

Andy Lent

From: Iowa DOT <IowaDOT@public.govdelivery.com>
Sent: Tuesday, July 7, 2020 1:10 PM
To: Andy Lent
Subject: Legislative Update - Senate File 2403 - Excise Tax on Motor Fuel



TO: alent@indianolaiowa.gov
FROM: Nicole Moore, P.E.
SUBJECT: Legislative Update - Senate File 2403 - Excise Tax on Motor Fuel
DATE: July 7, 2020

This past legislative session, the Iowa Legislature passed [Senate File 2403](#). This bill relates to the Excise Taxes on Motor Fuel for certain special fuels.

The estimated net impact is an increase to the Road Use Tax Fund (RUTF) of over \$8 million per year. The rate changes have a positive impact to the RUTF but another big impact in the bill is the requirement that Department of Revenue use the more detailed retailers fuel reports to determine how much of all gas sold in Iowa is ethanol blended at 15 percent or higher (E15+) and how much of all diesel fuel sold in Iowa is biodiesel blended at 11 percent or higher (B11+).

The reasons why there is an increase in funding to RUTF include:

- Ethanol blended at a rate of 10 percent (E10) is now taxed at the same rate as gasoline. E10 sales make up over 80 percent of all gasoline sold in Iowa.
- E15+ blends have a lower tax rate (24.0 cents per gallon) but E15+ makes up less than 5 percent of all gasoline sold in Iowa.
- B11+ is now charged 0.6 cpg more per gallon than prior to July 1, 2020 and that applies to over 50 percent of all diesel sold in Iowa.

Tax rates prior to July 1, 2020:

Gasoline:

- Ethanol (all ethanol blends): 29.0 cents per gallon (cpg)
- Unblended gasoline: 30.5 cpg

Diesel:

- B11+: 29.5 cpg
- Unblended and biodiesel blends up to 10 percent: 32.5 cpg

New tax rates as of July 1, 2020:

Gasoline:

- E15 blends or greater: 24.0 cpg
- Unblended gasoline and E10: 30 cpg

Diesel:

- B11+: 30.1 cpg
- Unblended and biodiesel blends up to 10 percent: 32.5 cpg

Please contact me as shown below if you have any questions.

Thank you,

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