vehicle" means the same
3 as in section 30D(d) of the Internal Revenue Code.

4 Taxpayers are required to reduce the basis of their new motor
5 vehicle by the amount of the credit allowed. The credit is not
6 refundable, but may be carried forward for up to three years.

7 An individual may claim the tax credit allowed a
8 partnership, limited liability company, S corporation, estate,
9 or trust electing to have the income taxed directly to the
10 individual. The amount claimed by the individual shall be
11 based upon the pro rata share of the individual's earnings of
12 the partnership, limited liability company, S corporation,
13 estate, or trust.

14 The bill applies retroactively to January 1, 2012, for tax
15 years beginning on or after that date.