

Senate Study Bill 1149 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CHAIRPERSON SENG)

A BILL FOR

1 An Act relating to ethanol by providing for tax credits and
2 reporting for ethanol blended gasoline, and including
3 effective date and applicability provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 2.48, subsection 3, paragraph d,
2 subparagraph (5), Code 2011, is amended to read as follows:

3 (5) The ~~ethanol~~ E-15 promotion tax credits available under
4 section 422.11N.

5 Sec. 2. Section 422.11N, subsection 1, paragraph f, Code
6 2011, is amended to read as follows:

7 f. "*Tax credit*" means the ~~ethanol~~ E-15 promotion tax credit
8 as provided in this section.

9 Sec. 3. Section 422.11N, subsection 3, Code 2011, is amended
10 to read as follows:

11 3. The taxes imposed under this division, less the tax
12 credits allowed under section 422.12, shall be reduced by an
13 ~~ethanol~~ E-15 gasoline promotion tax credit for each tax year
14 that the taxpayer is eligible to claim the tax credit under
15 this section. In order to be eligible, all of the following
16 must apply:

17 a. The taxpayer is a retail dealer who sells and dispenses
18 ethanol blended gasoline designated as E-15 or higher pursuant
19 to section 214A.2 through a motor fuel pump in the tax year in
20 which the tax credit is claimed.

21 b. The retail dealer complies with requirements of the
22 department to administer this section.

23 Sec. 4. Section 422.11N, subsection 4, paragraph d, Code
24 2011, is amended by striking the paragraph.

25 Sec. 5. Section 422.11N, subsection 5, paragraph a,
26 unnumbered paragraph 1, Code 2011, is amended to read as
27 follows:

28 For a retail dealer whose tax year is the same as a
29 determination period beginning on January 1 and ending on
30 December 31, the retail dealer's tax credit is calculated by
31 multiplying the retail dealer's total ethanol gallonage from
32 ethanol blended gasoline designated as E-15 or higher, pursuant
33 to section 214A.2, by a tax credit rate, which may be adjusted
34 based on the retail dealer's biofuel threshold percentage
35 disparity. The tax credit rate is as follows:

1 Sec. 6. Section 422.11N, subsection 5, paragraph a,
2 subparagraph (1), Code 2011, is amended to read as follows:

3 (1) For any tax year in which the retail dealer has attained
4 a biofuel threshold percentage for the determination period,
5 the tax credit rate is ~~six~~ sixteen and one-half cents.

6 Sec. 7. Section 422.11N, subsection 5, paragraph a,
7 subparagraph (2), subparagraph divisions (a) and (b), Code
8 2011, are amended to read as follows:

9 (a) If the retail dealer's biofuel threshold percentage
10 disparity equals two percent or less, the tax credit rate is
11 ~~four~~ fourteen and one-half cents.

12 (b) If the retail dealer's biofuel threshold percentage
13 disparity equals more than two percent but not more than four
14 percent, the tax credit rate is ~~two~~ twelve and one-half cents.

15 Sec. 8. Section 422.11N, subsection 6, Code 2011, is amended
16 to read as follows:

17 6. A retail dealer is eligible to claim an ~~ethanol~~ E-15
18 gasoline promotion tax credit as provided in this section even
19 though the retail dealer claims an E-85 gasoline promotion tax
20 credit pursuant to section 422.110 for the same tax year and
21 for the same ethanol gallonage.

22 Sec. 9. Section 422.110, subsection 5, Code 2011, is amended
23 to read as follows:

24 5. A retail dealer is eligible to claim an E-85 gasoline
25 promotion tax credit as provided in this section even though
26 the retail dealer claims an ~~ethanol~~ E-15 gasoline promotion tax
27 credit pursuant to section 422.11N for the same tax year for
28 the same ethanol gallonage.

29 Sec. 10. Section 422.33, subsection 11A, unnumbered
30 paragraph 1, Code 2011, is amended to read as follows:

31 The taxes imposed under this division shall be reduced by
32 an ~~ethanol~~ E-15 promotion tax credit for each tax year that
33 the taxpayer is eligible to claim the tax credit under this
34 subsection.

35 Sec. 11. Section 422.33, subsection 11A, paragraphs a and b,

1 Code 2011, are amended to read as follows:

2 *a.* The taxpayer shall claim the tax credit in the same
3 manner as provided in section 422.11N. The taxpayer may claim
4 the tax credit according to the same requirements, for the same
5 amount, and calculated in the same manner, as provided for the
6 ~~ethanol~~ E-15 promotion tax credit pursuant to section 422.11N.

7 *b.* Any ~~ethanol~~ E-15 promotion tax credit which is in excess
8 of the taxpayer's tax liability shall be refunded or may be
9 shown on the taxpayer's final, completed return credited to the
10 tax liability for the following tax year in the same manner as
11 provided in section 422.11N.

12 Sec. 12. Section 452A.31, subsection 2, paragraph a,
13 subparagraph (1), Code 2011, is amended to read as follows:

14 (1) The total ethanol blended gasoline gallonage which
15 is the retail dealer's total number of gallons of ethanol
16 blended gasoline and which includes any subclassification
17 required by the department. However, the total ethanol blended
18 gasoline gallonage must at least include all of the following
19 subclassifications:

20 (a) The total ~~E-xx~~ E-10 gasoline gallonage which is the
21 total number of gallons of ethanol blended gasoline ~~other than~~
22 ~~E-85 gasoline~~ designated as E-9 or E-10.

23 (b) The total E-15 gasoline gallonage which is the total
24 number of gallons of ethanol blended gasoline designated as
25 E-11 to E-15.

26 (c) The total ~~E-85~~ flexible fuel gasoline gallonage which
27 is the total number of gallons of ethanol blended gasoline
28 designated as E-16 to E-85 gasoline.

29 Sec. 13. Section 452A.31, subsection 4, paragraph a,
30 subparagraph (1), Code 2011, is amended by striking the
31 subparagraph and inserting in lieu thereof the following:

32 (1) The aggregate ethanol blended gasoline gallonage which
33 is the aggregate total number of gallons of ethanol blended
34 gasoline and which includes the aggregate ethanol blended
35 gasoline gallonage for each subclassification provided for in

1 subsection 2.

2 Sec. 14. NEW SECTION. **452A.34 Classification of ethanol**
3 **blended fuel.**

4 For purposes of this division, ethanol blended fuel shall be
5 classified in the same manner as provided in section 214A.2.

6 Sec. 15. 2006 Iowa Acts, chapter 1142, section 49,
7 subsection 2, as amended by 2006 Iowa Acts, chapter 1175,
8 section 17, is amended to read as follows:

9 2. For a retail dealer who may claim an ~~ethanol~~ E-15
10 promotion tax credit under section 422.11N or 422.33,
11 subsection 11A, as enacted in this Act and amended in
12 subsequent Acts, in calendar year 2020 and whose tax year ends
13 prior to December 31, 2020, the retail dealer may continue to
14 claim the tax credit in the retail dealer's following tax year.
15 In that case, the tax credit shall be calculated in the same
16 manner as provided in section 422.11N or 422.33, subsection
17 11A, as enacted in this Act and amended in subsequent Acts,
18 for the remaining period beginning on the first day of the
19 retail dealer's new tax year until December 31, 2020. For
20 that remaining period, the tax credit shall be calculated in
21 the same manner as a retail dealer whose tax year began on the
22 previous January 1 and who is calculating the tax credit on
23 December 31, 2020.

24 Sec. 16. EFFECTIVE DATE. This Act takes effect January 1,
25 2012.

26 Sec. 17. APPLICABILITY. The sections of this Act amending
27 section 422.11N and section 422.33, subsection 11A, and the
28 section of this Act amending 2006 Iowa Acts, chapter 1142,
29 section 49, subsection 2, as amended by 2006 Iowa Acts, chapter
30 1175, section 17, apply to tax years beginning on or after
31 January 1, 2012.

32 EXPLANATION

33 GENERALLY. The bill relates to ethanol blended gasoline
34 regulated by the department of agriculture and land stewardship
35 pursuant to Code chapter 214A and classified according to the

1 percentage of ethanol blended into the gasoline (e.g., E-10
2 means a gallon of gasoline containing 10 percent ethanol).

3 ETHANOL PROMOTION TAX CREDIT. The bill amends the ethanol
4 promotion tax credit which is calculated separately for each
5 retail motor fuel site from which the retail dealer sells and
6 dispenses ethanol blended gasoline (Code sections 422.11N and
7 422.33, subsection 11A). The tax credit rate depends upon the
8 number of gallons of ethanol blended gasoline and biodiesel
9 blended fuel that a retail dealer sold throughout a calendar
10 year (referred to as a determination period). The amount of
11 the tax credit depends upon whether the retail dealer met that
12 biofuel threshold. This bill renames the tax credit as the
13 E-15 promotion tax credit, and provides that the tax credit
14 applies only to those gallons of ethanol blended gasoline
15 designated as E-15 or higher. It also allows a retail dealer
16 filing a tax return on a noncalendar year basis to claim the
17 tax credit. The tax credit is eliminated on January 1, 2021.

18 REPORTING. The bill also amends reporting requirements
19 by retail dealers and the department of revenue. A retail
20 dealer's report calculates the total motor fuel gallonage,
21 and further divides that number based on a number of
22 classifications depending upon the type of motor fuel sold,
23 including ethanol blended gasoline gallonage. The department
24 then calculates the aggregate total for the motor fuel
25 gallonage including by classification for the determination
26 period. The bill revises the reporting classifications for
27 ethanol blended gasoline, by including subclassifications for
28 E-9 and E-10, E-11 to E-15, and E-16 to E-85. It provides that
29 the department may establish additional subclassifications.

30 The bill is effective on January 1, 2012, and tax credit
31 provisions are applicable to the tax years beginning on or
32 after that date.