

CHAPTER 231
MOTOR FUEL TAX AND VEHICLE USE
S.F. 565

AN ACT relating to the use and taxation for the use of motor vehicles, water vessels, and mobile homes in the state by increasing the rate of tax on motor fuel and special fuel, by crediting moneys from the road use tax fund to the RISE fund, for use in road or street projects which promote economic development in the state, by crediting moneys from the road use tax fund to the public transit assistance fund, by providing an exemption from the use tax for certain vehicles registered under chapter 326, by exempting from the state use tax the portion of the purchase price of a mobile home which is not attributable to the cost of the materials used in manufacturing the mobile home and exempting from the state use tax the gross receipts from the subsequent sale of a mobile home if the use tax had been paid in a previous sale, by exempting from the sales, services and use tax the sale of special fuel for diesel engines for certain ships, barges and waterborne vessels, by allowing certain truck tractors to be registered as special trucks, and making penalties applicable.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 312.2, Code 1985, is amended by adding the following new subsections:
NEW SUBSECTION. 16. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the revitalize Iowa's sound economy fund, created under section 315.2, the revenue accruing to the road use tax fund in the amount equal to two thirds of the revenues collected under each of the following:

a. From the excise tax on motor fuel and special fuel imposed under the tax rate of section 324.3:

(1) For the period July 1, 1985, through December 31, 1985, the amount of excise tax collected from two cents per gallon.

(2) From and after January 1, 1986, the amount of excise tax collected from three cents per gallon.

b. From the excise tax on special fuel for diesel engines:

(1) For the period July 1, 1985, through December 31, 1985, the amount of excise tax collected from one cent per gallon.

(2) For the period January 1, 1986, through December 31, 1986, the amount of excise tax collected from two cents per gallon.

(3) From and after January 1, 1987, the amount of excise tax collected from three cents per gallon.

NEW SUBSECTION. 17. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the public transit assistance fund, created under section 601J.6, an amount equal to one fortieth of the revenue credited to the road use tax fund under section 423.24.

Sec. 2. **NEW SECTION. 315.1 DEFINITIONS.**

As used in this chapter, unless the context otherwise requires:

1. "Department" means the state department of transportation.
2. "Fund" or "RISE fund" means the revitalize Iowa's sound economy fund.

Sec. 3. NEW SECTION. 315.2 REVITALIZE IOWA'S SOUND ECONOMY FUND.

A revitalize Iowa's sound economy fund is created, which includes:

1. All motor fuel and special fuel excise taxes credited by law to the RISE fund.
2. All other funds by law credited to the RISE fund.

Sec. 4. NEW SECTION. 315.3 USE OF FUND.

1. The fund is appropriated for and shall be used in the establishment, construction, improvement and maintenance of roads and streets which promote economic development in the state by having any of the following effects:

a. Improving or maintaining highway access to specific development sites, including existing and future industrial locations.

b. Improving or maintaining highway access between urban centers or between urban centers and the interstate road system as defined in section 306.3.

c. Improving or maintaining highway access to economically depressed areas of the state.

d. Improving or maintaining highway access to points of shipment or processing of products.

e. Improving or maintaining highway access to trucking terminals and places of embarkation or shipment by other transportation modes.

f. Improving or maintaining highway access to scenic, recreational, historic and cultural sites or other locations identified as tourist attractions.

2. The fund is also appropriated and shall be used for the reimbursement or payment to cities or counties of all or part of the interest and principal on general obligation bonds issued by cities or counties for the purpose of financing approved road and street projects meeting the requirements of subsection 1.

Sec. 5. NEW SECTION. 315.4 ALLOCATION OF FUND.

Moneys credited to the RISE fund shall be allocated as follows:

1. Fifty percent for the use of the department on primary road projects.
2. Twenty-five percent for the use of counties on secondary road projects.
3. Twenty-five percent for the use of cities on city street projects.

Sec. 6. NEW SECTION. 315.5 ADMINISTRATION OF FUND.

Qualifying road and street projects shall be selected by the department for full or partial financing from the fund after consultation with organizations representing interests of counties and cities. Counties and cities may make application for qualifying road and street projects with the department. In ranking applications for funds, the department shall, in addition to effects listed in section 315.3, subsection 1, consider the proportion of political subdivision matching funds to be provided, if any, the proportion of private contributions to be provided, if any, the total number of jobs to be created, the level of need, and the impact of the proposed project on the economy of the area affected. The proportion of funding shall be determined by the department or, in the case of cooperative projects, by agreement between the department and the city councils of participating cities, or boards of supervisors of participating counties, or other participating public agencies or private parties.

Sec. 7. NEW SECTION. 315.6 FUNDING OF PROJECTS.

Qualifying projects may be funded as follows:

1. Primary road projects may be financed entirely by the fund, or by combining money from the fund with money from the primary road fund, federal aid primary funds received by the state, or money from cities or counties raised through the sale of general obligation bonds of the cities or counties, other city or county revenues, or money from participating private parties.

2. Secondary road projects may be funded entirely by the fund or by combining money from the fund with money from the county's portion of road use tax funds, federal aid secondary funds, other county revenues, or money raised through the sale of general obligation bonds of the county, or money from participating private parties.

3. City street projects may be funded entirely by the fund, or by combining money from the fund with money from the city's portion of road use tax funds, federal aid urban system funds, other municipal revenues, or money raised through the sale of general obligation bonds of the city, or money from participating private parties.

A county or city may, at its option, apply moneys allocated for use on secondary road or city street projects under section 315.4, subsection 2 or 3, toward qualifying primary road projects.

Sec. 8. NEW SECTION. 315.7 MONTHLY CERTIFICATION OF FUNDS.

The account of the fund shall be kept by the state comptroller and the treasurer of state and shall show the amount of the fund including all credits to the fund and disbursements. The state comptroller shall report monthly to the department an account of the fund including all credits and disbursements. Upon certification by the department in accordance with rules adopted by the state comptroller, the state comptroller shall issue warrants for disbursements from the fund.

Sec. 9. NEW SECTION. 315.8 ACCOUNTS AND RECORDS REQUIRED.

The department shall keep accounts in relation to the allocation of moneys to the fund including all amounts credited to the fund and all amounts of duly and finally approved vouchers for claims chargeable to the fund. The department shall also keep accounts in relation to agreements with counties and cities for the reimbursement of interest and principal costs for general obligation bonds of counties or cities issued for the purpose of financing road or street projects under this chapter.

Sec. 10. NEW SECTION. 315.9 PROJECT DEVELOPMENT.

The department shall be responsible for the development of qualifying projects under this chapter in the same manner as prescribed for primary road system improvements under chapter 313, including surveys, plans, specifications, bids, contracts, supervision and inspection. The department may delegate responsibility for project development to another participating governmental unit.

Sec. 11. NEW SECTION. 315.10 RULES.

The department shall adopt rules pursuant to chapter 17A as necessary for the administration of this chapter.

Sec. 12. Section 324.2, subsection 7, Code 1985, is amended to read as follows:

7. "Gasohol" means motor fuel containing at least ten percent alcohol distilled from ~~agricultural products~~ cereal grains.

Sec. 13. Section 324.3, unnumbered paragraph 1, Code 1985, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of ~~thirteen~~ fifteen cents per gallon for the period beginning September July 1, 1981 1985 and ending December 31, 1985, and sixteen cents per gallon beginning January 1, 1986, is imposed upon the use of all motor fuel used for any purpose except motor fuel containing at least ten percent alcohol distilled from ~~agricultural products~~ cereal grains grown in the United States for the period beginning July 1, 1978 and ending June 30, ~~1986~~ 1992 and except as otherwise provided in this division.

PARAGRAPH DIVIDED. The tax shall be paid in the first instance by the distributor upon the invoiced gallonage of all motor fuel received by the distributor in this state, within the meaning of the word "received" as defined in this division, less the deductions authorized. Thereafter, except as otherwise provided, the per gallon amount of the tax shall be added to the selling price of every gallon of such motor fuel sold in this state and shall be collected from the purchaser so that the ultimate consumer bears the burden of the tax; provided that. However, the tax shall not be imposed or collected under this division with respect to the following:

Sec. 14. Section 324.3, unnumbered paragraph 3, Code 1985, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of six cents per gallon for the period beginning September 1, 1981 and ending April 30, 1982, an excise tax of eight cents per gallon for the period beginning May 1, 1982 and ending June 30, 1983, an excise tax of ten cents per gallon for the period beginning July 1, 1983 and ending June 30, 1984, an excise tax of eleven cents per gallon for the period beginning July 1, 1984 and ending June 30, 1985, an excise tax of twelve fourteen cents per gallon beginning July 1, 1985 and ending December 31, 1985, and fifteen cents per gallon beginning January 1, 1986 and ending June 30, 1986 1992, is imposed upon the use of gasohol used for any purpose except as otherwise provided in this division.

Sec. 15. Section 324.34, unnumbered paragraph 1, Code 1985, is amended to read as follows:

For the privilege of operating motor vehicles in this state, there is levied and imposed an excise tax on the use, (as defined herein) in section 324.33, of special fuel in any a motor vehicle. The rate of tax rate on special (diesel engine) fuel for diesel engines is thirteen and one-half cents per gallon beginning September 1, 1981 and fifteen sixteen and one-half cents per gallon for the period beginning July 1, 1982 1985 and ending December 31, 1985, is seventeen and one-half cents per gallon for the period beginning January 1, 1986 and ending December 31, 1986, and is eighteen and one-half cents per gallon beginning January 1, 1987. On all other special fuel the per gallon rate is the same as the motor fuel tax.

PARAGRAPH DIVIDED. The tax, with respect to all special fuel delivered by a special fuel dealer for use in this state as defined by section 324.33, shall attach at the time of the delivery and shall be collected by the dealer from the special fuel user and paid over to the department of revenue as provided in this chapter. The tax, with respect to special fuel acquired by a special fuel user in any manner other than by delivery by a special fuel dealer into a fuel supply tank of a motor vehicle or delivery into a motor vehicle special fuel holding tank by a special fuel dealer or distributor, shall attach attaches at the time of the use, (as herein defined) in section 324.33, of the fuel and shall be paid over to the department of revenue by the user as provided in this chapter.

Sec. 16. Section 324.34, unnumbered paragraph 8, Code 1985, is amended to read as follows:

For natural gas used as a special fuel the rate of tax that is equivalent to the motor fuel tax shall be ten and one-half thirteen cents per hundred cubic feet adjusted to a base temperature of sixty degrees Fahrenheit and a pressure of fourteen and seventy-three hundredths pounds per square inch absolute. The tax on natural gas shall attach at the time of delivery into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a motor vehicle and shall be paid over to the department of revenue by the person operating the compressing equipment under the applicable provisions for users or dealers. Natural gas used as a special fuel shall be delivered into compressing equipment through sealed meters certified for accuracy by the department of agriculture.

Sec. 17. Section 422.45, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The gross receipts from the sales of special fuel for diesel engines consumed or used in the operation of ships, barges, or waterborne vessels which are used primarily in or for the transportation of property or cargo, or the conveyance of persons for hire on rivers bordering on the state if the fuel is delivered by the seller to the purchaser's barge, ship, or waterborne vessel while it is afloat upon such a river.

Sec. 18. Section 423.1, Code 1985, is amended by adding the following new subsection:

NEW SUBSECTION. 14. "Mobile home" means mobile home as defined in section 321.1, subsection 68, paragraph "a".

Sec. 19. Section 423.4, Code 1985, is amended by adding the following new subsections:

NEW SUBSECTION. 10. Vehicles registered under chapter 326 and used substantially in interstate commerce, section 423.5 notwithstanding. For purposes of this subsection, "substantially in interstate commerce" means that a minimum of twenty-five percent of the miles operated by the vehicle accrues in states other than Iowa. This subsection applies only to vehicles which are registered for a gross weight of thirteen tons or more.

NEW SUBSECTION. 11. Mobile homes the use of which has previously been subject to the tax imposed under this chapter and for which that tax has been paid.

NEW SUBSECTION. 12. Mobile homes to the extent of the portion of the purchase price of the mobile home which is not attributable to the cost of the tangible personal property used in the processing of the mobile home. For purposes of this exemption, the portion of the purchase price which is not attributable to the cost of the tangible personal property used in the processing of the mobile home is forty percent.

Approved May 30, 1985

CHAPTER 232

TAX ON RESEARCH-SERVICE FACILITIES

S.F. 576

AN ACT relating to the granting of a partial real property tax credit for new construction of research-service facilities.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 427B.1, unnumbered paragraph 1, Code 1985, is amended to read as follows:

A city council, or a county board of supervisors as authorized by section 427B.2, may provide by ordinance for a partial exemption from property taxation of the actual value added to industrial real estate by the new construction of industrial real estate, research-service facilities, warehouses, distribution centers and the acquisition of or improvement to machinery and equipment assessed as real estate pursuant to section 427A.1, subsection 1, paragraph "e". New construction means new buildings and structures and includes new buildings and structures which are constructed as additions to existing buildings and structures. New construction does not include reconstruction of an existing building or structure which does not constitute complete replacement of an existing building or structure or refitting of an existing building or structure, unless the reconstruction of an existing building or