

Senate File 2068 - Introduced

SENATE FILE 2068

BY CHELGREN

A BILL FOR

1 An Act requiring the rates of the excise taxes on motor fuel
2 and certain special fuel used in motor vehicles to be
3 based on changes in the consumer price index and including
4 effective date provisions.

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

1 Section 1. Section 452A.3, subsection 1A, Code 2014, is
2 amended to read as follows:

3 1A. Except as otherwise provided in this section and in this
4 division, after June 30, 2014, an excise tax ~~of twenty cents~~ is
5 imposed on each gallon of motor fuel used for any purpose for
6 the privilege of operating motor vehicles in this state. The
7 rate shall be determined by the department as follows:

8 a. For the period beginning July 1, 2014, and ending June
9 30, 2015, the rate of the excise tax shall be the amount
10 calculated by applying the percentage change in the consumer
11 price index for all urban consumers for the twelve-month period
12 commencing April 1, 2013, as published in the federal register
13 by the United States department of labor, bureau of labor
14 statistics, to twenty cents, rounded to the nearest one-half of
15 a cent. For purposes of this paragraph "a", if the percentage
16 change is zero or less, the rate in effect for the period
17 beginning July 1, 2014, and ending June 30, 2015, shall be
18 twenty cents.

19 b. Beginning July 1, 2015, and annually on July 1
20 thereafter, the rate of the excise tax shall be the amount
21 calculated by applying to the amount of the excise tax in
22 effect on the preceding June 30, as an increase or decrease,
23 the percentage change in the consumer price index for all urban
24 consumers for the twelve-month period commencing April 1 of the
25 calendar year preceding the calendar year in which the rate
26 determined under this paragraph takes effect, as published in
27 the federal register by the United States department of labor,
28 bureau of labor statistics, rounded to the nearest one-half of
29 a cent.

30 Sec. 2. Section 452A.3, subsection 3, Code 2014, is amended
31 to read as follows:

32 3. a. For the privilege of operating motor vehicles or
33 aircraft in this state, there is imposed an excise tax on the
34 use of special fuel in a motor vehicle or aircraft.

35 b. The tax rate on special fuel for diesel engines of motor

1 ~~vehicles is twenty-two and one-half cents per gallon shall be~~
2 determined by the department as follows:

3 (1) For the period beginning July 1, 2014, and ending June
4 30, 2015, the rate of the tax shall be the amount calculated
5 by applying the percentage change in the consumer price index
6 for all urban consumers for the twelve-month period commencing
7 April 1, 2013, as published in the federal register by the
8 United States department of labor, bureau of labor statistics,
9 to twenty-two and one-half cents, rounded to the nearest
10 one-half of a cent. For purposes of this subparagraph (1), if
11 the percentage change is zero or less, the rate in effect for
12 the period beginning July 1, 2014, and ending June 30, 2015,
13 shall be twenty-two and one-half cents.

14 (2) Beginning July 1, 2015, and annually on July 1
15 thereafter, the rate of the excise tax on each gallon of
16 special fuel for diesel engines of motor vehicles shall be the
17 amount calculated by applying to the amount of the excise tax
18 in effect on the preceding June 30, as an increase or decrease,
19 the percentage change in the consumer price index for all urban
20 consumers for the twelve-month period commencing April 1 of the
21 calendar year preceding the calendar year in which the rate
22 determined under this subparagraph takes effect, as published
23 in the federal register by the United States department of
24 labor, bureau of labor statistics, rounded to the nearest
25 one-half of a cent.

26 (3) The rate of tax on special fuel for aircraft is three
27 cents per gallon.

28 (4) On all other special fuel, unless otherwise specified in
29 this section, the per gallon rate is the same as the motor fuel
30 tax.

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

1 Sec. 3. Section 452A.3, Code 2014, is amended by adding the
2 following new subsection:

3 NEW SUBSECTION. 8. Annually by May 31, the director
4 shall cause an advisory notice to be published in the Iowa
5 administrative bulletin and in a newspaper of general
6 circulation in this state, stating the rate of taxes to be in
7 effect on or after July 1 of the same year, as established
8 pursuant to subsection 1A, subsection 1C if applicable, and
9 subsection 3, paragraph "b", subparagraphs (1), (2), and (4).
10 The publication of the rate of tax by the director is exempt
11 from chapter 17A.

12 Sec. 4. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
13 immediate importance, takes effect upon enactment.

14 EXPLANATION

15 The inclusion of this explanation does not constitute agreement with
16 the explanation's substance by the members of the general assembly.

17 This bill provides for the determination of the rates of
18 the excise taxes on motor fuel and special fuel used in diesel
19 engines of motor vehicles based on changes in the consumer
20 price index (CPI).

21 Currently, the rate of the excise tax on a gallon of motor
22 fuel is linked to the distribution percentage of ethanol
23 blended gasoline and fuel other than ethanol blended gasoline
24 sold in this state, but beginning July 1, 2014, the tax rate
25 for both ethanol blended gasoline and motor fuel other than
26 ethanol blended gasoline will be 20 cents per gallon. The
27 current rate of the excise tax on special fuel for diesel
28 engines of motor vehicles is 22.5 cents per gallon.

29 The bill provides that for the period beginning July 1,
30 2014, and ending June 30, 2015, the rate of the excise tax on
31 motor fuel — both ethanol blended gasoline and fuel other
32 than ethanol blended gasoline — will be the amount calculated
33 by applying the percentage change in the CPI for all urban
34 consumers for the 12-month period commencing April 1, 2013,
35 as published in the federal register by the United States

1 department of labor, bureau of labor statistics, to 20 cents,
2 rounded to the nearest one-half of a cent. However, if the
3 percentage change in the CPI is zero or less, the rate of the
4 tax will remain at 20 cents. For the period beginning July
5 1, 2014, and ending June 30, 2015, the rate of the excise tax
6 on special fuel for diesel engines of motor vehicles will be
7 the amount calculated by applying the percentage change in
8 the CPI to 22.5 cents, rounded to the nearest one-half of a
9 cent. However, if the percentage change in the CPI is zero
10 or less, the rate of the tax will remain at 22.5 cents. By
11 operation of law, the rate determined under the bill for motor
12 fuel is also the rate for special fuel that is not for diesel
13 engines of motor vehicles or for aircraft, and under specified
14 circumstances, the rate determined under the bill for motor
15 fuel may also be the rate for E-85 gasoline.

16 Beginning July 1, 2015, and annually on July 1 thereafter,
17 the rate of the excise tax on a gallon of motor fuel or on a
18 gallon of special fuel used in diesel engines of motor vehicles
19 will be the amount calculated by applying, as an increase or
20 decrease, the percentage change in the CPI for the 12-month
21 period commencing April 1 of the previous year to the amount
22 of the applicable excise tax in effect on June 30 immediately
23 preceding the effective date of the new tax rate.

24 The bill requires the director of revenue to have an advisory
25 notice published in the Iowa administrative bulletin and in
26 a newspaper of general circulation in the state by May 31
27 annually stating the rate of the taxes on motor fuel, special
28 fuel for diesel engines of motor vehicles, and other affected
29 fuels to be in effect the following July 1.

30 The bill takes effect upon enactment.