

Senate File 257 - Introduced

SENATE FILE 257

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO SSB 1168)

A BILL FOR

1 An Act relating to transportation funding by limiting the term
2 of indebtedness for certain county projects, modifying
3 certain permit fees, modifying the rate of the excise taxes
4 on motor fuel and certain special fuel, establishing a fuel
5 distribution percentage formula for certain special fuel
6 used in motor vehicles, requiring legislative review of
7 the fuel distribution percentage formulas, extending the
8 repeal date of the access Iowa highway plan, and including
9 effective date provisions.

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

1 Section 1. NEW SECTION. 312.2A Restrictions on use.

2 Moneys credited pursuant to section 312.2, subsection
3 1, paragraphs "b" and "c", and section 312.2, subsection
4 12, paragraph "a", shall not be used for debt service or to
5 otherwise pay principal and interest on bonds, loans, or other
6 indebtedness issued or incurred on or after the effective date
7 of this section of this Act, including refunding, reissuance,
8 or other refinancing of such indebtedness, or refunding,
9 reissuance, or other refinancing of indebtedness issued or
10 incurred prior to the effective date of this section of this
11 Act, if the term for repayment of the indebtedness as financed
12 or refinanced would exceed the useful life of the asset being
13 constructed, reconstructed, improved, repaired, equipped, or
14 maintained.

15 Sec. 2. NEW SECTION. 315.4A Restrictions on use.

16 Moneys allocated pursuant to section 315.4, subsection 1,
17 paragraph "b", and section 315.4, subsection 2, shall not
18 be used for debt service or to otherwise pay principal and
19 interest on bonds, loans, or other indebtedness issued or
20 incurred on or after the effective date of this section of this
21 Act, including refunding, reissuance, or other refinancing
22 of such indebtedness, or refunding, reissuance, or other
23 refinancing of indebtedness issued or incurred prior to
24 the effective date of this section of this Act, if the term
25 for repayment of the indebtedness as financed or refinanced
26 would exceed the useful life of the asset being constructed,
27 reconstructed, improved, repaired, equipped, or maintained.

28 Sec. 3. Section 321E.14, subsection 1, Code 2015, is amended
29 to read as follows:

30 1. Permit-issuing authorities may charge the following
31 fees:

32 a. ~~Twenty-five~~ Fifty dollars for an annual permit issued
33 pursuant to section 321E.8, subsection 1.

34 b. ~~Three~~ Four hundred dollars for an annual permit issued
35 pursuant to section 321E.8, subsection 2.

1 *c.* Two hundred dollars for a multi-trip permit issued
2 pursuant to section 321E.9A.

3 *d.* Six hundred dollars for a special alternative energy
4 multi-trip permit issued pursuant to section 321E.9B.

5 *e.* ~~Ten~~ Thirty-five dollars for a single-trip permit issued
6 pursuant to section 321E.9.

7 *f.* Twenty-five dollars for an annual permit for special
8 mobile equipment, as defined in section 321.1, subsection
9 74, issued pursuant to section 321E.7, subsection 3, with a
10 combined gross weight of not more than eighty thousand pounds.

11 *g.* Twenty-five dollars for a permit issued pursuant to
12 section 321E.29 or 321E.29A.

13 *h.* One hundred dollars for a permit issued pursuant to
14 section 321E.30.

15 *i.* One hundred ~~twenty~~ sixty dollars for an annual
16 all-systems permit issued pursuant to section 321E.8, which
17 shall be deposited in the road use tax fund.

18 Sec. 4. NEW SECTION. 331.443A **Restrictions on certain**
19 **projects.**

20 The term of any indebtedness issued or incurred by a county
21 that will be paid in whole or in part with moneys from the
22 secondary road fund of the counties, the farm-to-market road
23 fund, the county bridge construction fund, or the revitalize
24 Iowa's sound economy fund, or any other moneys that may be
25 allocated from the road use tax fund for use by counties, shall
26 be subject to the provisions of sections 312.2A and 315.4A.

27 Sec. 5. Section 452A.3, subsection 1, unnumbered paragraph
28 1, Code 2015, is amended to read as follows:

29 Except as otherwise provided in this section and in this
30 division, until June 30, ~~2015~~ 2020, this subsection shall apply
31 to the excise tax imposed on each gallon of motor fuel used for
32 any purpose for the privilege of operating motor vehicles in
33 this state.

34 Sec. 6. Section 452A.3, subsection 1, paragraph b, Code
35 2015, is amended to read as follows:

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

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

6 (2) If the distribution percentage is greater than fifty
7 percent but not greater than fifty-five percent, the rate shall
8 be ~~nineteen~~ twenty-nine cents for ethanol blended gasoline and
9 ~~twenty~~ thirty and one-tenth cents for motor fuel other than
10 ethanol blended gasoline.

11 (3) If the distribution percentage is greater than
12 fifty-five percent but not greater than sixty percent, the
13 rate shall be ~~nineteen~~ twenty-nine cents for ethanol blended
14 gasoline and ~~twenty~~ thirty and three-tenths cents for motor
15 fuel other than ethanol blended gasoline.

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

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

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

31 (7) If the distribution percentage is greater than
32 seventy-five percent but not greater than eighty percent, the
33 rate shall be ~~nineteen~~ twenty-nine and three-tenths cents for
34 ethanol blended gasoline and ~~twenty~~ thirty and eight-tenths
35 cents for motor fuel other than ethanol blended gasoline.

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

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

11 (10) If the distribution percentage is greater than ninety
12 percent but not greater than ninety-five percent, the rate
13 shall be ~~nineteen~~ twenty-nine and nine-tenths cents for ethanol
14 blended gasoline and ~~twenty~~ thirty and one-tenth cents for
15 motor fuel other than ethanol blended gasoline.

16 (11) If the distribution percentage is greater than
17 ninety-five percent, the rate shall be ~~twenty~~ thirty cents for
18 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel
19 other than ethanol blended gasoline.

20 Sec. 7. Section 452A.3, subsection 1, Code 2015, is amended
21 by adding the following new paragraph:

22 NEW PARAGRAPH. *c.* The provisions of paragraph "b" and
23 subsection 6, paragraph "a", subparagraph (2), shall be
24 subject to legislative review at least every six years. The
25 review shall be based upon a fuel distribution percentage
26 formula status report containing the recommendations of a
27 legislative interim committee appointed to conduct a review
28 of the fuel distribution percentage formulas, to be prepared
29 with the assistance of the department of revenue in association
30 with the department of transportation. The report shall
31 include recommendations for changes or revisions to the
32 fuel distribution percentage formulas based upon advances
33 in technology, fuel use trends, and fuel price fluctuations
34 observed during the preceding six-year interval; an analysis
35 of the operation of the fuel distribution percentage formulas

1 during the preceding six-year interval; and a summary of issues
2 that have arisen since the previous review and potential
3 approaches for resolution of those issues. The first such
4 report shall be submitted to the general assembly no later
5 than January 1, 2020, with subsequent reports developed and
6 submitted by January 1 at least every sixth year thereafter.

7 Sec. 8. Section 452A.3, subsection 2, Code 2015, is amended
8 to read as follows:

9 2. Except as otherwise provided in this section and in this
10 division, after June 30, ~~2015~~ 2020, 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 Sec. 9. Section 452A.3, subsection 6, Code 2015, is amended
15 to read as follows:

16 6. a. For the privilege of operating motor vehicles or
17 aircraft in this state, there is imposed an excise tax on the
18 use of special fuel in a motor vehicle or aircraft. ~~The tax~~
19 ~~rate on special fuel for diesel engines of motor vehicles is~~
20 ~~twenty-two and one-half cents per gallon.~~

21 (1) Except as otherwise provided in this section and in
22 this division, after June 30, 2020, the tax rate on special
23 fuel for diesel engines of motor vehicles used for any purpose
24 for the privilege of operating motor vehicles in this state is
25 thirty-two and five-tenths cents per gallon.

26 (2) Except as provided in this section and in this
27 division, until June 30, 2020, this subparagraph shall apply
28 to the excise tax imposed on each gallon of special fuel for
29 diesel engines of motor vehicles used for any purpose for the
30 privilege of operating motor vehicles in this state. The rate
31 of the excise tax shall be based on the number of gallons of
32 biodiesel blended fuel classified as B-11 or higher that is
33 distributed in this state as expressed as a percentage of the
34 number of gallons of special fuel for diesel engines of motor
35 vehicles distributed in this state, which is referred to as

1 the distribution percentage. The department shall determine
2 the percentage basis for each determination period beginning
3 January 1 and ending December 31. The rate for the excise tax
4 shall apply for the period beginning July 1 and ending June 30
5 following the end of the determination period. The rate for
6 the excise tax shall be as follows:

7 (a) If the distribution percentage is not greater than fifty
8 percent, the rate shall be twenty-nine and five-tenths cents
9 for biodiesel blended fuel classified as B-11 or higher and
10 thirty-two and five-tenths cents for special fuel for diesel
11 engines of motor vehicles other than biodiesel blended fuel
12 classified as B-11 or higher.

13 (b) If the distribution percentage is greater than fifty
14 percent but not greater than fifty-five percent, the rate
15 shall be twenty-nine and eight-tenths cents for biodiesel
16 blended fuel classified as B-11 or higher and thirty-two and
17 five-tenths cents for special fuel for diesel engines of motor
18 vehicles other than biodiesel blended fuel classified as B-11
19 or higher.

20 (c) If the distribution percentage is greater than
21 fifty-five percent but not greater than sixty percent, the rate
22 shall be thirty and one-tenth cents for biodiesel blended fuel
23 classified as B-11 or higher and thirty-two and five-tenths
24 cents for special fuel for diesel engines of motor vehicles
25 other than biodiesel blended fuel classified as B-11 or higher.

26 (d) If the distribution percentage is greater than sixty
27 percent but not greater than sixty-five percent, the rate shall
28 be thirty and four-tenths cents for biodiesel blended fuel
29 classified as B-11 or higher and thirty-two and five-tenths
30 cents for special fuel for diesel engines of motor vehicles
31 other than biodiesel blended fuel classified as B-11 or higher.

32 (e) If the distribution percentage is greater than
33 sixty-five percent but not greater than seventy percent, the
34 rate shall be thirty and seven-tenths cents for biodiesel
35 blended fuel classified as B-11 or higher and thirty-two and

1 five-tenths cents for special fuel for diesel engines of motor
2 vehicles other than biodiesel blended fuel classified as B-11
3 or higher.

4 (f) If the distribution percentage is greater than seventy
5 percent but not greater than seventy-five percent, the rate
6 shall be thirty-one cents for biodiesel blended fuel classified
7 as B-11 or higher and thirty-two and five-tenths cents for
8 special fuel for diesel engines of motor vehicles other than
9 biodiesel blended fuel classified as B-11 or higher.

10 (g) If the distribution percentage is greater than
11 seventy-five percent but not greater than eighty percent, the
12 rate shall be thirty-one and three-tenths cents for biodiesel
13 blended fuel classified as B-11 or higher and thirty-two and
14 five-tenths cents for special fuel for diesel engines of motor
15 vehicles other than biodiesel blended fuel classified as B-11
16 or higher.

17 (h) If the distribution percentage is greater than eighty
18 percent but not greater than eighty-five percent, the rate
19 shall be thirty-one and six-tenths cents for biodiesel
20 blended fuel classified as B-11 or higher and thirty-two and
21 five-tenths cents for special fuel for diesel engines of motor
22 vehicles other than biodiesel blended fuel classified as B-11
23 or higher.

24 (i) If the distribution percentage is greater than
25 eighty-five percent but not greater than ninety percent, the
26 rate shall be thirty-one and nine-tenths cents for biodiesel
27 blended fuel classified as B-11 or higher and thirty-two and
28 five-tenths cents for special fuel for diesel engines of motor
29 vehicles other than biodiesel blended fuel classified as B-11
30 or higher.

31 (j) If the distribution percentage is greater than ninety
32 percent but not greater than ninety-five percent, the rate
33 shall be thirty-two and two-tenths cents for biodiesel
34 blended fuel classified as B-11 or higher and thirty-two and
35 five-tenths cents for special fuel for diesel engines of motor

1 vehicles other than biodiesel blended fuel classified as B-11
2 or higher.

3 (k) If the distribution percentage is greater than
4 ninety-five percent, the rate shall be thirty-two and
5 five-tenths cents for biodiesel blended fuel classified as B-11
6 or higher and thirty-two and five-tenths cents for special
7 fuel for diesel engines of motor vehicles other than biodiesel
8 blended fuel classified as B-11 or higher.

9 (3) The rate of tax on special fuel for aircraft is three
10 five cents per gallon.

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

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

19 Sec. 10. Section 452A.3, subsections 7, 8, and 9, Code 2015,
20 are amended to read as follows:

21 7. For liquefied petroleum gas used as a special fuel, the
22 rate of tax shall be ~~twenty~~ thirty cents per gallon.

23 8. For compressed natural gas used as a special fuel, the
24 rate of tax is ~~twenty-one~~ thirty-one cents per gallon.

25 9. For liquefied natural gas used as a special fuel, the
26 rate of tax is ~~twenty-two~~ thirty-two and one-half cents per
27 gallon.

28 Sec. 11. 2005 Iowa Acts, chapter 178, section 41, subsection
29 3, is amended to read as follows:

30 3. REPEAL. This section is repealed effective July 1, ~~2015~~
31 2025.

32 Sec. 12. LEGISLATIVE INTENT.

33 1. It is the intent of the general assembly that one
34 hundred percent of the revenue produced as a result of the
35 increase in the excise taxes on motor fuel and certain special

1 fuel enacted in this Act and credited to the secondary road
2 fund or the farm-to-market road fund from the road use tax
3 fund pursuant to section 312.2, subsection 1, shall be used
4 exclusively for critical road and bridge construction projects
5 that significantly extend the life of such assets.

6 2. It is the intent of the general assembly that the state
7 department of transportation and the state transportation
8 commission shall utilize one hundred percent of the revenue
9 produced as a result of the increase in the excise taxes on
10 motor fuel and certain special fuel enacted in this Act that
11 is allocated to the department on critical road and bridge
12 construction projects. The department shall identify the
13 critical road and bridge construction projects funded with such
14 revenue in the department's annual five-year transportation
15 improvement program report.

16 3. The department of transportation shall identify ten
17 million dollars in efficiencies for the fiscal year beginning
18 July 1, 2015, and ten million dollars in efficiencies for
19 the fiscal year beginning July 1, 2016, in addition to the
20 identification of any other efficiencies as required by law.
21 The department shall provide details of activities undertaken
22 to implement these efficiencies in the annual "Road Use Tax
23 Fund Efficiency Report" required by 2012 Iowa Acts, chapter
24 1129, section 4, as amended by 2014 Iowa Acts, chapter 1123,
25 section 21.

26 Sec. 13. INVENTORY TAX EXEMPTION. Notwithstanding
27 section 452A.85, persons who have title to motor fuel, ethanol
28 blended gasoline, undyed special fuel, compressed natural
29 gas, liquefied natural gas, or liquefied petroleum gas in
30 storage and held for sale on the effective date of an increase
31 in the rate of excise tax imposed on motor fuel, ethanol
32 blended gasoline, undyed special fuel, compressed natural gas,
33 liquefied natural gas, or liquefied petroleum gas pursuant
34 to this Act shall not be subject to an inventory tax on the
35 gallonage in storage as a result of the tax increases provided

1 in this Act.

2 Sec. 14. EFFECTIVE UPON ENACTMENT. The following
3 provisions of this Act, being deemed of immediate importance,
4 take effect upon enactment:

5 1. The section of this Act enacting section 312.2A.

6 2. The section of this Act enacting section 315.4A.

7 3. The section of this Act enacting section 331.443A.

8 4. The section of this Act amending 2005 Iowa Acts, chapter
9 178, section 41.

10 Sec. 15. EFFECTIVE DATES.

11 1. Except as otherwise provided in this Act, this Act
12 takes effect the first day of the month following the month of
13 enactment of this Act.

14 2. The section of this Act amending section 321E.14 takes
15 effect January 1, 2016.

16 3. The section of this Act amending section 452A.3,
17 subsection 6, takes effect July 1, 2015.

18 EXPLANATION

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

21 This bill relates to transportation funding by limiting the
22 term of indebtedness for certain county projects, modifying
23 certain permit fees, modifying the rate of the excise taxes
24 on motor fuel and certain special fuel, establishing a fuel
25 distribution percentage formula for certain special fuel used
26 in motor vehicles, requiring legislative review of the fuel
27 distribution percentage formulas, and extending the repeal date
28 of the access Iowa highway plan.

29 The bill provides for limitations on the use by counties of
30 moneys allocated from the road use tax fund, including moneys
31 from the secondary road fund, the farm-to-market road fund, the
32 county bridge construction fund, and the RISE fund. The bill
33 provides that such moneys shall not be used for debt service
34 or to otherwise pay principal and interest on bonds, loans, or
35 other indebtedness issued or incurred on or after the effective

1 date of this section of the bill, including refunding,
2 reissuance, or other refinancing of such indebtedness, or
3 refunding, reissuance, or other refinancing of indebtedness
4 issued or incurred prior to the effective date of this section
5 of the bill, if the term for repayment of the indebtedness as
6 financed or refinanced would exceed the useful life of the
7 asset being constructed, reconstructed, improved, repaired,
8 equipped, or maintained.

9 Beginning January 1, 2016, the bill provides for increases
10 in fees for single-trip permits, all-systems permits, and
11 certain permits relating to length, height, and gross weight of
12 vehicles of excessive size and weight (Code chapter 321E).

13 The bill increases by 10 cents the rate of the excise tax on
14 motor fuel, special fuel for diesel engines, compressed natural
15 gas, liquefied natural gas, and liquefied petroleum gas, and
16 increases by 2 cents the rate of the excise tax on special fuel
17 for aircraft. In addition, the bill establishes a distribution
18 percentage formula for biodiesel blended fuel classified as
19 B-11 or higher and special fuel for diesel engines of motor
20 vehicles other than biodiesel blended fuel classified as B-11
21 or higher. If the distribution percentage is not greater than
22 50 percent, the tax rate for biodiesel blended fuel classified
23 as B-11 or higher is 29.5 cents, 3 cents less than special
24 fuel for diesel engines of motor vehicles other than biodiesel
25 blended fuel classified as B-11 or higher. As the distribution
26 percentage increases, the difference in the tax rates on the
27 two types of fuel decreases until the distribution percentage
28 is greater than 95 percent, at which point the tax rate for
29 both types of fuel is 32.5 cents.

30 The bill provides that both fuel distribution percentage
31 formulas will expire on June 30, 2020. The bill also provides
32 that both distribution percentage formulas shall be subject
33 to legislative review at least every six years. The review
34 shall be based upon a report containing the recommendations of
35 a legislative interim committee appointed to conduct a review

1 of the fuel distribution percentage formulas, to be prepared
2 with the assistance of the department of revenue in association
3 with the department of transportation. The report shall
4 include recommendations for changes or revisions to the fuel
5 distribution percentage formulas. The first such report shall
6 be submitted to the general assembly no later than January 1,
7 2020.

8 The 2005 Iowa Acts provide for the designation of certain
9 highways as access Iowa highways, which receive priority
10 funding from certain moneys in the TIME-21 and RISE funds
11 created in Code sections 312A.2 and 315.2. These provisions
12 will be repealed by operation of law on July 1, 2015. The bill
13 extends the date of repeal to July 1, 2025.

14 The bill provides that it is the intent of the general
15 assembly that 100 percent of the revenue produced as a result
16 of the increase in the excise taxes on motor fuel and certain
17 special fuel enacted in the bill and credited to the secondary
18 road fund or the farm-to-market road fund from the road use tax
19 fund shall be used exclusively for critical road and bridge
20 construction projects that significantly extend the life of
21 such assets. In addition, the bill provides that it is also
22 the intent of the general assembly that the state department of
23 transportation and the state transportation commission shall
24 utilize 100 percent of the revenue produced as a result of the
25 increase in the excise taxes on motor fuel and certain special
26 fuel enacted in the bill that is allocated to the department on
27 critical road and bridge construction projects. The department
28 shall identify the critical road and bridge construction
29 projects funded with such revenue in the department's annual
30 five-year transportation improvement program report.

31 The bill further provides that the department of
32 transportation shall identify \$10 million in efficiencies for
33 the fiscal year beginning July 1, 2015, and \$10 million in
34 efficiencies for the fiscal year beginning July 1, 2016. The
35 department shall provide details of activities undertaken to

1 implement these efficiencies in the annual "road use tax fund
2 efficiency report".

3 Pursuant to current law, when the rate of excise tax on motor
4 fuel, ethanol blended gasoline, undyed special fuel, compressed
5 natural gas, liquefied natural gas, or liquefied petroleum gas
6 is increased by more than one-half cent per gallon, a person
7 who has title to such fuel held in storage for eventual sale is
8 subject to an inventory tax based on the gallonage in storage
9 at the close of the business day preceding the effective date
10 of the increase. The bill provides that the inventory tax
11 shall not be imposed as a result of the tax increases provided
12 in the bill.

13 The bill takes effect the first day of the month following
14 the month of enactment except as follows: the section of the
15 bill modifying certain permit fees takes effect January 1,
16 2016, the section of the bill modifying the excise taxes on
17 special fuel for diesel engines and aircraft and creating the
18 distribution percentage formula for biodiesel blended fuel and
19 special fuel for diesel engines takes effect July 1, 2015, and
20 the sections of the bill limiting the term of indebtedness for
21 certain county projects and the section of the bill relating
22 to extending the access Iowa highway plan take effect upon
23 enactment.