

House File 83 - Introduced

HOUSE FILE 83
BY SHEETS

A BILL FOR

1 An Act providing for an excise tax on motor fuel and special
2 fuel used in motor vehicles based on the wholesale price of
3 the fuel and including effective date provisions.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 452A.3, subsection 1, Code 2015, is
2 amended by striking the subsection and inserting in lieu
3 thereof the following:

4 1. Except as otherwise provided in this section and in
5 this division, this subsection shall apply to the excise tax
6 imposed on each gallon of motor fuel used for any purpose for
7 the privilege of operating motor vehicles in this state. The
8 rate of the excise tax shall be a percentage of the sales price
9 of motor fuel distributed in the state. The rate shall be
10 established by the department on the effective date of this
11 Act by calculating the percentage of the wholesale price of
12 a gallon of motor fuel that represents an amount equivalent
13 to the amount of revenue produced by a tax rate of twenty
14 cents per gallon, rounded to the nearest one-half of one
15 percent. For purposes of this subsection, the wholesale price
16 of motor fuel shall be the price reported for the midwest
17 in the most recent weekly price report issued by the United
18 States department of energy, United States energy information
19 administration, as of the effective date of this Act.

20 Sec. 2. Section 452A.3, subsection 2, Code 2015, is amended
21 by striking the subsection.

22 Sec. 3. Section 452A.3, subsection 4, Code 2015, is amended
23 to read as follows:

24 4. The rate of the excise tax on E-85 gasoline imposed in
25 subsection 3 shall be determined based on the number of gallons
26 of E-85 gasoline that are distributed in this state during the
27 previous calendar year. The department shall determine the
28 actual tax paid for E-85 gasoline for each period beginning
29 January 1 and ending December 31. The amount of the tax paid on
30 E-85 gasoline during the past calendar year shall be compared
31 to the amount of tax on E-85 gasoline that would have been paid
32 using the tax rate for gasoline imposed in subsection 1 ~~or~~
33 ~~2~~ and a difference shall be established. If this difference
34 is equal to or greater than twenty-five thousand dollars, the
35 tax rate for E-85 gasoline for the period beginning July 1

1 following the end of the determination period shall be the rate
2 in effect as stated in subsection 1 ~~or~~ 2.

3 Sec. 4. Section 452A.3, subsection 6, Code 2015, is amended
4 to read as follows:

5 6. a. For the privilege of operating motor vehicles or
6 aircraft in this state, there is imposed an excise tax on the
7 use of special fuel in a motor vehicle or aircraft. ~~The tax~~
8 ~~rate on special fuel for diesel engines of motor vehicles is~~
9 ~~twenty-two and one-half cents per gallon.~~ as follows:

10 (1) The rate of the excise tax on special fuel for diesel
11 engines of motor vehicles shall be a percentage of the sales
12 price of diesel fuel distributed in the state. The rate shall
13 be established by the department on the effective date of this
14 Act by calculating the percentage of the wholesale price of
15 a gallon of diesel fuel that represents an amount equivalent
16 to the amount of revenue produced by a tax rate of twenty-two
17 and one-half cents per gallon, rounded to the nearest one-half
18 of one percent. For purposes of this subparagraph, the
19 wholesale price of diesel fuel shall be the price reported for
20 the midwest in the most recent weekly price report issued by
21 the United States department of energy, United States energy
22 information administration, as of the effective date of this
23 Act.

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

26 (3) On all other special fuel, unless otherwise specified in
27 this section, the per-gallon rate is the same as the motor fuel
28 tax.

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

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

1

EXPLANATION

2

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

3

4 Currently, the rate of the excise tax on a gallon of motor
5 fuel is linked to the distribution percentage of ethanol
6 blended gasoline and fuel other than ethanol blended gasoline
7 sold in this state, and beginning July 1, 2015, the tax rate
8 for both ethanol blended gasoline and motor fuel other than
9 ethanol blended gasoline will be 20 cents per gallon. The
10 current rate of the excise tax on special fuel for diesel
11 engines of motor vehicles is 22.5 cents per gallon.

12 This bill replaces the current per-gallon tax rates on motor
13 fuel and special fuel for diesel engines of motor vehicles with
14 tax rates expressed as a percentage of the sales price.

15 The new motor fuel tax rate established in the bill will
16 be a percentage of the wholesale price of a gallon of motor
17 fuel that represents an amount per gallon that is equivalent
18 to the amount of revenue produced by the current tax rate of 20
19 cents per gallon, rounded to the nearest one-half of 1 percent.
20 The new rate will be established on the effective date of the
21 Act, based on the wholesale price reported for the midwest
22 in the most recent weekly price report issued by the United
23 States energy information administration as of that date. By
24 operation of law, the rate determined under the bill for motor
25 fuel is also the rate for special fuel that is not for diesel
26 engines of motor vehicles or for aircraft, and under specified
27 circumstances, the rate determined under the bill for motor
28 fuel may also be the rate for E-85 gasoline.

29 The new tax rate for special fuel for diesel engines of motor
30 vehicles will be established on the effective date of the Act
31 in the same manner as the tax rate for motor fuel. The rate is
32 a percentage of the wholesale price of a gallon of diesel fuel
33 that represents an amount equivalent to the amount of revenue
34 produced by the current tax rate of 22.5 cents per gallon,
35 rounded to the nearest one-half of 1 percent. The wholesale

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1 price is the price reported for the midwest in the most
2 recent weekly price report issued by the United States energy
3 information administration as of the effective date of the Act.
4 The bill takes effect upon enactment.