

**EIGHTY-EIGHTH GENERAL ASSEMBLY  
2020 REGULAR SESSION  
DAILY  
SENATE CLIP SHEET**

**March 10, 2020**

**Clip Sheet Summary**

Displays all amendments, fiscal notes, and conference committee reports for previous day.

<b>Bill</b>	<b>Amendment</b>	<b>Action</b>	<b>Sponsor</b>
<a href="#">SF 280</a> .....	<a href="#">S-5067</a> .....	Filed	RECEIVED FROM THE HOUSE
<a href="#">SF 2009</a> .....	<a href="#">S-5068</a> .....	Filed	CHRIS COURNOYER

**Fiscal Notes**

[SF 2211](#) — [Online Pesticide Drift Reporting](#) (LSB5827XS)

[SF 2403](#) — [Biofuels Excise Tax](#) (LSB2747SZ)

HOUSE AMENDMENT TO  
SENATE FILE 280

S-5067

- 1 Amend Senate File 280, as passed by the Senate, as follows:
- 2 1. Page 1, line 2, by striking <2019> and inserting <2020>
- 3 2. Page 1, line 16, by striking <2019> and inserting <2020>

S-5067 FILED MARCH 9, 2020

SENATE FILE 2009

S-5068

1 Amend Senate File 2009 as follows:

2 1. Page 1, by striking lines 12 through 16 and inserting  
3 <activities, provided the site, facility, or school is within  
4 the licensee's school district of enrollment, ~~or~~ is within a  
5 school district contiguous to the licensee's school district  
6 of enrollment, or is within the county in which the licensee's  
7 school of enrollment is located.>

By CHRIS COURNOYER

S-5068 FILED MARCH 9, 2020



**SF 2211** – Pesticide Drift Online Reporting (LSB5827XS)  
 Staff Contact: Rodrigo Acevedo (515.281.6764) [rodrigo.acevedo@legis.iowa.gov](mailto:rodrigo.acevedo@legis.iowa.gov)  
 Fiscal Note Version – New

**Description**

[Senate File 2211](#) (Pesticide Drift Online Reporting) requires the Department of Agriculture and Land Stewardship (DALs) to establish and administer a pesticide drift electronic case management system accessible through the Department’s Internet site. The system is required to allow access to documents regarding complaints alleging pesticide drift damages. The system would keep records of complaints filed on or after January 1, 2021.

**Background**

The Bill defines drift as “the movement of a pesticide during or immediately after application through the air to a site other than the intended site of application.” The Pesticide Bureau within the DALs currently administers pesticide drift complaints through phone or email.

Persons claiming damages due to pesticide drift may file a complaint for an investigation under Iowa Code section [206.14](#). Under Iowa Code section [206.11](#), the DALs may suspend or revoke applicator licenses as well as collect civil penalties for violations. Iowa Code section [206.19](#) provides a civil penalty for a commercial applicator of up to \$500 per offense. The table below lists pesticide incidents involving filed complaints.

Pesticide Incidents Involving Filed Complaints						
Crop Year	2012	2013	2014	2015	2016	2017
Cases	120	122	89	108	105	178

**Assumptions**

The DALs will use external vendors to implement the electronic case management system.

**Fiscal Impact**

[Senate File 2211](#) is estimated to cost the DALs between \$421,000 and \$511,000 to implement the system including the site build, training, support, and an annual site license.

<b>FY 2021 Breakdown of Costs</b>		
<b>Type of Cost</b>	<b>Low</b>	<b>High</b>
Build	\$300,000	\$350,000
Annual Site License*	\$20,000	\$60,000
Support	\$95,000	\$95,000
Training	\$6,000	\$6,000
<b>Total</b>	<b>\$421,000</b>	<b>\$511,000</b>
*Annual reoccurring cost		

**Source**

Department of Agriculture and Land Stewardship

/s/ Holly M. Lyons

March 5, 2020

Doc ID 1131025

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The fiscal note for this Bill was prepared pursuant to [Joint Rule 17](#) and the Iowa Code. Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

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**SF 2403** – Biofuels Excise Tax (LSB2747SZ)

Staff Contact: Adam Broich (515.281.8223) [adam.broich@legis.iowa.gov](mailto:adam.broich@legis.iowa.gov)

Fiscal Note Version – New

**Description**

**Senate File 2403** replaces the existing motor fuel excise tax schedule with a new schedule to determine the tax rate of motor fuel. The Bill adopts the new schedule through July 1, 2026 (**Table 1**). Tax rates will be determined by the market share of ethanol-blended gasoline that is 15.0% (E-15) or higher.

**Table 1 — Proposed Motor Fuel Excise Tax Schedule**

Ethanol (E-15) Market Share	E-15 (or higher) per gallon	Gasoline per gallon
0.0% – 10.0%	24.0¢	30.0¢
10.1% – 12.0%	24.5	30.0
12.1% – 14.0%	25.0	30.0
14.1% – 16.0%	25.5	30.0
16.1% – 18.0%	26.0	30.0
18.1% – 20.0%	26.5	30.0
20.1% – 22.0%	27.0	30.0
22.1% – 26.0%	27.5	30.0
26.1% – 35.0%	28.0	30.0
35.1% – 45.0%	28.5	30.0
45.1% – 65.0%	29.0	30.0
65.1% – 85.0%	29.2	30.0
85.1% – 95.0%	29.5	30.0
95.1% – 100.0%	30.0	30.0

The Bill also makes the following changes:

- Extends the applicability of the tax schedule that determines the special fuel excise tax (biodiesel and diesel fuel) through July 1, 2026. Under current law, the biodiesel tax schedule will expire on June 30, 2020.
- Requires the Iowa Department of Revenue (IDR) to use the [Retailers Motor Fuel Gallons Annual Report](#) to determine the market share of ethanol-blended gasoline and biodiesel.
- Makes nonsubstantive changes to language related to the special tax schedule.
- Strikes an obsolete provision that sets the motor fuel excise tax rate for E-85 at 17.0 cents per gallon.
- Requires the method for determining tax rates on motor fuel and special fuel to be reviewed by the General Assembly every five years. Current law requires legislative review every six years.
- Creates new reporting classifications for gasoline that is E-15 or higher and biodiesel that is B-11 or higher.
- The Bill is effective on July 1, 2020.

## **Background**

Revenue collected through the motor fuel excise tax is deposited in the Road Use Tax Fund (RUTF). The RUTF allocates funding for road construction to primary roads (under the Department of Transportation (DOT)), secondary and farm-to-market roads (counties), and city streets. Current law allocates 47.5% to the DOT, 32.5% to counties, and 20.0% to cities.

For FY 2020, the motor fuel excise tax is 29.0 cents per gallon for ethanol and 30.5 cents for unblended gasoline. The current motor fuel tax schedule, which expires on June 30, 2020, is as follows:

**Table 2 — Current Motor Fuel Excise Tax Schedule**

Ethanol (E-10) Market Share	E-10 (or higher) per gallon	Gasoline per gallon
0.0% – 50.0%	29.0¢	30.0¢
50.1% – 55.0%	29.0	30.1
55.1% – 60.0%	29.0	30.3
<b>60.1% – 65.0%</b>	<b>29.0</b>	<b>30.5</b>
65.1% – 70.0%	29.0	30.7
70.1% – 75.0%	29.0	31.0
75.1% – 80.0%	29.3	30.8
80.1% – 85.0%	29.5	30.7
85.1% – 90.0%	29.7	30.4
90.1% – 95.0%	29.9	30.1
95.1% – 100.0%	30.0	30.0

For FY 2020, the per-gallon excise tax on special fuel is 29.5 cents for biodiesel (B-11) and 32.5 cents for diesel. The current tax schedule for diesel and biodiesel, which expires on June 30, 2020, is as follows:

**Table 3 — Current Special Fuel (Diesel) Excise Tax Schedule**

Biodiesel (B-11) Market Share	B-11 (or higher) per gallon	Diesel per gallon
<b>0.0% – 50.0%</b>	<b>29.5¢</b>	<b>32.5¢</b>
50.1% – 55.0%	29.8	32.5
55.1% – 60.0%	30.1	32.5
60.1% – 65.0%	30.4	32.5
65.1% – 70.0%	30.7	32.5
70.1% – 75.0%	31.0	32.5
75.1% – 80.0%	31.3	32.5
80.1% – 85.0%	31.6	32.5
85.1% – 90.0%	31.9	32.5
90.1% – 95.0%	32.2	32.5
95.1% – 100.0%	32.5	32.5

The IDR calculates the market share of blended fuel based upon monthly fuel tax reports. These reports include data on the gross gallons of fuels delivered by Iowa licensed suppliers, blenders, importers, restrictive suppliers, and liquefied petroleum gas/compressed natural gas dealers and users. The report does not count gallons of ethanol and biodiesel that are blended after this data is collected. As a result, these reports underrepresent the total gallons of ethanol and biodiesel consumed in Iowa.

The [Retailers Motor Fuel Gallons Annual Report](#) also includes data regarding fuel types consumed and shows higher consumption of ethanol and biodiesel. In calendar year 2018, the market share of ethanol was 65.4% on monthly reports and 87.0% on the retailers report. The market share for biodiesel (B-11+) was 10.0% on monthly reports and 47.4% on the retailers report. Tax rates for motor fuel excise tax and special fuel excise tax are determined based on the market share of the calendar year that ended six months prior to the new fiscal year.

Under current law, after an increase to the motor fuel excise tax rate due to changes in the market share or legislative changes, an inventory tax is imposed on businesses that hold title to stored fuels that are for sale (Iowa Code section [452A.85](#)). The increase must be at least one-half cent per gallon. The tax applies to motor fuel, special fuel, and other fuels that are for sale. The inventory tax is equal to the difference between the increased tax and the previous tax rate.

## **Assumptions**

### **Fuel Consumption**

- Motor fuel (gasoline and ethanol) consumption in Iowa will total 1,750.0 million gallons annually for FY 2021 through FY 2024, similar to the average over the last three years.
- Special fuel consumption in Iowa will total 720.0 million gallons in FY 2021, and is assumed to increase by 0.7% in FY 2022 and 2.1% in FY 2023 and to decline by 0.5% in FY 2024. For the last three years, special fuel consumption has averaged 713.1 million gallons.

### **Refunds**

- Refunds issued against motor fuel excise taxes will be 7.0% of gross receipts.
- Refunds issued against special fuel excise taxes will be 3.3% of gross receipts.

### **Estimated Market Share and Tax Rates of E-10 and E-15**

- The market share for motor fuel classified at E-15 or higher is estimated to be 5.0% in FY 2021, 6.0% in FY 2022, 7.0% in FY 2023, and 8.0% in FY 2024.
- Based on the projected market share, the tax rate for ethanol-blended fuel will be 24.0 cents per gallon, and the tax rate for gasoline will be 30.0 cents per gallon. Compared to the tax schedules expiring June 30, 2020, this is a tax rate reduction of 5.0 cents per gallon for E-15+ and 0.5 cents for gasoline and E-10 or lower.

### **Estimated Market Share and Tax Rates for Biodiesel**

- The market share for biodiesel is estimated above 50.0% in FY 2021, 51.0% in FY 2022, 53.0% in FY 2023, and 55.0% in FY 2024.
- Based on the projected market share, the tax rate for biodiesel will be 29.8 cents from FY 2021 to FY 2023 and 30.1 cents in FY 2024. The tax rate for diesel will be 32.5 cents per gallon for each of the projected fiscal years. Compared to the tax schedule expiring July 1, 2020, the estimated tax on biodiesel will increase by 0.3 cents per gallon from FY 2021 to FY 2023 and by 0.6 cents per gallon in FY 2024. The estimated tax on diesel will remain unchanged at 32.5 cents per gallon.



**Fiscal Impact**

Changes to revenues deposited in the RUTF are displayed below. **Table 4** reflects current law, which includes the expiration of the existing tax schedules on June 30, 2020, for ethanol and biodiesel, compared to the Bill. The impact of the inventory tax on businesses that hold title to stored fuels that are for sale is unknown.

**Table 4**  
**Revenue Changes to the Road Use Tax Fund** (in millions)  
**SF 2403 vs. Current Law** (Tax Schedules Repealed After FY 2020)

	FY 2021	FY 2022	FY 2023	FY 2024
Motor Fuel				
SF 2403	\$ 483.4	\$ 482.4	\$ 481.4	\$ 480.4
Current Law	<u>488.3</u>	<u>488.3</u>	<u>488.3</u>	<u>488.3</u>
Difference	-4.9	-5.9	-6.8	-7.8
Diesel				
SF 2403	214.9	216.2	221.5	221.1
Current Law	<u>225.3</u>	<u>226.9</u>	<u>231.7</u>	<u>230.5</u>
Difference	-10.4	-10.7	-10.2	-9.4
Total	<u>\$ -15.3</u>	<u>\$ -16.5</u>	<u>\$ -17.0</u>	<u>\$ -17.2</u>

Note: Numbers may not add due to rounding.

**Sources**

- LSA calculations
- Department of Transportation
- Iowa Department of Revenue
- IDR Monthly Fuel Reports
- IDR Retailers Motor Fuel Gallons Annual Reports

/s/ Holly M. Lyons

March 5, 2020

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