

Senate File 2493 - Introduced

SENATE FILE 2493
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SF 2188)
(SUCCESSOR TO SSB 3025)

(COMPANION TO HF 2343 BY
COMMITTEE ON TRANSPORTATION)

A BILL FOR

1 An Act relating to the excise tax on certain ethanol blended
2 gasoline purchased exclusively for use in an implement of
3 husbandry used in agricultural production.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. **452A.16 Exempt fuel — implements**
2 **of husbandry.**

3 1. The excise tax under section 452A.3 shall not be imposed
4 or collected on ethanol blended gasoline formulated with more
5 than eighty-five percent by volume of ethanol when purchased at
6 a terminal or refinery rack exclusively for use in an implement
7 of husbandry used in agricultural production.

8 2. A person who purchases fuel on which an excise tax is
9 not collected in accordance with subsection 1 shall substantiate
10 the purchase with an exemption certificate provided by the
11 department. The exemption certificate must be complete and
12 correct according to the requirements of the director, signed by
13 the purchaser, and retained by the supplier. A supplier shall
14 retain exemption certificates for at least three years.

15 3. The department shall disallow all sales of gallonage
16 described in this section unless proof is established by an
17 exemption certificate.

18 4. If a purchaser uses or disposes of fuel that was purchased
19 using an exemption certificate pursuant to subsection 2 in a
20 nonexempt manner, the purchaser is solely liable for the excise
21 tax and shall remit the tax directly to the department.

22 **EXPLANATION**

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

25 Under current law, the excise tax on each gallon of ethanol
26 blended gasoline classified as E-15 or higher is based on
27 the distribution percentage of those fuels compared to the
28 distribution of all nonaviation gasoline motor fuel, and ranges
29 from 24 cents to 30 cents. For motor fuel and undyed special
30 fuel used for a variety of exempt purposes under Code section
31 452A.17, including in implements used in agricultural production,
32 a person who pays the excise tax may claim a refund from the Iowa
33 department of revenue (IDR).

34 This bill exempts ethanol blended gasoline formulated with
35 more than 85 percent by volume of ethanol from imposition and

1 collection of the excise tax when purchased at a terminal or
2 refinery rack exclusively for use in an implement of husbandry
3 used in agricultural production.

4 The bill requires a person who purchases fuel on which an
5 excise tax is not collected in accordance with the bill to
6 substantiate the purchase with an exemption certificate provided
7 by IDR. The exemption certificate must be complete and correct
8 according to the requirements of the director of revenue, signed
9 by the purchaser, and retained by the supplier. A supplier must
10 retain exemption certificates for at least three years. The bill
11 requires IDR to disallow all sales of fuel described in the bill
12 unless proof is established by an exemption certificate. If a
13 purchaser uses or disposes of fuel that was purchased using an
14 exemption certificate in a nonexempt manner, the purchaser is
15 solely liable for the excise tax and is required to remit the tax
16 directly to IDR.

17 Under current law, IDR requires similar exemption certificates
18 for tax-exempt sales of compressed natural gas, liquefied natural
19 gas, liquefied petroleum gas, hydrogen, and electric fuel.