

Senate File 434 - Introduced

SENATE FILE 434

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 238)

A BILL FOR

- 1 An Act relating to an electric or natural gas vehicle facility
- 2 tax credit and including effective date and retroactive
- 3 applicability provisions.
- 4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 422.7, Code 2013, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 51. *a.* A taxpayer taking a depreciation
4 allowance under section 168 of the Internal Revenue Code for
5 property described in section 422.11C is not allowed to take
6 the allowance for purposes of this division to the extent that
7 a tax credit is taken for the purchase and installation of
8 the property under section 422.11C. If a credit is taken for
9 the purchase and installation of the property under section
10 422.11C, the taxpayer shall add the amount of the allowance
11 taken on such property to the extent of the amount of the
12 credit.

13 *b.* A taxpayer taking an expensing allowance under section
14 179 of the Internal Revenue Code for property described in
15 section 422.11C is not allowed to take the allowance for
16 purposes of this division to the extent that a tax credit
17 is taken for the purchase and installation of such property
18 under section 422.11C. If a credit is taken for the purchase
19 and installation of the property under section 422.11C, the
20 taxpayer shall add the amount of the allowance taken on such
21 property to the extent of the amount of the credit.

22 *c.* This subsection is repealed on January 1, 2020.

23 Sec. 2. NEW SECTION. 422.11C **Electric or natural gas**
24 **vehicle facility tax credit.**

25 1. As used in this section, "*motor vehicle*" means the same
26 as defined in section 322.2.

27 2. The taxes imposed under this division, less the credits
28 allowed under section 422.12, shall be reduced by an electric
29 or natural gas vehicle facility tax credit. In order to be
30 eligible to claim the tax credit, the taxpayer must comply with
31 this section and rules adopted by the department necessary to
32 administer and enforce this section.

33 3. *a.* The taxpayer claiming the tax credit on an
34 agricultural basis as provided in subsection 9 must construct,
35 install, and place in service any of the following:

1 (1) An electric vehicle facility that serves a motor vehicle
2 designed by a manufacturer to operate using electricity.

3 (2) A natural gas vehicle facility that serves a motor
4 vehicle that is any of the following:

5 (a) Designed by the manufacturer to operate using
6 compressed natural gas.

7 (b) Converted as an aftermarket alternative fuel vehicle
8 to operate using compressed natural gas if the conversion
9 equipment is certified by the United States environmental
10 protection agency, including as provided in 40 C.F.R. pt. 85.

11 *b.* The taxpayer claiming the tax credit on a commercial
12 basis as provided in subsection 9 must construct, install, and
13 place in service any of the following:

14 (1) An electric vehicle facility that serves a motor vehicle
15 designed by a manufacturer to operate using electricity.

16 (2) A natural gas vehicle facility that serves a motor
17 vehicle that is any of the following:

18 (a) Designed by the manufacturer to operate using
19 compressed natural gas.

20 (b) Converted as an aftermarket alternative fuel vehicle
21 to operate using compressed natural gas if the conversion
22 equipment is certified by the United States environmental
23 protection agency, including as provided in 40 C.F.R. pt. 85.

24 *c.* The taxpayer claiming the tax credit on a residential
25 basis as provided in subsection 9 must construct, install,
26 and place in service an electric vehicle facility that serves
27 a motor vehicle designed by a manufacturer to operate using
28 electricity.

29 4. *a.* After verifying the eligibility for an electric or
30 natural gas vehicle facility tax credit as provided in this
31 section, the department of revenue shall issue the taxpayer an
32 electric or natural gas vehicle facility tax credit certificate
33 which must be attached to the taxpayer's tax return. An
34 electric or natural gas vehicle facility tax credit certificate
35 shall include all of the following:

1 (1) The taxpayer's name, address, tax identification
2 number, and any other information required by the department
3 of revenue.

4 (2) A description of the infrastructure, equipment, or
5 machinery being purchased and installed which is eligible for
6 the tax credit to be claimed on the taxpayer's tax return.

7 (3) The amount of the tax credit being claimed.

8 *b.* The department shall adopt rules establishing criteria
9 for the receipt of applications for electric or natural gas
10 vehicle facility tax credit certificates and the issuance of
11 those certificates. A tax credit certificate shall be issued
12 in the taxpayer's name and shall expire on or after the last
13 day of the taxable year for which the taxpayer is claiming the
14 tax credit. A tax credit certificate is nontransferable.

15 5. The aggregate amount of electric or natural gas vehicle
16 facility tax credit certificates that may be issued pursuant
17 to this section shall not exceed five million dollars for all
18 tax years that the tax credit is available under this section.
19 The department shall issue the tax credit certificates on a
20 first-come, first-served basis to qualified applicants as
21 follows:

22 *a.* Two million dollars for electric vehicle facilities.

23 *b.* Two million dollars for natural gas vehicle facilities.

24 (1) Except as provided in subparagraph (2), a person is not
25 entitled to apply for tax credit certificates for all natural
26 gas vehicle facilities equal to more than two hundred thousand
27 dollars.

28 (2) A person is not entitled to apply for tax credit
29 certificates equal to more than four hundred thousand dollars
30 for all natural gas vehicle facilities that are part of a
31 business or businesses selling qualified compressed natural gas
32 on a retail basis. A person is not eligible to apply for a tax
33 credit under both this subparagraph and subparagraph (1).

34 *c.* One million dollars and any moneys for use under
35 paragraphs "a" and "b" that are unobligated or unexpended on

1 July 1, 2019, for electric vehicle facilities or natural gas
2 vehicle facilities.

3 6. An electric or natural gas vehicle facility is limited
4 to infrastructure, equipment, or machinery used to store,
5 dispense, dry, and meter electricity or compressed natural
6 gas. For electricity, it may include charging equipment,
7 infrastructure, or batteries. For compressed natural gas, it
8 may include pipes, compressors, dryers, or vaporizers.

9 7. The amount of the electric or natural gas vehicle
10 facility tax credit equals thirty percent of the total cost to
11 the taxpayer of purchasing the infrastructure, equipment, or
12 machinery and thirty percent of the total cost to the taxpayer
13 of installing the infrastructure, equipment, or machinery.

14 8. The electric or natural gas vehicle facility must comply
15 with any applicable federal and state standards and the latest
16 applicable and available ASTM international specifications.

17 9. The electric or natural gas vehicle facility tax credit
18 may be claimed by a person on an agricultural, commercial, or
19 residential basis as follows:

20 a. A person may claim the tax credit on an agricultural
21 basis if the electric or natural gas vehicle facility is
22 located on land primarily used in the production of a crop as
23 defined in section 202.1 or livestock as defined in section
24 717.1. The electric or natural gas vehicle facility must be
25 used by an agricultural producer as defined in section 15E.202
26 or a person under the management of the agricultural producer.
27 The tax credit must be taken in equal installments in three
28 consecutive tax years, beginning with the tax year in which the
29 electric or natural gas vehicle facility is placed in service.
30 If any part of the electric or natural gas vehicle facility
31 is taken out of service and not immediately replaced, the tax
32 credit expires and the taxpayer cannot take any remaining
33 installment of the tax credit.

34 b. A person may claim the tax credit on a commercial basis
35 if the electric or natural gas vehicle facility is part of a

1 business selling qualified electricity or compressed natural
2 gas on a retail basis, or may claim the tax credit if the
3 electric or natural gas vehicle facility is used by a business
4 for its own vehicle fleet or employees. The tax credit must
5 be taken in equal installments in three consecutive tax years,
6 beginning with the tax year in which the electric or natural
7 gas vehicle facility is placed in service. If any part of
8 the electric or natural gas vehicle facility is taken out of
9 service and not immediately replaced, the tax credit expires
10 and the taxpayer cannot take any remaining installment of the
11 tax credit.

12 c. A person may claim the tax credit on a residential basis
13 only for an electric vehicle facility that is for personal,
14 family, or household use. The entire amount of the tax credit
15 must be claimed in the tax year in which the electric vehicle
16 facility is first placed in service.

17 10. Any tax credit in excess of the taxpayer's tax liability
18 shall be refunded. In lieu of claiming a refund, the taxpayer
19 may elect to have the overpayment shown on the retail dealer's
20 final, completed return credited to the tax liability for the
21 following tax year.

22 11. An individual may claim the tax credit allowed a
23 partnership, limited liability company, S corporation, estate,
24 or trust electing to have the income taxed directly to the
25 individual. The amount claimed by the individual shall be
26 based upon the pro rata share of the individual's earnings of
27 the partnership, limited liability company, S corporation,
28 estate, or trust.

29 12. A person shall not claim a tax credit under this section
30 for an electric or natural gas vehicle facility that was placed
31 in service on or after January 1, 2016. However, a person
32 claiming the tax credit on an agricultural or commercial basis
33 who placed the electric or natural gas vehicle facility in
34 service prior to January 1, 2016, may continue to claim the tax
35 credit for tax years ending on or after January 1, 2016, as

1 provided in subsection 9, paragraph "a".

2 13. This section is repealed on January 1, 2020.

3 Sec. 3. Section 422.33, Code 2013, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 11. The taxes imposed under this division
6 shall be reduced by an electric or natural gas vehicle facility
7 tax credit for each tax year that the taxpayer is eligible to
8 claim the tax credit under this subsection.

9 a. The taxpayer must claim the tax credit on an agricultural
10 or commercial basis in the same manner as provided in section
11 422.11C. The taxpayer must claim the tax credit according
12 to the same requirements, for the same amount, and for the
13 same period as provided in section 422.11C. The amount of the
14 tax credit shall be calculated in the same manner as provided
15 in section 422.11C. A taxpayer claiming a tax credit on an
16 agricultural or commercial basis is subject to the same penalty
17 for taking the electric or natural gas vehicle facility out of
18 service as provided in section 422.11C.

19 b. This subsection is repealed on January 1, 2020.

20 Sec. 4. Section 422.35, Code 2013, is amended by adding the
21 following new subsection:

22 NEW SUBSECTION. 15. a. A taxpayer taking a depreciation
23 allowance under section 168 of the Internal Revenue Code for
24 property described in section 422.33, subsection 11, is not
25 allowed to take the allowance for purposes of this division
26 to the extent that a tax credit is taken for the purchase and
27 installation of the property under section 422.33, subsection
28 11. If a credit is taken for the purchase and installation of
29 the property under section 422.33, subsection 11, the taxpayer
30 shall add the amount of the allowance taken on such property to
31 the extent of the amount of the credit.

32 b. A taxpayer taking an expensing allowance under section
33 179 of the Internal Revenue Code for property described in
34 section 422.33, subsection 11, is not allowed to take the
35 allowance for purposes of this division to the extent that a

1 tax credit is taken for the purchase and installation of such
2 property under section 422.33, subsection 11. If a credit
3 is taken for the purchase and installation of the property
4 under section 422.33, subsection 11, the taxpayer shall add the
5 amount of the allowance taken on such property to the extent of
6 the amount of the credit.

7 c. This subsection is repealed on January 1, 2020.

8 Sec. 5. EFFECTIVE UPON ENACTMENT. This Act, being deemed of
9 immediate importance, takes effect upon enactment.

10 Sec. 6. RETROACTIVE APPLICABILITY. This Act applies
11 retroactively to January 1, 2013, for tax years beginning on
12 or after that date.

13 EXPLANATION

14 This bill creates an electric or natural gas vehicle
15 facility tax credit for persons who construct, install, and
16 place in service an electric vehicle facility or a natural
17 gas vehicle facility. The amount of the tax credit is 30
18 percent of the total cost of purchasing and of installing the
19 facility. A person may claim the tax credit on an agricultural
20 (farmer), commercial (business), or residential (personal,
21 family, or household) basis. The bill provides that \$5 million
22 is dedicated for the issuance of tax credit certificates which
23 must be attached to a person's tax return in order to claim
24 the tax credit. The bill establishes limits upon the amount
25 of credit that a person may claim for either electric vehicle
26 facilities or natural gas facilities. A person claiming the
27 tax credit on an agricultural or commercial basis may claim
28 the tax credit for the installation of an electric or natural
29 gas facility. The person must claim one-third of the tax
30 credit for each of three tax years. A person claiming the tax
31 credit on a residential basis may claim the tax credit for the
32 installation of an electronic facility. The person must claim
33 the tax credit in the tax year in which the electronic vehicle
34 service was first placed in service. Any tax credit in excess
35 of the taxpayer's tax liability is refundable or may be used in

1 calculating a future tax liability.

2 The taxpayer must place the facility in service before
3 January 1, 2016, but those taxpayers claiming on an
4 agricultural or commercial basis may claim the tax credit for a
5 previous installation after that date.

6 The tax credit applies retroactively to tax years beginning
7 on and after January 1, 2013. The bill's provisions are
8 repealed on January 1, 2020. The bill takes effect upon
9 enactment.