
FISCAL TOPICS

Fiscal Services Division

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Tax Credit: E-15 Plus Gasoline Promotion Tax Credit

The E-15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline that sell blended gasoline that is classified as E-15 (15.0% ethanol content) or higher, but not classified as E-85 gasoline (70.0% to 85.0% ethanol content). Beginning with calendar year (CY) 2023, the tax credit amount was equal to \$0.09 per blended gallon during the entire year.

The retail dealer is allowed to claim the E-15 Plus Gasoline Promotion Tax Credit on the same gallons used to calculate the dealer's Ethanol Promotion Tax Credit.

Tax Credit Background

- Enabling Legislation: 2011 Iowa Acts, chapter [113](#) (Motor Fuel Regulation, Dispensing, and Tax Credit Act)
- Iowa Code Citations:
 - [Section 422.11Y](#) — Individual Income Tax
 - [Section 422.33](#)(11D) — Corporate Income Tax
- Administrative State Agency: None
 - Sunset Date: January 1, 2028
 - Transferable: No
 - Refundable: Yes
 - Carryforward: Instead of a refund, the taxpayer may choose to carry forward unused credits to the next tax year.
 - Tax Review Committee Review Year: 2019

Legislative History

As originally enacted in 2011, the tax credit equaled \$0.03 per blended gallon for CY 2012 through CY 2014, and \$0.02 per blended gallon for CY 2015 through CY 2017. There was no tax credit for blended gallons beyond CY 2017. A sunset date of January 1, 2018, was established in the original legislation.

In 2014, the tax credit amount was made seasonal. Beginning with CY 2014, gallons sold from June 1 through September 15 earn a tax credit of \$0.10 per blended gallon. For all other dates, the tax credit is

More Information

Department of Revenue Contingent Liabilities Report: tax.iowa.gov/report-category/contingent-liabilities

Department of Revenue Tax Credit Review:

[tax.iowa.gov/sites/default/files/2020-06/Iowa Biofuel Retailer Tax Credits Evaluation Study 2019.pdf](http://tax.iowa.gov/sites/default/files/2020-06/Iowa%20Biofuel%20Retailer%20Tax%20Credits%20Evaluation%20Study%202019.pdf)

Department of Revenue Tax Credits Users' Manual:

tax.iowa.gov/reports/tax-credits-users-manual

Department of Revenue Retailers Motor Fuel Gallons Annual Report:

tax.iowa.gov/retailers-motor-fuel-gallons-annual-report-2022

Legislative Services Agency Individual Income Tax Guide:

www.legis.iowa.gov/docs/publications/LG/711304.pdf

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equal to \$0.03 per blended gallon. In 2016, the sunset date for the tax credit was extended seven years to January 1, 2025.

In 2022, the tax credit amount was changed to \$0.09 per blended gallon throughout the entire year, and the sunset date for the tax credit was extended three years to January 1, 2028.

Tax Credit Review, Usage, and Future Liability

The following is based on a Department of Revenue review of the E-15 Plus Gasoline Promotion Tax Credit released December 2019 and the CY 2022 Retailers Fuel Gallons Annual Report:

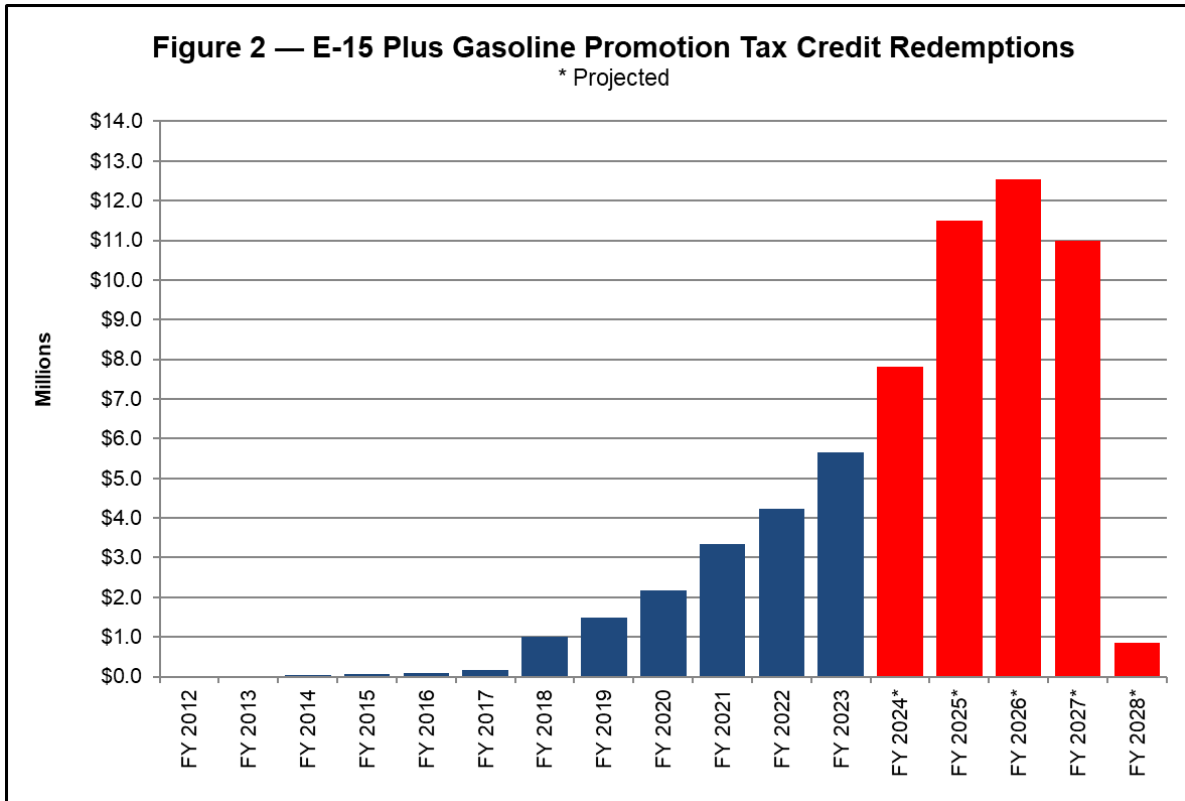
- For CY 2022:
 - Iowa retailers reported the sale of 121.1 million gallons of ethanol blended gasoline qualifying as E-15, an amount equal to 9.5% of all retail gasoline gallons sold.
 - The amount of pure ethanol calculated as a component of blended gasoline was 141.1 million gallons, an amount equal to 11.8% of the total volume of gasoline fuel sold by the reporting retailers.
 - Using a conversion rate of 2.8 gallons of ethanol per bushel of corn, the 141.1 million gallons of pure ethanol sold in Iowa as a component of E-15 blended gasoline represent the utilization of 50.4 million bushels of corn (2.0% of the 2022 Iowa corn crop).
- For tax year (TY) 2011 through TY 2019:
 - A total of \$8.3 million in E-15 Plus Gasoline Promotion Tax Credit claims was claimed by taxpayers, with 13.7% claimed by corporate taxpayers and 86.3% by individual taxpayers (includes business income passed through to the individual income tax return).
 - Over the nine tax years, the average number of entities claiming the tax credit for a year was 47 and the top 20 entities (as determined by the amount of tax credits earned in a year by each entity) received 97.2% of the tax credit amounts awarded.

The Department of Revenue reports on the annual credit usage for the E-15 Plus Gasoline Promotion Tax Credit in its periodic [Contingent Liabilities Report](#). Based on Table 9 of the October 2023 report, the following figures provide a credit redemption history and projections for the E-15 Plus Gasoline Promotion Tax Credit on a fiscal year basis. The blue bars of **Figure 2** indicate actual credit redemptions, while the red bars are Department of Revenue projections of future redemptions.

Figure 1 — E-15 Plus Gasoline Promotion Tax Credit History

* Projected

Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2012	\$ 8,805	FY 2021	\$ 3,346,046
FY 2013	10,942	FY 2022	4,236,236
FY 2014	40,343	FY 2023	5,646,213
FY 2015	68,671	FY 2024*	7,807,059
FY 2016	102,900	FY 2025*	11,495,414
FY 2017	165,943	FY 2026*	12,532,468
FY 2018	1,003,936	FY 2027*	10,979,563
FY 2019	1,481,851	FY 2028*	843,221
FY 2020	2,177,220		



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