

House File 725 - Introduced

HOUSE FILE 725

BY COMMITTEE ON TRANSPORTATION

(SUCCESSOR TO HSB 197)

A BILL FOR

1 An Act relating to motor vehicle taxes and fees, including
2 registration fees for certain electric vehicles, an excise
3 tax on hydrogen used as special fuel, and an excise tax on
4 electricity used as electric fuel, providing penalties,
5 making penalties applicable, and including effective date
6 provisions.

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

DIVISION I

REGISTRATION FEES FOR ELECTRIC VEHICLES

Section 1. NEW SECTION. 321.116 **Battery electric and plug-in hybrid electric motor vehicle fees.**

1. For each battery electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph "a", and operated on the public highways of this state, the owner shall pay an annual battery electric motor vehicle registration fee, which shall be in addition to the annual registration fee imposed for the vehicle under section 321.109, subsection 1, paragraph "a". For purposes of this subsection, "*battery electric motor vehicle*" means a motor vehicle equipped with electrical drivetrain components and not equipped with an internal combustion engine, that is propelled exclusively by one or more electrical motors using electrical energy stored in a battery or other energy storage device that can be recharged by plugging into an electrical outlet or electric vehicle charging station. The amount of the fee shall be as follows:

a. For the period beginning January 1, 2020, and ending December 31, 2020, sixty-five dollars.

b. For the period beginning January 1, 2021, and ending December 31, 2021, ninety-seven dollars and fifty cents.

c. On or after January 1, 2022, one hundred thirty dollars.

2. For each plug-in hybrid electric motor vehicle subject to an annual registration fee under section 321.109, subsection 1, paragraph "a", and operated on the public highways of this state, the owner shall pay an annual plug-in hybrid electric motor vehicle registration fee, which shall be in addition to the annual registration fee imposed for the vehicle under section 321.109, subsection 1, paragraph "a". For purposes of this subsection, "*plug-in hybrid electric motor vehicle*" means a motor vehicle equipped with electrical drivetrain components, an internal combustion engine, and a battery or other energy storage device that can be recharged by plugging into an

1 electrical outlet or electric vehicle charging station. The
2 amount of the fee shall be as follows:

3 *a.* For the period beginning January 1, 2020, and ending
4 December 31, 2020, thirty-two dollars and fifty cents.

5 *b.* For the period beginning January 1, 2021, and ending
6 December 31, 2021, forty-eight dollars and seventy-five cents.

7 *c.* On or after January 1, 2022, sixty-five dollars.

8 Sec. 2. Section 321.117, Code 2019, is amended to read as
9 follows:

10 **321.117 Motorcycle, autocycle, ambulance, and hearse fees.**

11 1. For all motorcycles and autocycles the annual
12 registration fee shall be twenty dollars. For all motorized
13 bicycles the annual registration fee shall be seven dollars.
14 When the motorcycle or autocycle is more than five model
15 years old, the annual registration fee shall be ten dollars.
16 The annual registration fee for ambulances and hearses shall
17 be fifty dollars. Passenger car plates shall be issued for
18 ambulances and hearses.

19 2. In addition to the fee required for a motorcycle under
20 subsection 1, the owner of a motorcycle that is a battery
21 electric motor vehicle or plug-in hybrid electric motor
22 vehicle, as those terms are defined in section 321.116, shall
23 pay an annual electric motorcycle registration fee. The amount
24 of the fee shall be as follows:

25 *a.* For the period beginning January 1, 2020, and ending
26 December 31, 2020, four dollars and fifty cents.

27 *b.* For the period beginning January 1, 2021, and ending
28 December 31, 2021, six dollars and seventy-five cents.

29 *c.* On or after January 1, 2022, nine dollars.

30 Sec. 3. EFFECTIVE DATE. This division of this Act takes
31 effect January 1, 2020.

32 DIVISION II

33 HYDROGEN FUEL EXCISE TAX

34 Sec. 4. Section 452A.2, Code 2019, is amended by adding the
35 following new subsection:

1 NEW SUBSECTION. 20A. *"Fuel supply tank"*, with respect to
2 motor vehicles that use hydrogen as a special fuel, means a
3 motor vehicle's hydrogen fuel cells.

4 Sec. 5. Section 452A.2, subsection 21, Code 2019, is amended
5 by adding the following new paragraph:

6 NEW PARAGRAPH. c. *"Gallon"*, with respect to hydrogen, means
7 a diesel gallon equivalent. A diesel gallon equivalent of
8 hydrogen is two and forty-nine hundredths pounds.

9 Sec. 6. Section 452A.2, subsections 25, 26, 39, and 45, Code
10 2019, are amended to read as follows:

11 25. *"Licensed compressed natural gas, liquefied natural gas,*
12 *and liquefied petroleum gas, and hydrogen dealer"* means a person
13 in the business of handling untaxed compressed natural gas,
14 liquefied natural gas, ~~or~~ liquefied petroleum gas, or hydrogen
15 who delivers any part of the fuel into a fuel supply tank of any
16 motor vehicle.

17 26. *"Licensed compressed natural gas, liquefied natural*
18 *gas, and liquefied petroleum gas, and hydrogen user"* means a
19 person licensed by the department who dispenses compressed
20 natural gas, liquefied natural gas, ~~or~~ liquefied petroleum
21 gas, or hydrogen, upon which the special fuel tax has not been
22 previously paid, for highway use from fuel sources owned and
23 controlled by the person into the fuel supply tank of a motor
24 vehicle, or commercial vehicle owned or controlled by the
25 person.

26 39. *"Special fuel"* means fuel oils and all combustible gases
27 and liquids suitable for the generation of power for propulsion
28 of motor vehicles or turbine-powered aircraft, and includes
29 any substance used for that purpose, except that it does not
30 include motor fuel. Kerosene shall not be considered to be a
31 special fuel, unless blended with other special fuels for use
32 in a motor vehicle with a diesel engine. Methanol shall not
33 be considered to be a special fuel unless blended with other
34 special fuels for use in a motor vehicle with a diesel engine.
35 Hydrogen shall be considered to be a special fuel when used

1 or intended for use in combination with oxygen to generate
2 electricity for propulsion of a motor vehicle.

3 45. "Use", with respect to liquefied petroleum gas, means
4 the receipt, delivery, or placing of liquefied petroleum gas by
5 a licensed liquefied petroleum gas user into a fuel supply tank
6 of a motor vehicle while the vehicle is in the state, ~~except~~
7 ~~that with.~~ With respect to natural gas used as a special fuel,
8 "use" means the receipt, delivery, or placing of the natural gas
9 into equipment for compressing the gas for subsequent delivery
10 into the fuel supply tank of a motor vehicle while the vehicle
11 is in the state. With respect to hydrogen used as a special
12 fuel, "use" means the receipt, delivery, or placing of hydrogen
13 by a licensed hydrogen user into a fuel supply tank of a motor
14 vehicle while the vehicle is in the state.

15 Sec. 7. Section 452A.3, Code 2019, is amended by adding the
16 following new subsection:

17 NEW SUBSECTION. 9A. For hydrogen used as a special fuel,
18 the rate of tax is sixty-five cents per gallon.

19 Sec. 8. Section 452A.4, subsection 1, paragraph d, Code
20 2019, is amended to read as follows:

21 d. A dealer's or user's license shall be required for each
22 separate place of business or location where compressed natural
23 gas, liquefied natural gas, ~~or~~ liquefied petroleum gas, or
24 hydrogen is delivered or placed into the fuel supply tank of a
25 motor vehicle.

26 Sec. 9. Section 452A.8, subsection 2, paragraph e,
27 subparagraphs (1), (2), and (3), Code 2019, are amended to read
28 as follows:

29 (1) For purposes of this paragraph "e", "dealer" or "user"
30 means a licensed compressed natural gas, liquefied natural gas,
31 and liquefied petroleum gas, and hydrogen dealer or user and
32 "fuel" means compressed natural gas, liquefied natural gas, ~~or~~
33 liquefied petroleum gas, or hydrogen.

34 (2) The tax for compressed natural gas, liquefied natural
35 gas, and liquefied petroleum gas, and hydrogen delivered by

1 a licensed dealer for use in this state shall attach at the
 2 time of the delivery and shall be collected by the dealer
 3 from the purchaser and paid to the department as provided in
 4 this chapter. The tax, with respect to compressed natural
 5 gas, liquefied natural gas, and liquefied petroleum gas, and
 6 hydrogen acquired by a purchaser in any manner other than by
 7 delivery by a licensed dealer into a fuel supply tank of a
 8 motor vehicle, attaches at the time of the use of the fuel
 9 and shall be paid over to the department by the purchaser as
 10 provided in this chapter.

11 (3) The department shall adopt rules governing the
 12 dispensing of compressed natural gas, liquefied natural gas,
 13 and liquefied petroleum gas, and hydrogen by licensed dealers
 14 and licensed users. The director may require by rule that
 15 reports and returns be filed by electronic transmission. The
 16 department shall require that all pumps located at dealer
 17 locations and user locations through which liquefied petroleum
 18 gas can be dispensed shall be metered, inspected, tested
 19 for accuracy, and sealed and licensed by the department of
 20 agriculture and land stewardship, and that fuel delivered
 21 into the fuel supply tank of any motor vehicle shall be
 22 dispensed only through tested metered pumps and may be sold
 23 without temperature correction or corrected to a temperature
 24 of 60 degrees Fahrenheit. If the metered gallonage is to be
 25 temperature-corrected, only a temperature-compensated meter
 26 shall be used. Natural gas used as fuel shall be delivered
 27 into compressing equipment through sealed meters certified for
 28 accuracy by the department of agriculture and land stewardship.
 29 Hydrogen used as fuel shall be delivered into the fuel supply
 30 tank of any motor vehicle through sealed meters certified for
 31 accuracy by the department of agriculture and land stewardship.
 32 The department of agriculture and land stewardship may adopt
 33 rules pursuant to chapter 17A relating to the certification and
 34 accuracy of meters used to deliver hydrogen.

35 Sec. 10. Section 452A.60, subsection 1, Code 2019, is

1 amended to read as follows:

2 1. The department of revenue or the state department of
3 transportation shall prescribe and furnish all forms, as
4 applicable, upon which reports, returns, and applications shall
5 be made and claims for refund presented under this chapter
6 and may prescribe forms of record to be kept by suppliers,
7 restrictive suppliers, importers, exporters, blenders, common
8 carriers, contract carriers, licensed compressed natural
9 gas, liquefied natural gas, ~~and liquefied petroleum gas,~~ and
10 hydrogen dealers and users, terminal operators, nonterminal
11 storage facility operations, and interstate commercial motor
12 vehicle operators.

13 Sec. 11. Section 452A.62, subsection 1, paragraph a,
14 subparagraph (2), Code 2019, is amended to read as follows:

15 (2) A licensed compressed natural gas, liquefied natural
16 gas, ~~or liquefied petroleum gas,~~ or hydrogen dealer, user, or
17 person supplying compressed natural gas, liquefied natural
18 gas, ~~or liquefied petroleum gas,~~ or hydrogen to a licensed
19 compressed natural gas, liquefied natural gas, ~~or liquefied~~
20 petroleum gas, or hydrogen dealer or user.

21 Sec. 12. Section 452A.62, subsection 1, paragraph b, Code
22 2019, is amended to read as follows:

23 *b.* To examine the records, books, papers, receipts, and
24 invoices of any distributor, supplier, restrictive supplier,
25 importer, blender, exporter, terminal operator, nonterminal
26 storage facility, licensed compressed natural gas, liquefied
27 natural gas, ~~or liquefied petroleum gas,~~ or hydrogen dealer or
28 user, or any other person who possesses fuel upon which the tax
29 has not been paid to determine financial responsibility for the
30 payment of the taxes imposed by this chapter.

31 Sec. 13. Section 452A.74, subsection 1, paragraphs e and g,
32 Code 2019, are amended to read as follows:

33 *e.* For any person to act as a supplier, restrictive
34 supplier, importer, exporter, blender, or compressed natural
35 gas, liquefied natural gas, ~~or liquefied petroleum gas,~~ or

1 hydrogen dealer or user without the required license.

2 *g.* For any licensed compressed natural gas, liquefied
3 natural gas, ~~or liquefied petroleum gas,~~ or hydrogen dealer or
4 user to dispense compressed natural gas, liquefied natural gas,
5 ~~or liquefied petroleum gas,~~ or hydrogen into the fuel supply
6 tank of any motor vehicle without collecting the fuel tax.

7 Sec. 14. Section 452A.74, subsection 2, Code 2019, is
8 amended to read as follows:

9 2. Any delivery of compressed natural gas, liquefied
10 natural gas, ~~or liquefied petroleum gas,~~ or hydrogen to a
11 compressed natural gas, liquefied natural gas, ~~or liquefied~~
12 petroleum gas, or hydrogen dealer or user for the purpose of
13 evading the state tax on compressed natural gas, liquefied
14 natural gas, ~~or liquefied petroleum gas,~~ or hydrogen, into
15 facilities other than those licensed under this chapter knowing
16 that the fuel will be used for highway use shall constitute
17 a violation of this section. Any compressed natural gas,
18 liquefied natural gas, ~~or liquefied petroleum gas,~~ or hydrogen
19 dealer or user for purposes of evading the state tax on
20 compressed natural gas, liquefied natural gas, ~~or liquefied~~
21 petroleum gas, or hydrogen, who allows a distributor to place
22 compressed natural gas, liquefied natural gas, ~~or liquefied~~
23 petroleum gas, or hydrogen for highway use in facilities other
24 than those licensed under this chapter, shall also be deemed
25 in violation of this section.

26 Sec. 15. Section 452A.85, subsection 1, Code 2019, is
27 amended to read as follows:

28 1. Persons having title to motor fuel, ethanol blended
29 gasoline, undyed special fuel, compressed natural gas,
30 liquefied natural gas, ~~or liquefied petroleum gas,~~ or hydrogen
31 in storage and held for sale on the effective date of an
32 increase in the excise tax rate imposed on motor fuel, ethanol
33 blended gasoline, undyed special fuel, compressed natural
34 gas, liquefied natural gas, ~~or liquefied petroleum gas,~~ or
35 hydrogen under this chapter shall be subject to an inventory

1 tax based upon the gallonage in storage as of the close of the
 2 business day preceding the effective date of the increased
 3 excise tax rate of motor fuel, ethanol blended gasoline, undyed
 4 special fuel, compressed natural gas, liquefied natural gas, ~~or~~
 5 liquefied petroleum gas, or hydrogen which will be subject to
 6 the increased excise tax rate.

7 Sec. 16. Section 452A.86, Code 2019, is amended to read as
 8 follows:

9 **452A.86 Method of determining gallonage.**

10 The exclusive method of determining gallonage of any
 11 purchases or sales of motor fuel, undyed special fuel,
 12 or liquefied petroleum gas as defined in [this chapter](#) and
 13 distillate fuels shall be on a gross volume basis, except
 14 for compressed natural gas, ~~and~~ liquefied natural gas, and
 15 hydrogen. The exclusive method of determining gallonage of any
 16 purchases or sales of compressed natural gas is the gasoline
 17 gallon equivalent, as defined in section 452A.2, subsection
 18 21. The exclusive method of determining gallonage of any
 19 purchase or sale of liquefied natural gas is the diesel gallon
 20 equivalent, as defined in [section 452A.2, subsection 21](#). The
 21 exclusive method of determining gallonage of any purchases or
 22 sales of hydrogen is the diesel gallon equivalent, as defined
 23 in section 452A.2, subsection 21. A temperature-adjusted
 24 or other method shall not be used, except as it applies to
 25 liquefied petroleum gas and the sale or exchange of petroleum
 26 products between petroleum refiners. All invoices, bills of
 27 lading, or other records of sale or purchase and all returns
 28 or records required to be made, kept, and maintained by a
 29 supplier, restrictive supplier, importer, exporter, blender,
 30 or compressed natural gas, liquefied natural gas, ~~or~~ liquefied
 31 petroleum gas, or hydrogen dealer or user shall be made, kept,
 32 and maintained on the gross volume basis. For purposes of
 33 this section, "*distillate fuels*" means any fuel oil, gas oil,
 34 topped crude oil, or other petroleum oils derived by refining
 35 or processing crude oil or unfinished oils which have a boiling

1 range at atmospheric pressure which falls completely or in part
2 between 550 and 1,200 degrees Fahrenheit.

3 Sec. 17. EFFECTIVE DATE. This division of this Act takes
4 effect January 1, 2020.

5 DIVISION III

6 ELECTRIC FUEL EXCISE TAX

7 Sec. 18. Section 312.2, subsection 9, Code 2019, is amended
8 by adding the following new paragraph:

9 NEW PARAGRAPH. c. From the excise tax on electric fuel
10 imposed under the tax rate of section 452A.41, the amount of
11 excise tax collected from fifteen hundredths of one cent per
12 kilowatt hour.

13 Sec. 19. Section 312.2, subsection 10, Code 2019, is amended
14 by adding the following new paragraph:

15 NEW PARAGRAPH. c. From the excise tax on electric fuel
16 imposed under the tax rate of section 452A.41, the amount
17 of excise tax collected from two hundredths of one cent per
18 kilowatt hour.

19 Sec. 20. Section 423.3, subsection 56, Code 2019, is amended
20 to read as follows:

21 56. The sales price from the sale of motor fuel, and
22 special fuel, and electric fuel consumed for highway use or in
23 watercraft or aircraft where the fuel tax has been imposed and
24 paid and no refund has been or will be allowed and the sales
25 price from the sales of ethanol blended gasoline, as defined
26 in [section 214A.1](#).

27 Sec. 21. Section 423B.5, subsection 1, Code 2019, is amended
28 to read as follows:

29 1. A local sales and services tax may be imposed by a
30 county on the sales price taxed by the state under chapter
31 423, subchapter II. A local sales and services tax shall be
32 imposed on the same basis as the state sales and services tax
33 or in the case of the use of natural gas, natural gas service,
34 electricity, or electric service on the same basis as the
35 state use tax and shall not be imposed on the sale of any

1 property or on any service not taxed by the state, except the
 2 tax shall not be imposed on the sales price from the sale of
 3 motor fuel, ~~or~~ special fuel, or electric fuel, as those terms
 4 are defined in chapter 452A, which is consumed for highway use
 5 or in watercraft or aircraft if the fuel tax is paid on the
 6 transaction and a refund has not or will not be allowed, on the
 7 sales price from the sale of equipment by the state department
 8 of transportation, or on the sales price from the sale or use
 9 of natural gas, natural gas service, electricity, or electric
 10 service in a city or county where the sales price from the sale
 11 of natural gas or electric energy is subject to a franchise
 12 fee or user fee during the period the franchise or user fee
 13 is imposed. A local sales and services tax is applicable to
 14 transactions within those cities and unincorporated areas of
 15 the county where it is imposed, which transactions include
 16 but are not limited to sales sourced pursuant to section
 17 423.15, 423.17, 423.19, or 423.20, to a location within that
 18 city or unincorporated area of the county. The tax shall be
 19 collected by all persons required to collect state sales taxes.
 20 However, a local sales and services tax is not applicable to
 21 transactions sourced under chapter 423 to a place of business,
 22 as defined in section 423.1, of a retailer if such place of
 23 business is located in part within a city or unincorporated
 24 area of the county where the tax is not imposed.

25 Sec. 22. Section 423E.3, subsection 1, Code 2019, is amended
 26 to read as follows:

27 1. The tax shall be imposed on the same basis as the state
 28 sales and services tax or in the case of the use of natural
 29 gas, natural gas service, electricity, or electric service on
 30 the same basis as the state use tax and shall not be imposed
 31 on the sale of any property or on any service not taxed by the
 32 state, except the tax shall not be imposed on the sales price
 33 from the sale of motor fuel, ~~or~~ special fuel, or electric fuel,
 34 as those terms are defined in chapter 452A, which is consumed
 35 for highway use or in watercraft or aircraft if the fuel tax

1 is paid on the transaction and a refund has not or will not
2 be allowed, on the sales price from the sale of equipment by
3 the state department of transportation, or on the sales price
4 from the sale or use of natural gas, natural gas service,
5 electricity, or electric service in a city or county where the
6 sales price from the sale of natural gas or electric energy is
7 subject to a franchise fee or user fee during the period the
8 franchise or user fee is imposed.

9 Sec. 23. NEW SECTION. 452A.40 **Definitions.**

10 As used in this subchapter, unless the context otherwise
11 requires:

12 1. "*Department*" means the department of revenue.

13 2. "*Electric fuel*" means electrical energy delivered or
14 placed into the battery or other energy storage device of an
15 electric motor vehicle from a source outside the motor vehicle
16 for purposes of propelling the motor vehicle. "*Electric fuel*"
17 shall be deemed motor vehicle fuel for purposes of Article VII,
18 section 8, of the Constitution of the State of Iowa.

19 3. "*Electric motor vehicle*" means a motor vehicle equipped
20 with electrical drivetrain components that has the ability to
21 be propelled, fully or partially, by one or more electrical
22 motors using electrical energy stored in a battery or other
23 energy storage device that can be recharged by plugging into an
24 electrical outlet or electric vehicle charging station.

25 4. "*Licensed electric fuel dealer*" means a person licensed
26 by the department who dispenses electric fuel, upon which the
27 electric fuel tax has not been previously paid, for highway
28 use into the battery or other energy storage device of an
29 electric motor vehicle in this state at a location other than a
30 residence.

31 5. "*Licensed electric fuel user*" means a person licensed
32 by the department who dispenses electric fuel, upon which the
33 electric fuel tax has not been previously paid, for highway use
34 from a charging station owned and controlled by the person into
35 the battery or other energy storage device of an electric motor

1 vehicle owned or controlled by the person in this state at a
2 location other than a residence.

3 6. "Residence" means the place where a person resides,
4 permanently or temporarily.

5 7. "Use" means the receipt, delivery, or placing of electric
6 fuel by a licensed electric fuel user into the battery or other
7 energy storage device of an electric motor vehicle owned or
8 controlled by the user in this state at a location other than a
9 residence.

10 Sec. 24. NEW SECTION. 452A.41 Levy and collection of excise
11 tax on electric fuel.

12 1. An excise tax of two and six-tenths cents is imposed on
13 each kilowatt hour of electric fuel delivered or placed into
14 the battery or other energy storage device of an electric motor
15 vehicle at a location in this state other than a residence.

16 2. The tax for electric fuel delivered by a licensed
17 electric fuel dealer for use in this state shall attach at the
18 time of the delivery and shall be collected by the dealer from
19 the purchaser and paid to the department in the same manner
20 as the excise taxes on natural gas and liquefied petroleum
21 gas are paid by dealers to the department as provided in this
22 chapter. The tax for electric fuel used by a licensed electric
23 fuel user shall attach at the time of the use of the fuel and
24 shall be paid to the department by the licensed electric fuel
25 user in the same manner as the excise taxes on natural gas and
26 liquefied petroleum gas are paid by users to the department as
27 provided in this chapter.

28 3. The department shall adopt rules governing the
29 dispensing of electric fuel by licensed dealers and users. The
30 director may require by rule that reports and returns be filed
31 by electronic transmission. The department shall require that
32 all charging stations located at dealer and user locations
33 through which electric fuel can be dispensed shall be metered,
34 inspected, tested for accuracy, and sealed and licensed by
35 the department of agriculture and land stewardship, and that

1 electric fuel delivered into the battery or other energy
2 storage device of any electric motor vehicle shall be dispensed
3 only through tested, metered charging stations. The department
4 of agriculture and land stewardship may adopt rules pursuant
5 to chapter 17A to administer the department of agriculture and
6 land stewardship's duties under this subsection.

7 4. a. For the purpose of determining the amount of
8 liability for the electric fuel tax, each dealer and user
9 shall file with the department not later than the last day
10 of each calendar month a monthly tax return certified under
11 penalties for false certification. The return shall show, with
12 reference to each location at which fuel is delivered or placed
13 by the dealer or user into the battery or other energy storage
14 device of any electric motor vehicle during the next preceding
15 calendar month, information as required by the department.

16 b. The amount of tax due shall be computed by multiplying
17 the appropriate tax rate per kilowatt hour by the number of
18 kilowatt hours of electric fuel delivered or placed by the
19 dealer or user into the batteries or other energy storage
20 devices of electric motor vehicles.

21 c. The return shall be accompanied by remittance in the
22 amount of the tax due for the month in which the fuel was placed
23 into the batteries or other energy storage devices of electric
24 motor vehicles.

25 5. Moneys collected under this subchapter by a licensed
26 electric fuel dealer or user are deemed to be held in trust for
27 the state of Iowa.

28 **Sec. 25. NEW SECTION. 452A.42 Electric fuel dealer's and**
29 **user's license.**

30 1. A person shall not sell or dispense electric fuel within
31 this state at a location other than a residence or otherwise
32 act as a licensed electric fuel dealer or user unless the
33 person holds an uncanceled license issued by the department.

34 2. To procure a license, a person shall file with the
35 department an application signed under penalty for false

1 certificate setting forth all of the following:

2 *a.* The name under which the licensee will transact business
3 in this state.

4 *b.* The location, with street number address, of the
5 principal office or place of business of the licensee within
6 this state.

7 *c.* The name and complete residence address of the owner
8 or the names and addresses of the partners, if the licensee
9 is a partnership, or the names and addresses of the principal
10 officers, if the licensee is a corporation or association.

11 3. A dealer's or user's license shall be required for each
12 separate place of business or location, other than a residence,
13 where electric fuel is delivered or placed into the battery or
14 other energy storage device of an electric motor vehicle.

15 4. *a.* The department may deny the issuance of a license to
16 an applicant who is substantially delinquent in the payment of
17 a tax due, or the interest or penalty on the tax, administered
18 by the department. If the applicant is a partnership, a
19 license may be denied if a partner owes any delinquent tax,
20 interest, or penalty. If the applicant is a corporation, a
21 license may be denied if any officer having a substantial legal
22 or equitable interest in the ownership of the corporation owes
23 any delinquent tax, interest, or penalty of the applicant
24 corporation.

25 *b.* The department may deny the issuance of a license if
26 an application for a license to transact business as a dealer
27 or user in this state is filed by a person whose license or
28 registration has been canceled for cause at any time under the
29 provisions of this chapter or any prior motor fuel tax law, if
30 the department has reason to believe that the application is
31 not filed in good faith, or if the application is filed by some
32 person as a subterfuge for the real person in interest whose
33 license or registration has been canceled for cause under the
34 provisions of this chapter or any prior motor fuel tax law.
35 The applicant shall be given fifteen days' notice in writing of

1 the date of the hearing and shall have the right to appear in
2 person or by counsel and present testimony.

3 5. *a.* The application in proper form having been accepted
4 for filing, and the other conditions and requirements of this
5 section and subchapter IV having been complied with, the
6 department shall issue to the applicant a license to transact
7 business as an electric fuel dealer or user in this state. The
8 license shall remain in full force and effect until canceled as
9 provided in this chapter.

10 *b.* The license shall not be assignable and shall be valid
11 only for the licensee in whose name it is issued.

12 *c.* The department shall keep and file all applications and
13 bonds and a record of all licensees.

14 Sec. 26. NEW SECTION. **452A.43 Records.**

15 1. A licensed electric fuel dealer or user shall maintain,
16 for a period of three years, records of all transactions by
17 which the dealer or user dispenses electric fuel into the
18 batteries or other energy storage devices of electric motor
19 vehicles, including pertinent records and papers as required
20 by the department.

21 2. If in the normal conduct of a dealer's or user's business
22 the records are maintained and kept at an office outside this
23 state, the records shall be made available for audit and
24 examination by the department at the office outside this state,
25 but the audit and examination shall be without expense to this
26 state.

27 3. The department, after an audit and examination of records
28 required to be maintained under this section, may authorize
29 their disposal upon the written request of the dealer or user.

30 Sec. 27. NEW SECTION. **452A.44 Refunds.**

31 1. A person who uses electric fuel for any of the nontaxable
32 purposes set forth in section 452A.17, subsection 1, paragraph
33 "a", for motor fuel and undyed special fuel, and who has paid
34 the electric fuel tax either directly to the department or by
35 having the tax added to the price of the fuel, and who has

1 a refund permit, upon presentation to and approval by the
2 department of a claim for refund, subject to the conditions set
3 forth in section 452A.17, subsection 1, paragraph "b", shall be
4 reimbursed and repaid the amount of the tax which the claimant
5 has paid on the kilowatt hours so used, except that the amount
6 of a refund payable may be applied by the department against
7 any tax liability outstanding on the books of the department
8 against the claimant. Refunds under this section are subject
9 to the limitations and requirements set forth in section
10 452A.17, subsection 3, for motor fuel and undyed special fuel
11 refunds.

12 2. A person shall not claim a refund under this section
13 until the person has obtained a refund permit meeting the
14 requirements of section 452A.18 from the department. The
15 department may revoke a refund permit pursuant to section
16 452A.19.

17 3. Tax collected on electric fuel that is not taxable, or
18 tax collected in excess of the actual amount of tax due, is
19 subject to section 452A.22.

20 Sec. 28. Section 452A.52, Code 2019, is amended to read as
21 follows:

22 **452A.52 Fuels imported in ~~supply tanks of motor vehicles~~ —**
23 **applicability.**

24 1. a. ~~No~~ A person shall not bring into this state in
25 the fuel supply tanks of a commercial motor vehicle, or any
26 other container, regardless of whether ~~or not~~ the supply tanks
27 are connected to the motor of the vehicle, any motor fuel or
28 special fuel to be used in the operation of the vehicle in
29 this state unless that person has paid or made arrangements in
30 advance with the state department of transportation for payment
31 of Iowa fuel taxes on the gallonage consumed in operating the
32 vehicle in this state; ~~except that this subchapter shall not~~
33 ~~apply to a private passenger automobile.~~

34 b. A person shall not bring into this state in the batteries
35 or other energy storage devices of a commercial motor vehicle,

1 or any other energy storage device, regardless of whether the
2 batteries or storage devices are connected to the motor of
3 the vehicle, any electric fuel to be used in the operation
4 of the vehicle in this state unless that person has paid or
5 made arrangements in advance with the state department of
6 transportation for payment of Iowa fuel taxes on the kilowatt
7 hours consumed in operating the vehicle in this state.

8 2. Any person who is unable to display either of the
9 permits or the license provided in [section 452A.53](#) and brings
10 into the state in the fuel supply tanks of a commercial motor
11 vehicle more than thirty gallons of motor fuel or special fuel,
12 or brings into the state in the batteries or other energy
13 storage devices of a commercial motor vehicle more than three
14 hundred fifty kilowatt hours of electric fuel, in violation
15 of [subsection 1](#) commits a simple misdemeanor punishable as
16 a scheduled violation under [section 805.8A, subsection 13,](#)
17 paragraph "c".

18 3. This subchapter shall not apply to a private passenger
19 automobile.

20 Sec. 29. Section 452A.53, subsections 2, 3, and 5, Code
21 2019, are amended to read as follows:

22 2. Persons choosing not to make advance arrangements with
23 the state department of transportation by procuring a permit or
24 license are not relieved of their responsibility to purchase
25 motor fuel, and special fuel, and electric fuel commensurate
26 with their use of the state's highway system. When there
27 is reasonable cause to believe that there is evasion of the
28 fuel tax on commercial motor vehicles, the state department
29 of transportation may audit persons not holding a permit
30 or license. Audits shall be conducted pursuant to section
31 452A.55 and in accordance with international fuel tax agreement
32 guidelines. The state department of transportation shall
33 collect all taxes due and refund any overpayment.

34 3. A permanent international fuel tax agreement permit
35 or license may be obtained upon application to the state

1 department of transportation. A fee of ten dollars shall be
 2 charged for each permit or license issued. The holder of
 3 a permanent permit or license shall have the privilege of
 4 bringing into this state in the fuel supply tanks of commercial
 5 motor vehicles any amount of motor fuel or special fuel, or in
 6 the batteries or other energy storage devices of commercial
 7 motor vehicles any amount of electric fuel, to be used in the
 8 operation of the vehicles and for that privilege shall pay
 9 Iowa ~~motor fuel or special fuel~~ taxes as provided in section
 10 452A.54.

11 5. Each vehicle operated into or through Iowa in interstate
 12 operations using motor fuel, ~~or special fuel~~, or electric fuel
 13 acquired in any other state shall carry in or on the vehicle a
 14 duplicate or evidence of the permit or license required in this
 15 section. A fee not to exceed fifty cents shall be charged for
 16 each duplicate or other evidence of a permit or license issued.

17 Sec. 30. Section 452A.54, subsections 1, 2, and 4, Code
 18 2019, are amended to read as follows:

19 1. Fuel tax liability under this subchapter shall be
 20 computed on the total number of gallons of each kind of
 21 motor fuel and special fuel, and the total number of kilowatt
 22 hours of electric fuel, consumed in the operation in Iowa by
 23 commercial motor vehicles subject to this subchapter at the
 24 same rate for each kind of fuel as would be applicable if taxed
 25 under subchapter I of this chapter and section 452A.41. A
 26 refund against the fuel tax liability so computed shall be
 27 allowed, on excess Iowa ~~motor fuel~~ purchased, in the amount
 28 of fuel tax paid at the prevailing rate per gallon set out
 29 under subchapter I of this chapter on motor fuel and special
 30 fuel, and rate per kilowatt hour set out under section 452A.41
 31 on electric fuel, consumed by commercial motor vehicles, the
 32 operation of which is subject to this subchapter.

33 2. Notwithstanding any provision of this chapter to the
 34 contrary, except as provided in this section, the holder of a
 35 permanent international fuel tax agreement permit or license

1 may make application to the state department of transportation
 2 for a refund, not later than the last day of the third month
 3 following the quarter in which the overpayment of Iowa fuel
 4 tax paid on excess purchases of motor fuel or special fuel
 5 was reported as provided in section 452A.8, or electric
 6 fuel was reported as provided in section 452A.41, and which
 7 application is supported by such proof as the state department
 8 of transportation may require. The state department of
 9 transportation shall refund Iowa fuel tax paid on motor fuel,
 10 ~~or~~ special fuel, or electric fuel purchased in excess of the
 11 amount consumed by such commercial motor vehicles in their
 12 operation on the highways of this state.

13 4. To determine the amount of fuel taxes due under this
 14 subchapter and to prevent the evasion thereof, the state
 15 department of transportation shall require a quarterly report
 16 on forms prescribed by the state department of transportation.
 17 It shall be filed not later than the last day of the month
 18 following the quarter reported, and each quarter thereafter.
 19 These reports shall be required of all persons who have been
 20 issued a permit or license under this subchapter and shall
 21 cover actual operation and fuel consumption in Iowa on the
 22 basis of the permit or license holder's average consumption
 23 of fuel in Iowa, determined by the total miles traveled and
 24 the total fuel purchased and consumed for highway use by the
 25 permittee's or licensee's commercial motor vehicles in the
 26 permittee's or licensee's entire operation in all states to
 27 establish an overall miles per gallon ratio or miles per
 28 kilowatt hour ratio, which ratio shall be used to compute the
 29 gallons or kilowatt hours used for the miles traveled in Iowa.
 30 Failure to receive a quarterly report or fuel credentials by
 31 mail, facsimile transmission, or any other means of delivery
 32 does not relieve a person from the person's fuel tax liability
 33 or from the requirement to display current fuel credentials.

34 Sec. 31. Section 452A.57, subsections 3, 5, and 8, Code
 35 2019, are amended to read as follows:

1 3. "*Commercial motor vehicle*" means a passenger vehicle
2 that has seats for more than nine passengers in addition to
3 the driver, any road tractor, any truck tractor, or any truck
4 having two or more axles which passenger vehicle, road tractor,
5 truck tractor, or truck is propelled on the public highways
6 by ~~either~~ motor fuel, ~~or~~ special fuel, or electric fuel.

7 "*Commercial motor vehicle*" does not include a motor truck with a
8 combined gross weight of less than twenty-six thousand pounds,
9 operated as a part of an identifiable one-way fleet and which
10 is leased for less than thirty days to a lessee for the purpose
11 of moving property which is not owned by the lessor.

12 5. "*Fuel taxes*" means the per gallon and per kilowatt excise
13 taxes imposed under subchapters I and III of this chapter, and
14 section 452A.41, with respect to motor fuel, ~~and~~ undyed special
15 fuel, and electric fuel.

16 8. "*Motor vehicle*" shall mean and include all vehicles,
17 except those operated on rails, which are propelled by internal
18 combustion engines or electric motors and are of such design as
19 to permit their mobile use on public highways for transporting
20 persons or property. A farm tractor while operated on a farm
21 or for the purpose of hauling farm machinery, equipment, or
22 produce shall not be deemed to be a motor vehicle. "*Motor*
23 *vehicle*" shall not include "*mobile machinery and equipment*" as
24 defined in this section.

25 Sec. 32. Section 452A.58, subsection 2, Code 2019, is
26 amended to read as follows:

27 2. A lessor of a commercial motor vehicle shall be deemed
28 a carrier with respect to such vehicles leased to others by
29 the lessor and motor fuel, ~~or~~ special fuel, or electric fuel
30 consumed thereby if the lessor supplies or pays for the motor
31 fuel, ~~or~~ special fuel, or electric fuel consumed by such
32 vehicle or makes rental or other charges calculated to include
33 the cost of such fuel.

34 Sec. 33. Section 452A.59, Code 2019, is amended to read as
35 follows:

1 **452A.59 Administrative rules.**

2 The department of revenue and the state department
3 of transportation are authorized and empowered to adopt
4 rules under [chapter 17A](#), relating to the administration
5 and enforcement of [this chapter](#) as deemed necessary by the
6 departments. However, when in the opinion of the director
7 it is necessary for the efficient administration of this
8 chapter, the director may regard persons in possession of motor
9 fuel, special fuel, biofuel, alcohol, or alcohol derivative
10 substances as blenders, dealers, eligible purchasers,
11 exporters, importers, restrictive suppliers, suppliers,
12 terminal operators, or nonterminal storage facility operators,
13 or persons in possession of electric fuel as electric fuel
14 dealers or users.

15 Sec. 34. Section 452A.60, subsection 1, Code 2019, is
16 amended to read as follows:

17 1. The department of revenue or the state department of
18 transportation shall prescribe and furnish all forms, as
19 applicable, upon which reports, returns, and applications shall
20 be made and claims for refund presented under [this chapter](#)
21 and may prescribe forms of record to be kept by suppliers,
22 restrictive suppliers, importers, exporters, blenders, common
23 carriers, contract carriers, licensed compressed natural gas,
24 liquefied natural gas, and liquefied petroleum gas dealers
25 and users, licensed electric fuel dealers and users, terminal
26 operators, nonterminal storage facility operations, and
27 interstate commercial motor vehicle operators.

28 Sec. 35. Section 452A.62, subsection 1, paragraph a, Code
29 2019, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (5) A licensed electric fuel dealer or
31 user or person supplying electric fuel to a licensed electric
32 fuel dealer or user.

33 Sec. 36. Section 452A.62, subsection 1, paragraph b, Code
34 2019, is amended to read as follows:

35 *b.* To examine the records, books, papers, receipts, and

1 invoices of any distributor, supplier, restrictive supplier,
2 importer, blender, exporter, terminal operator, nonterminal
3 storage facility, licensed compressed natural gas, liquefied
4 natural gas, or liquefied petroleum gas dealer or user,
5 licensed electric fuel dealer or user, or any other person
6 who possesses fuel upon which the tax has not been paid to
7 determine financial responsibility for the payment of the taxes
8 imposed by [this chapter](#).

9 Sec. 37. Section 452A.63, subsection 1, Code 2019, is
10 amended to read as follows:

11 1. All information obtained by the department of revenue or
12 the state department of transportation from the examining of
13 reports, returns, or records required to be filed or kept under
14 this chapter shall be treated as confidential and shall not be
15 divulged except to other state officers, a member or members of
16 the general assembly, or any duly appointed committee of either
17 or both houses of the general assembly, or to a representative
18 of the state having some responsibility in connection with the
19 collection of the taxes imposed or in proceedings brought under
20 this chapter. The appropriate state agency may make available
21 to the public on or before forty-five days following the last
22 day of the month in which the tax is required to be paid, the
23 names of suppliers, restrictive suppliers, and importers and as
24 to each of them the total gallons of motor fuel, undyed special
25 fuel, and ethanol blended gasoline withdrawn from terminals
26 or imported into the state during that month. The department
27 of revenue or the state department of transportation, upon
28 request of officials entrusted with enforcement of the motor
29 fuel tax laws of the federal government or any other state, may
30 forward to these officials any pertinent information which the
31 appropriate state agency may have relative to motor fuel, and
32 special fuel, and electric fuel, provided the officials of the
33 other state furnish like information.

34 Sec. 38. Section 452A.73, Code 2019, is amended to read as
35 follows:

1 **452A.73 Embezzlement of fuel tax money — penalty.**

2 Every sale of motor fuel in this state, and every sale
3 of undyed special fuel dispensed by the seller into a fuel
4 supply tank of a motor vehicle, and every sale of electric
5 fuel dispensed by the seller into the battery or other energy
6 storage device of an electric motor vehicle shall, unless
7 otherwise provided, be presumed to include as a part of the
8 purchase price the fuel tax due the state of Iowa under the
9 provisions of **this chapter**. Every person collecting fuel tax
10 money as part of the selling price of motor fuel, ~~or~~ undyed
11 special fuel, or electric fuel shall hold the tax money in
12 trust for the state of Iowa unless the fuel tax on the fuel
13 has been previously paid to the state of Iowa. Any person
14 receiving fuel tax money in trust and failing to remit it to
15 the department of revenue on or before time required shall be
16 guilty of theft.

17 Sec. 39. Section 452A.74, subsection 1, paragraphs c, e, and
18 f, Code 2019, are amended to read as follows:

19 c. For any seller to issue or any purchaser to receive
20 and retain any incorrect or false invoice or sales ticket in
21 connection with the sale or purchase of motor fuel, ~~or~~ undyed
22 special fuel, or electric fuel.

23 e. For any person to act as a supplier, restrictive
24 supplier, importer, exporter, blender, ~~or~~ compressed natural
25 gas, liquefied natural gas, or liquefied petroleum gas dealer
26 or user, or electric fuel dealer or user without the required
27 license.

28 f. For any person to use motor fuel, undyed special fuel,
29 or dyed special fuel in the fuel supply tank of a vehicle, or
30 electric fuel in the battery or other energy storage device of
31 an electric vehicle, with respect to which the person knowingly
32 has not paid or had charged to the person's account with a
33 distributor or dealer, or with respect to which the person does
34 not, within the time required in **this chapter**, report and pay
35 the applicable fuel tax.

1 Sec. 40. Section 452A.74, subsection 1, Code 2019, is
2 amended by adding the following new paragraph:

3 NEW PARAGRAPH. *h.* For any licensed electric fuel dealer or
4 user to dispense electric fuel into the battery or other energy
5 storage device of any electric motor vehicle without collecting
6 the fuel tax.

7 Sec. 41. Section 452A.76, subsection 2, Code 2019, is
8 amended to read as follows:

9 2. Authority is given to the department of revenue,
10 the state department of transportation, the department of
11 public safety, and any peace officer as requested by such
12 departments to enforce the provisions of subchapter I, sections
13 452A.40 through 452A.44, and this subchapter ~~of this chapter~~.
14 The department of revenue shall adopt rules providing for
15 enforcement under subchapter I and this subchapter ~~of this~~
16 ~~chapter~~ regarding the use of motor fuel or special fuel in
17 implements of husbandry. Enforcement personnel or requested
18 peace officers are authorized to stop a conveyance suspected
19 to be illegally transporting motor fuel or special fuel on
20 the highways, to investigate the cargo, and also have the
21 authority to inspect or test the fuel in the supply tank of a
22 conveyance to determine if legal fuel is being used to power
23 the conveyance. The operator of any vehicle transporting
24 motor fuel or special fuel shall, upon request, produce and
25 offer for inspection the manifest or loading and delivery
26 invoices pertaining to the load and trip in question and shall
27 permit the authority to inspect and measure the contents of
28 the vehicle. If the vehicle operator fails to produce the
29 evidence or if, when produced, the evidence fails to contain
30 the required information and it appears that there is an
31 attempt to evade payment of the fuel tax, the vehicle operator
32 will be subject to the penalty provisions contained in section
33 452A.74A.

34 Sec. 42. Section 452A.78, Code 2019, is amended to read as
35 follows:

1 **452A.78 Other remedies available.**

2 The special remedies provided under the provisions of this
3 chapter to enable the state to collect ~~motor~~ a fuel excise tax
4 imposed by this chapter shall not be construed as depriving the
5 state of any other remedy it might have either at law or in
6 equity independent of **this chapter**. The state shall have the
7 right to maintain an action at law for the collection of said
8 taxes required to be paid herein and in connection therewith
9 shall be entitled to a writ of attachment without bond.

10 Sec. 43. Section 452A.79, Code 2019, is amended to read as
11 follows:

12 **452A.79 Use of revenue.**

13 Except as provided in **sections 452A.79A, 452A.82,** and
14 **452A.84,** the net proceeds of the excise tax on ~~the diesel~~
15 ~~special fuel,~~ and the excise tax on motor fuel and other
16 special fuel, the excise tax on electric fuel, and penalties
17 collected under the provision of **this chapter,** shall be
18 credited to the road use tax fund.

19 Sec. 44. Section 452A.80, Code 2019, is amended to read as
20 follows:

21 **452A.80 Microfilm or photographic copies — originals**
22 **destroyed.**

23 The appropriate state agency shall have the power and
24 authority to record, copy, or reproduce by any photographic,
25 photostatic, microfilm, microcard, miniature photographic,
26 or other process which accurately reproduces or forms a
27 durable medium for so reproducing the original of any forms
28 or records pertaining to ~~motor a fuel tax or undyed special~~
29 ~~fuel tax~~ imposed by this chapter, or any paper or document with
30 respect to refund of the tax. If the forms and records have
31 been reproduced in accordance with **this section,** the state
32 agency may destroy the originals and the reproductions shall
33 be competent evidence in any court in accordance with the
34 provision of **section 622.30.**

35 Sec. 45. CODE EDITOR DIRECTIVE. The Code editor shall

1 designate sections 452A.40 through 452A.44, as enacted by
2 this division of this Act, as a new subchapter within chapter
3 452A, and may redesignate the new and preexisting subchapters,
4 replace references to sections 452A.40 through 452A.44
5 with references to the new subchapter, and correct internal
6 references as necessary, including references in subchapter
7 headnotes.

8 Sec. 46. EFFECTIVE DATE. This division of this Act takes
9 effect July 1, 2020.

10

EXPLANATION

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

13 This bill relates to motor vehicle taxes and fees.

14 DIVISION I — REGISTRATION FEES FOR ELECTRIC VEHICLES.

15 Under current law, Code section 321.109(1)(a) provides that all
16 motor vehicles including vehicles designated by manufacturers
17 as station wagons, 1993 and subsequent model year multipurpose
18 vehicles, and 2010 and subsequent model year motor trucks
19 with an unladen weight of 10,000 pounds or less, except motor
20 trucks registered under Code section 321.122, business-trade
21 trucks, special trucks, motor homes, motorsports recreational
22 vehicles, ambulances, hearses, autocycles, motorcycles,
23 motorized bicycles, and 1992 and older model year multipurpose
24 vehicles, are subject to an annual registration fee equal to 1
25 percent of the value of the vehicle as fixed by the department
26 of transportation (DOT) plus 40 cents for each 100 pounds of
27 weight of the vehicle as fixed by the DOT.

28 For each battery electric motor vehicle, as defined in the
29 bill, subject to an annual registration fee under Code section
30 321.109(1)(a), the bill requires the owner to pay an annual
31 battery electric motor vehicle registration fee, which is in
32 addition to the regular annual registration fee imposed for the
33 vehicle. For the period beginning January 1, 2020, and ending
34 December 31, 2020, the fee is \$65. For the period beginning
35 January 1, 2021, and ending December 31, 2021, the fee is

1 \$97.50. On or after January 1, 2022, the fee is \$130.

2 For each plug-in hybrid electric motor vehicle, as defined
3 in the bill, subject to an annual registration fee under Code
4 section 321.109(1)(a), the bill requires the owner to pay an
5 annual plug-in hybrid electric motor vehicle registration fee,
6 which is in addition to the regular annual registration fee
7 imposed for the vehicle. For the period beginning January 1,
8 2020, and ending December 31, 2020, the fee is \$32.50. For the
9 period beginning January 1, 2021, and ending December 31, 2021,
10 the fee is \$48.75. On or after January 1, 2022, the fee is \$65.

11 Under current law, motorcycles are subject to an annual
12 registration fee of \$20. However, if a motorcycle is more
13 than five model years old, the annual registration fee is \$10.
14 The bill requires the owner of a motorcycle that is a battery
15 electric motor vehicle or plug-in hybrid electric motor vehicle
16 to pay an annual electric motorcycle registration fee, which
17 is in addition to the regular annual registration fee imposed
18 for the motorcycle. For the period beginning January 1, 2020,
19 and ending December 31, 2020, the fee is \$4.50. For the period
20 beginning January 1, 2021, and ending December 31, 2021, the
21 fee is \$6.75. On or after January 1, 2022, the fee is \$9.

22 Under Code section 321.17, operating a motor vehicle of a
23 type required to be registered which is not registered, or for
24 which the appropriate fees have not been paid, is punishable by
25 a scheduled fine of \$50.

26 This division of the bill takes effect January 1, 2020.

27 DIVISION II — HYDROGEN FUEL EXCISE TAX. The bill imposes
28 an excise tax of 65 cents per gallon on hydrogen used as a
29 special fuel in motor vehicles. The bill specifies that a
30 diesel gallon equivalent of hydrogen is 2.49 pounds. The
31 bill makes corresponding changes to Code chapter 452A (motor
32 fuel and special fuel taxes) to ensure that the excise tax
33 on hydrogen is collected in the same manner as the existing
34 excise taxes on compressed natural gas, liquefied natural
35 gas, and liquefied petroleum gas. The bill applies the

1 provisions of Code chapter 452A to dealers and users of
2 hydrogen, including but not limited to provisions relating to
3 license requirements, reporting and filing requirements, record
4 retention requirements and audits, refunds, the interstate fuel
5 use tax, the inventory tax, and a variety of unlawful acts that
6 may result in a conviction for theft or fraudulent practice,
7 including but not limited to those listed in Code sections
8 452A.73, 452A.74, 452A.74A, and 452A.75. In accordance with
9 Article VII, section 8, of the Iowa Constitution and Code
10 section 452A.79, revenues from the excise tax on hydrogen used
11 as a special fuel in motor vehicles are credited to the road
12 use tax fund.

13 By operation of law, Code section 321.40(9) provides that
14 a person who owns or controls a vehicle that uses hydrogen
15 will be issued a special fuel user identification sticker by
16 the county treasurer, and the person must place the sticker
17 adjacent to the place where the special fuel is delivered into
18 the vehicle fuel supply tank. Under Code section 312.2(9),
19 1.75 cents per gallon from the excise tax on hydrogen will be
20 deposited in the revitalize Iowa's sound economy fund. Under
21 Code section 312.2(10), .25 cents per gallon from the excise
22 tax on hydrogen will be deposited in the secondary road fund.
23 The provisions of Code chapter 323 (dealer and distributor
24 franchises for motor fuel and special fuel) apply to dealers
25 and distributors that sell hydrogen used as a special fuel.
26 Hydrogen used as a special fuel is excluded from the sales and
27 use tax under Code section 423.2(56) and the local sales and
28 services tax under Code section 423B.5(1).

29 The bill does not amend Code chapter 476C, which authorizes
30 a renewable energy fuel tax credit for producers and purchasers
31 of hydrogen fuel. The bill also does not amend Code section
32 216B.3 (department for the blind), 260C.19A (community
33 colleges), 262.25A (board of regents), 307.21 (department of
34 transportation), or 904.312A (department of corrections), which
35 require that 10 percent of motor vehicles purchased by such

1 entities be equipped with engines which utilize alternative
2 methods of propulsion, including electricity but not including
3 hydrogen.

4 This division of the bill takes effect January 1, 2020.

5 DIVISION III — ELECTRIC FUEL EXCISE TAX. The bill provides
6 that electric fuel means electrical energy delivered or placed
7 into the battery or other energy storage device of an electric
8 motor vehicle from a source outside the motor vehicle for
9 purposes of propelling the motor vehicle. The bill imposes an
10 excise tax of 2.6 cents on each kilowatt hour of electric fuel
11 delivered or placed into the battery or other energy storage
12 device of an electric motor vehicle at a location in this
13 state other than a residence. The tax attaches at the time of
14 the delivery by a dealer and must be collected by the dealer
15 from the purchaser and paid to the Iowa department of revenue
16 (IDR) in the same manner as the excise taxes on natural gas
17 and liquefied petroleum gas are paid by dealers under current
18 law. Alternatively, the tax attaches at the time of use by
19 a licensed electric fuel user and must be paid to IDR in the
20 same manner as the excise taxes on natural gas and liquefied
21 petroleum gas are paid by users under current law.

22 All charging stations located at dealer and user locations
23 through which electric fuel can be dispensed must be metered,
24 inspected, tested for accuracy, and sealed and licensed by the
25 department of agriculture and land stewardship.

26 For the purpose of determining the amount of liability for
27 the electric fuel tax, each dealer and user must file with IDR
28 not later than the last day of each calendar month a monthly
29 tax return certified under penalties for false certification.
30 The return must be accompanied by remittance in the amount of
31 the tax due for the month in which the fuel was placed into
32 the batteries or other energy storage devices of electric
33 motor vehicles. The bill specifies that moneys collected by a
34 licensed electric fuel dealer or user for the excise tax are
35 deemed to be held in trust for the state of Iowa.

1 The bill prohibits a person from selling or dispensing
2 electric fuel within this state at a location other than a
3 residence or from otherwise acting as a licensed electric fuel
4 dealer or user unless the person holds an uncanceled license
5 issued by IDR. The bill specifies the application requirements
6 for a license, and provides for grounds under which IDR may
7 deny the issuance of a license.

8 The bill requires a licensed electric fuel dealer or user
9 to maintain, for a period of three years, records of all
10 transactions by which the dealer or user dispenses electric
11 fuel into the batteries or other energy storage devices of
12 electric motor vehicles, including pertinent records and papers
13 as required by IDR. After an audit and examination of such
14 records, IDR may authorize their disposal upon the written
15 request of the dealer or user.

16 The bill provides that a person who uses electric fuel for
17 any of the nontaxable purposes set forth under current law for
18 motor fuel and undyed special fuel, who has paid the electric
19 fuel tax and who has a refund permit, upon presentation to and
20 approval by IDR of a claim for refund, must be reimbursed and
21 repaid the amount of the tax which the claimant has paid on
22 the kilowatt hours so used. Such refunds are subject to the
23 limitations and requirements set forth under current law for
24 refunds of the tax on motor fuel and undyed special fuel. The
25 bill prohibits a person from claiming a refund until the person
26 has obtained a refund permit from IDR meeting the requirements
27 set forth under current law.

28 The bill makes corresponding changes to Code chapter
29 452A, including provisions of the interstate fuel use tax
30 law. In accordance with Article VII, section 8, of the Iowa
31 Constitution and Code section 452A.79, revenues from the excise
32 tax on electric fuel are credited to the road use tax fund. The
33 bill provides that 0.15 cents per kilowatt hour of the excise
34 tax must be credited to the revitalize Iowa's sound economy
35 fund, and 0.02 cents per kilowatt hour of the excise tax must

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1 be credited to the secondary road fund, in accordance with
2 similar provisions for other types of fuel. In addition, the
3 bill exempts electric fuel from the state sales and use tax and
4 local option taxes.

5 This division of the bill takes effect July 1, 2020.