

House File 345 - Introduced

HOUSE FILE 345

BY GASKILL

A BILL FOR

1 An Act relating to state tax revenues by modifying the rate
2 of the excise taxes on motor fuel and certain special
3 fuel, modifying the amount of the earned income credit, and
4 including retroactive applicability provisions.

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

1 Section 1. Section 422.12B, subsection 1, paragraph a, Code
2 2015, is amended to read as follows:

3 a. The taxes imposed under this division less the credits
4 allowed under section 422.12 shall be reduced by an earned
5 income credit equal to the following percentage of the federal
6 earned income credit provided in section 32 of the Internal
7 Revenue Code:

8 (1) For the tax year beginning in the 2013 calendar year,
9 fourteen percent.

10 (2) For tax years beginning on or after January 1, 2014, but
11 before January 1, 2015, fifteen percent.

12 (3) For tax years beginning on or after January 1, 2015,
13 eighteen percent.

14 Sec. 2. Section 452A.3, subsection 1, unnumbered paragraph
15 1, Code 2015, is amended to read as follows:

16 Except as otherwise provided in this section and in this
17 division, until June 30, ~~2015~~ 2025, this subsection shall apply
18 to the excise tax imposed on each gallon of motor fuel used for
19 any purpose for the privilege of operating motor vehicles in
20 this state.

21 Sec. 3. Section 452A.3, subsection 1, paragraph b, Code
22 2015, is amended to read as follows:

23 b. The rate for the excise tax shall be as follows:

24 (1) If the distribution percentage is not greater than
25 fifty percent, the rate shall be ~~nineteen~~ twenty-nine cents for
26 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel
27 other than ethanol blended gasoline.

28 (2) If the distribution percentage is greater than fifty
29 percent but not greater than fifty-five percent, the rate shall
30 be ~~nineteen~~ twenty-nine cents for ethanol blended gasoline and
31 ~~twenty~~ thirty and one-tenth cents for motor fuel other than
32 ethanol blended gasoline.

33 (3) If the distribution percentage is greater than
34 fifty-five percent but not greater than sixty percent, the
35 rate shall be ~~nineteen~~ twenty-nine cents for ethanol blended

1 gasoline and ~~twenty~~ thirty and three-tenths cents for motor
2 fuel other than ethanol blended gasoline.

3 (4) If the distribution percentage is greater than sixty
4 percent but not greater than sixty-five percent, the rate shall
5 be ~~nineteen~~ twenty-nine cents for ethanol blended gasoline and
6 ~~twenty~~ thirty and five-tenths cents for motor fuel other than
7 ethanol blended gasoline.

8 (5) If the distribution percentage is greater than
9 sixty-five percent but not greater than seventy percent, the
10 rate shall be ~~nineteen~~ twenty-nine cents for ethanol blended
11 gasoline and ~~twenty~~ thirty and seven-tenths cents for motor
12 fuel other than ethanol blended gasoline.

13 (6) If the distribution percentage is greater than seventy
14 percent but not greater than seventy-five percent, the rate
15 shall be ~~nineteen~~ twenty-nine cents for ethanol blended
16 gasoline and ~~twenty-one~~ thirty-one cents for motor fuel other
17 than ethanol blended gasoline.

18 (7) If the distribution percentage is greater than
19 seventy-five percent but not greater than eighty percent, the
20 rate shall be ~~nineteen~~ twenty-nine and three-tenths cents for
21 ethanol blended gasoline and ~~twenty~~ thirty and eight-tenths
22 cents for motor fuel other than ethanol blended gasoline.

23 (8) If the distribution percentage is greater than eighty
24 percent but not greater than eighty-five percent, the rate
25 shall be ~~nineteen~~ twenty-nine and five-tenths cents for ethanol
26 blended gasoline and ~~twenty~~ thirty and seven-tenths cents for
27 motor fuel other than ethanol blended gasoline.

28 (9) If the distribution percentage is greater than
29 eighty-five percent but not greater than ninety percent, the
30 rate shall be ~~nineteen~~ twenty-nine and seven-tenths cents for
31 ethanol blended gasoline and ~~twenty~~ thirty and four-tenths
32 cents for motor fuel other than ethanol blended gasoline.

33 (10) If the distribution percentage is greater than ninety
34 percent but not greater than ninety-five percent, the rate
35 shall be ~~nineteen~~ twenty-nine and nine-tenths cents for ethanol

1 blended gasoline and ~~twenty~~ thirty and one-tenth cents for
2 motor fuel other than ethanol blended gasoline.

3 (11) If the distribution percentage is greater than
4 ninety-five percent, the rate shall be ~~twenty~~ thirty cents for
5 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel
6 other than ethanol blended gasoline.

7 Sec. 4. Section 452A.3, subsections 2 and 6, Code 2015, are
8 amended to read as follows:

9 2. Except as otherwise provided in this section and in this
10 division, after June 30, ~~2015~~ 2025, an excise tax of ~~twenty~~
11 thirty cents is imposed on each gallon of motor fuel used for
12 any purpose for the privilege of operating motor vehicles in
13 this state.

14 6. a. For the privilege of operating motor vehicles or
15 aircraft in this state, there is imposed an excise tax on the
16 use of special fuel in a motor vehicle or aircraft.

17 (1) The tax rate on special fuel for diesel engines of
18 motor vehicles is ~~twenty-two~~ thirty-two and one-half cents per
19 gallon.

20 (2) The rate of tax on special fuel for aircraft is three
21 cents per gallon.

22 (3) On all other special fuel, unless otherwise specified in
23 this section, the per gallon rate is the same as the motor fuel
24 tax.

25 b. Indelible dye meeting United States environmental
26 protection agency and internal revenue service regulations must
27 be added to fuel before or upon withdrawal at a terminal or
28 refinery rack for that fuel to be exempt from tax and the dyed
29 fuel may be used only for an exempt purpose.

30 Sec. 5. RETROACTIVE APPLICABILITY. The section of this Act
31 amending section 422.12B applies retroactively to January 1,
32 2015, for tax years beginning on or after that date.

33

EXPLANATION

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

H.F. 345

1 This bill relates to state tax revenues by modifying the rate
2 of the excise taxes on motor fuel and certain special fuel and
3 by modifying the amount of the earned income credit.

4 The bill increases by 10 cents the amount of the excise tax
5 on ethanol blended gasoline, motor fuel other than ethanol
6 blended gasoline, and special fuel for diesel engines of motor
7 vehicles. The bill provides that the distribution percentage
8 formula for ethanol blended gasoline and motor fuel other than
9 ethanol blended gasoline will expire on June 30, 2025.

10 The bill increases the amount of the earned income credit
11 to 18 percent from 15 percent of the federal earned income
12 credit provided in section 32 of the Internal Revenue Code.
13 This section of the bill applies retroactively to tax years
14 beginning on or after January 1, 2015.