

the fuel is on or after the first day of the first month through the last day of the last month of the refund year, the full amount of tax charged in the billings shall be refunded.

e. To receive refunds during the five-year period, the applicant shall file a refund claim within three months after the end of each refund year.

f. The refund in this subsection applies only to state sales and use tax paid and does not apply to local option sales and services taxes imposed pursuant to chapters 423B and 423E.

Sec. 3. Section 427.1, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 35. a. Property, other than land and buildings and other improvements, that is utilized by a web search portal business as defined in and meeting the requirements of section 423.3, subsection 92, including computers and equipment that are necessary for the maintenance and operation of a web search portal and other property whether directly or indirectly connected to the computers, including but not limited to cooling systems, cooling towers, and other temperature control infrastructure; power infrastructure for transformation, distribution, or management of electricity, including but not limited to exterior dedicated business-owned substations, and power distribution systems which are not subject to assessment under chapter 437A; racking systems, cabling, and trays; and back-up power generation systems, battery systems, and related infrastructure all of which are necessary for the maintenance and operation of the web search portal site.

b. This exemption applies beginning with the assessment year the investment in or construction of the facility utilizing the materials, equipment, and systems set forth in paragraph "a" are first assessed. For purposes of claiming this exemption, the requirements may be met by aggregating the various Iowa investments and other requirements of the web search portal business's affiliates as allowed under section 423.3, subsection 92. This exemption applies to affiliates of the web search portal business.

Sec. 4. IMPLEMENTATION. Section 25B.7 does not apply to the property tax exemption enacted in this Act.

Approved May 25, 2007

CHAPTER 200

ROAD CONSTRUCTION AND MAINTENANCE REVENUE

H.F. 932

AN ACT relating to revenue for the construction and maintenance of roads.

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

Section 1. **NEW SECTION.** 312A.1 DEFINITIONS.

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

1. "Department" means the state department of transportation.
2. "Fund", or "TIME-21 fund", means the transportation investment moves the economy in the twenty-first century fund.

Sec. 2. **NEW SECTION.** 312A.2 TRANSPORTATION INVESTMENT MOVES THE ECONOMY IN THE TWENTY-FIRST CENTURY (TIME-21) FUND.

A transportation investment moves the economy in the twenty-first century fund is created in the state treasury under the control of the department. The fund shall be known and re-

ferred to as the TIME-21 fund. The fund shall consist of any moneys appropriated by the general assembly and any revenues credited by law to the TIME-21 fund. Moneys in the fund are not subject to section 8.33. Notwithstanding section 12C.7, subsection 2, interest or earnings on moneys deposited in the fund shall be credited to the fund.

Sec. 3. NEW SECTION. 312A.3 ALLOCATION AND USE OF FUNDS.

Moneys in the TIME-21 fund shall be credited and used as follows:

1. Sixty percent for deposit in the primary road fund to be used exclusively for highway maintenance and construction, including purchase of right-of-way but not including project planning and design. The following projects are eligible for funding under this subsection and shall have funding priority in the order listed:

a. Completion of projects on highways designated as access Iowa highways pursuant to 2005 Iowa Acts, chapter 178, section 41.

b. Projects on highways in the commercial and industrial highway network that are included in the department's five-year plan, or in the long-range plan, for the primary road system. Priority shall be given to projects in areas of the state that have existing biodiesel, ethanol, or other biorefinery plants.

c. Projects on interstate highways.

2. Twenty percent for deposit in the secondary road fund, for apportionment according to the methodology adopted pursuant to section 312.3C, to be used by counties for construction and maintenance projects on secondary road bridges and on highways in the farm-to-market road system. At least ten percent of the moneys allocated to a county under this subsection shall be used for bridge construction, repair, and maintenance, with priority given to projects that aid and support economic development and job creation.

3. Twenty percent for deposit in the street construction fund of the cities, apportioned on the basis of population in the manner provided in section 312.3, to be used to sustain and improve the municipal street system.

Sec. 4. NEW SECTION. 312A.4 FUTURE REPEAL.

This chapter is repealed June 30, 2028.

Sec. 5. NEW SECTION. 307.31 PERIODIC REVIEW OF REVENUES — EVALUATION OF ALTERNATIVE FUNDING SOURCES.

1. The department shall periodically review the current revenue levels of the road use tax fund and the sufficiency of those revenues for the projected construction and maintenance needs of city, county, and state governments in the future. The department shall submit a written report to the general assembly regarding its findings by December 31 every five years, beginning in 2011. The report may include recommendations concerning funding levels needed to support the future mobility and accessibility for users of Iowa's public road system.

2. The department shall evaluate alternative funding sources for road maintenance and construction and report to the general assembly at least every five years on the advantages and disadvantages and the viability of alternative funding mechanisms. The department's evaluation of alternative funding sources may be included in the report submitted to the general assembly under subsection 1.

Sec. 6. Section 312.2, subsections 12 and 13, Code 2007, are amended to read as follows:

12. 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 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 452A.3 except aviation gasoline, the amount of excise tax collected from one and ~~eleven-twentieths~~ three-fourths cents per gallon.

b. From the excise tax on special fuel for diesel engines, the amount of excise tax collected from one and ~~eleven-twentieths~~ three-fourths cents per gallon.

13. The treasurer of state, before making the allotments provided for in this section, shall credit monthly from the road use tax fund to the secondary road fund the revenue accruing to the road use tax fund in the amount equal to 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 452A.3, except aviation gasoline, the amount of excise tax collected from ~~nine-twentieths~~ one-fourth cent per gallon.

b. From the excise tax on special fuel for diesel engines, the amount of excise tax collected from ~~nine-twentieths~~ one-fourth cent per gallon.

Sec. 7. Section 315.4, Code 2007, is amended to read as follows:

315.4 ALLOCATION OF FUND.

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

1. ~~Twenty-three-firsts~~ Four-sevenths for deposit in the primary road fund for the use of the department on primary road projects ~~exclusively for highways which are identified under section 307A.2 as being part of the network of commercial and industrial highways.~~ as follows:

a. Fifty percent for highways that support the production or transport of renewable fuels, including primary highways that connect biofuel facilities to highways in the commercial and industrial highway network.

b. Fifty percent for highways that have been designated by the state transportation commission as access Iowa highways pursuant to 2005 Iowa Acts, chapter 178, section 41.

2. ~~One-thirty-first~~ One-seventh for the use of counties on secondary road projects, including secondary roads that connect biofuel facilities to highways in the commercial and industrial highway network.

3. ~~Ten-thirty-firsts~~ Two-sevenths for the use of cities on city street projects.

Commencing June 30, 1990, all uncommitted moneys in the RISE fund on June 30 of each year which are allocated under this section for the use of counties on secondary road projects shall be credited to the secondary road fund.

Sec. 8. TIME-21 REVENUE COMMITTEE.

1. The legislative council shall establish a study committee for the 2007 legislative interim to address the revenue needs of the TIME-21 fund created in this Act. The membership of the committee shall consist of eight members of the general assembly as follows:

a. Four members of the senate, two appointed by the majority leader of the senate and two appointed by the minority leader of the senate.

b. Four members of the house of representatives, two appointed by the speaker of the house and two appointed by the minority leader of the house.

2. The committee may consider the revenue options proposed in the 2006 report prepared by the state department of transportation entitled "study of Iowa's current road use tax funds (RUTF) and future road maintenance and construction needs", as well as any other revenue options and related issues. The committee shall report its findings and recommendations, including a proposal for funding the TIME-21 fund, to the general assembly by January 15, 2008.

Approved May 25, 2007