

Senate Study Bill 1168 - Introduced

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
TRANSPORTATION BILL BY
CHAIRPERSON BOWMAN)

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, for the period
34 beginning January 1, 2016, and ending December 31, 2016, and
35 one hundred dollars thereafter.

1 *b.* ~~Three~~ Four hundred dollars for an annual permit issued
2 pursuant to section 321E.8, subsection 2, for the period
3 beginning January 1, 2016, and ending December 31, 2016, and
4 five hundred dollars thereafter.

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

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

9 *e.* ~~Ten~~ Thirty-five dollars for a single-trip permit issued
10 pursuant to section 321E.9 for the period beginning January 1,
11 2016, and ending December 31, 2016, and seventy-five dollars
12 thereafter.

13 *f.* Twenty-five dollars for an annual permit for special
14 mobile equipment, as defined in section 321.1, subsection
15 74, issued pursuant to section 321E.7, subsection 3, with a
16 combined gross weight of not more than eighty thousand pounds.

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

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

21 *i.* One hundred ~~twenty~~ sixty dollars for an annual
22 all-systems permit issued pursuant to section 321E.8, ~~which for~~
23 the period beginning January 1, 2016, and ending December 31,
24 2016, and two hundred dollars thereafter. Fees collected for
25 an all-systems permit shall be deposited in the road use tax
26 fund.

27 Sec. 4. NEW SECTION. 331.443A **Restrictions on certain**
28 **projects.**

29 The term of any indebtedness issued or incurred by a county
30 that will be paid in whole or in part with moneys from the
31 secondary road fund of the counties, the farm-to-market road
32 fund, the county bridge construction fund, or the revitalize
33 Iowa's sound economy fund, or any other moneys that may be
34 allocated from the road use tax fund for use by counties, shall
35 be subject to the provisions of sections 312.2A and 315.4A.

1 Sec. 5. Section 452A.3, subsection 1, unnumbered paragraph
2 1, Code 2015, is amended to read as follows:

3 Except as otherwise provided in this section and in this
4 division, until June 30, ~~2015~~ 2025, this subsection shall apply
5 to the excise tax imposed on each gallon of motor fuel used for
6 any purpose for the privilege of operating motor vehicles in
7 this state.

8 Sec. 6. Section 452A.3, subsection 1, paragraph b, Code
9 2015, is amended to read as follows:

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

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

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

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

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

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

35 (6) If the distribution percentage is greater than seventy

1 percent but not greater than seventy-five percent, the rate
2 shall be ~~nineteen~~ twenty-nine cents for ethanol blended
3 gasoline and ~~twenty-one~~ thirty-one cents for motor fuel other
4 than ethanol blended gasoline.

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

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

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

20 (10) If the distribution percentage is greater than ninety
21 percent but not greater than ninety-five percent, the rate
22 shall be ~~nineteen~~ twenty-nine and nine-tenths cents for ethanol
23 blended gasoline and ~~twenty~~ thirty and one-tenth cents for
24 motor fuel other than ethanol blended gasoline.

25 (11) If the distribution percentage is greater than
26 ninety-five percent, the rate shall be ~~twenty~~ thirty cents for
27 ethanol blended gasoline and ~~twenty~~ thirty cents for motor fuel
28 other than ethanol blended gasoline.

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

31 NEW PARAGRAPH. c. The provisions of paragraph "b" and
32 subsection 6, paragraph "a", subparagraph (2), shall be
33 subject to legislative review at least every six years. The
34 review shall be based upon a fuel distribution percentage
35 formula status report containing the recommendations of a

1 legislative interim committee appointed to conduct a review
2 of the fuel distribution percentage formulas, to be prepared
3 with the assistance of the department of revenue in association
4 with the department of transportation. The report shall
5 include recommendations for changes or revisions to the
6 fuel distribution percentage formulas based upon advances
7 in technology, fuel use trends, and fuel price fluctuations
8 observed during the preceding six-year interval; an analysis
9 of the operation of the fuel distribution percentage formulas
10 during the preceding six-year interval; and a summary of issues
11 that have arisen since the previous review and potential
12 approaches for resolution of those issues. The first such
13 report shall be submitted to the general assembly no later
14 than January 1, 2020, with subsequent reports developed and
15 submitted by January 1 at least every sixth year thereafter.

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

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

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

28 (1) Except as otherwise provided in this section and in
29 this division, after June 30, 2025, the tax rate on special
30 fuel for diesel engines of motor vehicles used for any purpose
31 for the privilege of operating motor vehicles in this state is
32 thirty-two and five-tenths cents per gallon.

33 (2) Except as provided in this section and in this
34 division, until June 30, 2025, this subparagraph shall apply
35 to the excise tax imposed on each gallon of special fuel for

1 diesel engines of motor vehicles used for any purpose for the
2 privilege of operating motor vehicles in this state. The rate
3 of the excise tax shall be based on the number of gallons of
4 biodiesel blended fuel classified as B-11 or higher that is
5 distributed in this state as expressed as a percentage of the
6 number of gallons of special fuel for diesel engines of motor
7 vehicles distributed in this state, which is referred to as
8 the distribution percentage. The department shall determine
9 the percentage basis for each determination period beginning
10 January 1 and ending December 31. The rate for the excise tax
11 shall apply for the period beginning July 1 and ending June 30
12 following the end of the determination period. The rate for
13 the excise tax shall be as follows:

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

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

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

33 (d) If the distribution percentage is greater than sixty
34 percent but not greater than sixty-five percent, the rate shall
35 be thirty and four-tenths cents for biodiesel blended fuel

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

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

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

17 (g) If the distribution percentage is greater than
18 seventy-five percent but not greater than eighty percent, the
19 rate shall be thirty-one and three-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 (h) If the distribution percentage is greater than eighty
25 percent but not greater than eighty-five percent, the rate
26 shall be thirty-one and six-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 (i) If the distribution percentage is greater than
32 eighty-five percent but not greater than ninety percent, the
33 rate shall be thirty-one and nine-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 (j) If the distribution percentage is greater than ninety
4 percent but not greater than ninety-five percent, the rate
5 shall be thirty-two and two-tenths cents for biodiesel
6 blended fuel classified as B-11 or higher and thirty-two and
7 five-tenths cents for special fuel for diesel engines of motor
8 vehicles other than biodiesel blended fuel classified as B-11
9 or higher.

10 (k) If the distribution percentage is greater than
11 ninety-five percent, the rate shall be thirty-two and
12 five-tenths cents for biodiesel blended fuel classified as B-11
13 or higher and thirty-two and five-tenths cents for special
14 fuel for diesel engines of motor vehicles other than biodiesel
15 blended fuel classified as B-11 or higher.

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

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

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

26 Sec. 9. 2005 Iowa Acts, chapter 178, section 41, subsection
27 3, is amended to read as follows:

28 3. REPEAL. This section is repealed effective July 1, ~~2015~~
29 2025.

30 Sec. 10. LEGISLATIVE INTENT.

31 1. It is the intent of the general assembly that one
32 hundred percent of the revenue produced as a result of the
33 increase in the excise taxes on motor fuel and certain special
34 fuel enacted in this Act and credited to the secondary road
35 fund or the farm-to-market road fund from the road use tax

1 fund pursuant to section 312.2, subsection 1, shall be used
2 exclusively for critical road and bridge construction projects
3 that significantly extend the life of such assets.

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

14 Sec. 11. INVENTORY TAX EXEMPTION. Notwithstanding section
15 452A.85, persons who have title to motor fuel, ethanol blended
16 gasoline, or undyed special fuel in storage and held for sale
17 on the effective date of an increase in the rate of excise tax
18 imposed on motor fuel, ethanol blended gasoline, or undyed
19 special fuel pursuant to this Act shall not be subject to an
20 inventory tax on the gallonage in storage as a result of the
21 tax increases provided in this Act.

22 Sec. 12. EFFECTIVE UPON ENACTMENT. The following
23 provisions of this Act, being deemed of immediate importance,
24 take effect upon enactment:

- 25 1. The section of this Act enacting section 312.2A.
- 26 2. The section of this Act enacting section 315.4A.
- 27 3. The section of this Act enacting section 331.443A.
- 28 4. The section of this Act amending 2005 Iowa Acts, chapter
29 178, section 41.

30 Sec. 13. EFFECTIVE DATES.

31 1. Except as otherwise provided in this Act, this Act
32 takes effect the first day of the month following the month of
33 enactment of this Act.

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

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 This bill relates to transportation funding by limiting the
5 term of indebtedness for certain county projects, modifying
6 certain permit fees, modifying the rate of the excise taxes
7 on motor fuel and certain special fuel, establishing a fuel
8 distribution percentage formula for certain special fuel used
9 in motor vehicles, requiring legislative review of the fuel
10 distribution percentage formulas, and extending the repeal date
11 of the access Iowa highway plan.

12 The bill provides for limitations on the use by counties of
13 moneys allocated from the road use tax fund, including moneys
14 from the secondary road fund, the farm-to-market road fund, the
15 county bridge construction fund, and the RISE fund. The bill
16 provides that such moneys shall not be used for debt service
17 or to otherwise pay principal and interest on bonds, loans, or
18 other indebtedness issued or incurred on or after the effective
19 date of this section of the bill, including refunding,
20 reissuance, or other refinancing of such indebtedness, or
21 refunding, reissuance, or other refinancing of indebtedness
22 issued or incurred prior to the effective date of this section
23 of the bill, if the term for repayment of the indebtedness as
24 financed or refinanced would exceed the useful life of the
25 asset being constructed, reconstructed, improved, repaired,
26 equipped, or maintained.

27 Beginning January 1, 2016, the bill provides for increases
28 in fees for single-trip permits, all-systems permits, and
29 certain permits relating to length, height, and gross weight of
30 vehicles of excessive size and weight (Code chapter 321E). The
31 bill also provides for an additional increase in fees for such
32 permits beginning on January 1, 2017.

33 The bill increases by 10 cents the rate of the excise tax
34 on motor fuel and increases by 2 cents the rate of the excise
35 tax on special fuel for aircraft. In addition, the bill

1 establishes a distribution percentage formula for biodiesel
2 blended fuel classified as B-11 or higher and special fuel
3 for diesel engines of motor vehicles other than biodiesel
4 blended fuel classified as B-11 or higher. If the distribution
5 percentage is not greater than 50 percent, the tax rate for
6 biodiesel blended fuel classified as B-11 or higher is 29.5
7 cents, 3 cents less than special fuel for diesel engines of
8 motor vehicles other than biodiesel blended fuel classified as
9 B-11 or higher. As the distribution percentage increases, the
10 difference in the tax rates on the two types of fuel decreases
11 until the distribution percentage is greater than 95 percent,
12 at which point the tax rate for both types of fuel is 32.5
13 cents.

14 The bill provides that both fuel distribution percentage
15 formulas will expire on June 30, 2025. The bill also provides
16 that both distribution percentage formulas shall be subject
17 to legislative review at least every six years. The review
18 shall be based upon a report containing the recommendations of
19 a legislative interim committee appointed to conduct a review
20 of the fuel distribution percentage formulas, to be prepared
21 with the assistance of the department of revenue in association
22 with the department of transportation. The report shall
23 include recommendations for changes or revisions to the fuel
24 distribution percentage formulas. The first such report shall
25 be submitted to the general assembly no later than January 1,
26 2020.

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

33 The bill provides that it is the intent of the general
34 assembly that 100 percent of the revenue produced as a result
35 of the increase in the excise taxes on motor fuel and certain

1 special fuel enacted in the bill and credited to the secondary
2 road fund or the farm-to-market road fund from the road use tax
3 fund shall be used exclusively for critical road and bridge
4 construction projects that significantly extend the life of
5 such assets. In addition, the bill provides that it is also
6 the intent of the general assembly that the state department of
7 transportation and the state transportation commission shall
8 utilize 100 percent of the revenue produced as a result of the
9 increase in the excise taxes on motor fuel and certain special
10 fuel enacted in the bill that is allocated to the department on
11 critical road and bridge construction projects. The department
12 shall identify the critical road and bridge construction
13 projects funded with such revenue in the department's annual
14 five-year transportation improvement program report.

15 Pursuant to current law, when the rate of excise tax on
16 motor fuel, ethanol blended gasoline, undyed special fuel,
17 compressed natural gas, or liquefied petroleum gas is increased
18 by more than one-half cent per gallon, a person who has title
19 to such fuel held in storage for eventual sale is subject to an
20 inventory tax based on the gallonage in storage at the close of
21 the business day preceding the effective date of the increase.
22 The bill provides that the inventory tax shall not be imposed
23 as a result of the tax increases provided in the bill.

24 The bill takes effect the first day of the month following
25 the month of enactment, except that the section of the bill
26 modifying certain permit fees takes effect January 1, 2016, and
27 the sections of the bill limiting the term of indebtedness for
28 certain county projects and the section of the bill relating
29 to extending the access Iowa highway plan take effect upon
30 enactment.