

**Senate File 2333 - Introduced**

SENATE FILE 2333

BY RAGAN, FEENSTRA, BOETTGER,  
and BEALL

**A BILL FOR**

1 An Act relating to renewable fuels, by modifying the rate of  
2 the E-15 plus gasoline promotion tax credit and extending  
3 provisions for a biodiesel production refund, and including  
4 effective date and retroactive applicability provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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DIVISION I

E-15 PLUS GASOLINE PROMOTION TAX CREDIT

Section 1. Section 422.11Y, subsection 4, paragraph b, Code 2014, is amended to read as follows:

b. The designated rate of the tax credit for the following three periods within each calendar year is as follows:

~~(1) For calendar year 2012, calendar year 2013, and calendar year 2014~~

(1) For the first period beginning January 1 and ending May 31, three cents.

(2) For the second period beginning June 1 and ending September 15, ten cents.

~~(3) For calendar year 2015, calendar year 2016, and calendar year 2017~~ the third period beginning September 16 and ending December 31, two three cents.

Sec. 2. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 3. RETROACTIVE APPLICABILITY. Section 422.11Y, as amended in this division of this Act, and section 422.33, subsection 11D, as applied through section 422.11Y, as amended in this division of this Act, apply retroactively to tax years beginning on and after January 1, 2014.

DIVISION II

BIODIESEL PRODUCTION REFUND

Sec. 4. Section 423.4, subsection 9, paragraphs b and e, Code 2014, are amended to read as follows:

b. The amount of the refund shall be calculated by multiplying a designated rate by the total number of gallons of biodiesel produced by the biodiesel producer in this state during each quarter of a calendar year. The designated rate shall be as follows:

~~(1) For the calendar year 2012, three cents.~~

~~(2) For the calendar year 2013, two and one-half cents.~~

~~(3) For the calendar year 2014, two cents.~~

e. This subsection is repealed on January 1, ~~2015~~ 2020.

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EXPLANATION

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

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4 BACKGROUND. In 2011, the general assembly enacted SF 531  
5 (2011 Iowa Acts, chapter 113) which provides for the regulation  
6 and promotion of renewable fuels. In part, the Act established  
7 an E-15 plus gasoline promotion tax credit which began on July  
8 1, 2011, and is due to be eliminated on January 1, 2018 (Code  
9 sections 422.11Y and 422.33(11D)), and a biodiesel producer  
10 refund which applied on and after January 1, 2012, and is due  
11 to be eliminated on January 1, 2015 (Code section 423.4(9)).

12 E-15 TAX CREDIT. The E-15 plus gasoline promotion tax  
13 credit is calculated on the total gallons of ethanol blended  
14 gasoline, classified as E-15 and higher, and sold and dispensed  
15 by a retail dealer (see Code section 214A.1) during each  
16 quarter. The amount of the tax credit equals a constant  
17 (designated) rate multiplied by the total number of gallons of  
18 E-15 or higher sold and dispensed by the retail dealer during  
19 a calendar year assuming the retail dealer's tax year is on a  
20 calendar year basis. A designated rate of 3 cents applies to  
21 each calendar year from 2012 through 2014. The designated rate  
22 is then reduced to 2 cents which will apply to each calendar  
23 year from 2015 through 2017 when the tax credit expires. The  
24 same calculations are applied to retail dealers whose tax  
25 years are not based on a calendar year (701 IAC 42.46). The  
26 bill revises the designated rate for three periods of time  
27 within a tax year (either based on a calendar or alternative  
28 fiscal year). For the first period (January 1 through May 31),  
29 the rate is 3 cents; for the second period (June 1 through  
30 September 15), the rate is 10 cents; and for the third period  
31 (September 16 through December 31), the rate returns to 3  
32 cents. This revision takes effect upon enactment of the bill  
33 and applies retroactively to January 1, 2014.

34 BIODIESEL PRODUCER REFUND. A biodiesel producer is  
35 engaged in the manufacture of biodiesel which is a renewable

1 fuel derived from vegetable oils or animal fats for use in  
2 biodiesel blended fuel; an alternative to diesel fuel (Code  
3 section 214A.1). The amount of the refund equals a constant  
4 (designated) rate multiplied by the total number of gallons  
5 of biodiesel produced by the biodiesel producer in this state  
6 during each quarter of a calendar year. The biodiesel producer  
7 receives the refund amount after subtracting any amount of  
8 sales or use tax owed by the biodiesel producer (701 IAC  
9 12.18). In addition, a biodiesel producer cannot claim a  
10 refund on more than 25 million gallons of biodiesel produced  
11 during a calendar year at any one manufacturing facility. A  
12 designated rate of 3 cents applied to calendar year 2012. The  
13 designated rate was reduced to 2.5 cents for calendar year 2013  
14 and to 2 cents for calendar year 2014 after which it expires.  
15 The bill extends the period in which the 2-cent rate applies  
16 for five additional calendar years through 2019.