

d. One alternate member appointed by the Iowa association of independent colleges and universities.

e. One alternate member appointed by the Iowa college student aid commission.

3. The members shall serve two-year terms except as otherwise provided under the terms of the compact. Nonlegislative members shall serve without compensation, but shall receive their actual and necessary expenses and travel. Legislative members shall receive actual and necessary expenses pursuant to sections 2.10 and 2.12. Vacancies on the commission shall be filled for the unexpired portion of the term in the same manner as the original appointments. If a member ceases to be a member of the general assembly, the member shall no longer serve as a member of the commission.

4. It is the intent of the general assembly that commissioners representing the senate and the house of representatives be members of different political parties from one another.

Approved June 6, 2005

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## CHAPTER 146

### SOY-BASED CUTTING TOOL OIL INCOME TAX CREDIT

S.F. 389

**AN ACT** providing individual and corporate income tax credits for soy-based cutting tool oil and including an applicability date provision.

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

Section 1. NEW SECTION. 422.11K SOY-BASED CUTTING TOOL OIL TAX CREDIT.

1. The taxes imposed under this division, less the credits allowed under sections 422.12 and 422.12B, shall be reduced by a soy-based cutting tool oil tax credit. A manufacturer, as defined in section 428.20, is eligible to receive a soy-based cutting tool oil tax credit which is equal to the costs incurred by the manufacturer during the tax year for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs eligible for the credit are limited to those costs meeting all of the following requirements:

a. The costs were incurred after June 30, 2005, and before January 1, 2007.

b. The costs were incurred in the first twelve months of the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil.

c. The costs of the purchase and replacement do not exceed two dollars per gallon of soy-based cutting tool oil used in the transition. The total number of gallons used in the transition under this paragraph shall not exceed two thousand gallons.

If the manufacturer elects to take the soy-based cutting tool oil tax credit, the manufacturer shall not deduct for Iowa tax purposes any amount of the costs incurred in the transition to using soy-based cutting tool oil which is deductible for federal tax purposes.

2. Any credit in excess of the tax liability shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

3. An individual may claim the tax credit allowed a partnership, limited liability company, S corporation, estate, or trust electing to have the income taxed directly to the individual. The

amount claimed by the individual shall be based upon the pro rata share of the individual's earnings of the partnership, limited liability company, S corporation, estate, or trust.

4. For purposes of this section, "soy-based cutting tool oil" means cutting tool oil that contains at least fifty-one percent soy-based products.

5. This section is repealed December 31, 2007.

Sec. 2. Section 422.33, Code 2005, is amended by adding the following new subsection:

NEW SUBSECTION. 17. a. The taxes imposed under this division shall be reduced by a soy-based cutting tool oil tax credit. A manufacturer, as defined in section 428.20, is eligible to receive a soy-based cutting tool oil tax credit which is equal to the costs incurred by the manufacturer during the tax year for the purchase and replacement costs relating to the transition from using nonsoy-based cutting tool oil to using soy-based cutting tool oil. The costs eligible for the credit are limited to those costs meeting all of the following requirements:

(1) The costs were incurred after June 30, 2005, and before January 1, 2007.

(2) The costs were incurred in the first twelve months of the transition to using soy-based cutting tool oil.

(3) The costs of the purchase and replacement do not exceed two dollars per gallon of soy-based cutting tool oil used in the transition. The total number of gallons used in the transition under this subparagraph shall not exceed two thousand gallons.

If the manufacturer elects to take the soy-based cutting tool oil tax credit, the manufacturer shall not deduct for Iowa tax purposes any amount of the costs incurred in the transition to using soy-based cutting tool oil which is deductible for federal tax purposes.

b. Any credit in excess of the tax liability shall be refunded with interest computed under section 422.25. In lieu of claiming a refund, a taxpayer may elect to have the overpayment shown on the taxpayer's final, completed return credited to the tax liability for the following tax year.

c. For purposes of this subsection, "soy-based cutting tool oil" means cutting tool oil that contains at least fifty-one percent soy-based products.

d. This subsection is repealed December 31, 2007.

Sec. 3. **APPLICABILITY DATES.** This Act applies to tax years ending after June 30, 2005, and beginning before January 1, 2007.

Approved June 6, 2005

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## CHAPTER 147

### IOWA EARLY INTERVENTION BLOCK GRANT PROGRAM

H.F. 742

**AN ACT** relating to the Iowa early intervention block grant program by changing the reporting requirements, extending the repeal of the chapter establishing the program, and providing an effective date.

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

Section 1. Section 256D.3, subsection 3, Code 2005, is amended to read as follows:

3. Beginning January 15, ~~2004~~ 2006, the department shall submit an annual report to the chairpersons and ranking members of the senate and house education committees that in-