Regulatory Analysis

Notice of Intended Action to be published: 261—Chapter 80
"Sustainable Aviation Fuel Production Tax Credit Program"

Iowa Code section(s) or chapter(s) authorizing rulemaking: 15.530 through 15.535 as enacted by 2025 Iowa Acts, Senate File 657

State or federal law(s) implemented by the rulemaking: Iowa Code sections 15.530 through 15.535 as enacted by 2025 Iowa Acts, Senate File 657

Public Hearing

A public hearing at which persons may present their views orally or in writing will be held as follows:

December 30, 2025 9 to 9:15 a.m.	Via Microsoft Teams Information about Teams participation can be found at opportunityiowa.gov/about/iowa-economic-development-authority/ieda-red-tape-review

Public Comment

Any interested person may submit written comments concerning this Regulatory Analysis, which must be received by the Economic Development Authority no later than 4:30 p.m. on the date of the public hearing. Comments should be directed to:

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Purpose and Summary

The Authority proposes to adopt a new Chapter 80 to describe the policies and procedures applicable to the sustainable aviation fuel tax credit program created pursuant to Iowa Code sections 15.530 through 15.535, all as enacted by 2025 Iowa Acts, Senate File 657. The program provides incentives to businesses that produce high-value sustainable aviation fuel from feedstock in Iowa.

All references to Iowa Code sections 15.530 through 15.535 are to those sections as enacted by 2025 Iowa Acts, Senate File 657. The reference to Iowa Code section 15.119(2)"b" is to that section as amended by 2025 Iowa Acts, Senate File 657.

Analysis of Impact

1. **Persons affected by the proposed rulemaking:**

- **Classes of persons that will bear the costs of the proposed rulemaking:**

Businesses that produce sustainable aviation fuel and are interested in applying for tax credits through the program will bear the costs of this proposed rulemaking.

- **Classes of persons that will benefit from the proposed rulemaking:**

Businesses that produce sustainable aviation fuel and are interested in applying for tax credits through the program will benefit from this proposed rulemaking.

2. **Impact of the proposed rulemaking, economic or otherwise, including the nature and amount of all the different kinds of costs that would be incurred:**

- **Quantitative description of impact:**

Businesses interested in applying for tax credits may require staff time to complete an application. Such businesses may similarly incur costs to comply with reporting and monitoring requirements of the program as well as to apply for tax credits annually. Businesses may incur the costs of engaging a laboratory to provide testing services and documentation sufficient to show, among other requirements, the amount of fuel produced, life cycle emissions reduction, and sources of feedstock. The amount of the costs will vary depending on the compensation of staff or service providers involved.

Additionally, a business that has entered into an agreement with the Authority pursuant to this program will incur a one-time compliance fee in the amount of $500, due before the business is issued a tax certificate. Thereafter, for as long as a business claims tax credits, the business incurs an ongoing annual compliance fee equal to 0.5 percent of the value of tax incentives claimed pursuant to the agreement.

- **Qualitative description of impact:**

The program provides an incentive for businesses to produce high-value sustainable aviation fuel in the State.

3. **Costs to the State:**

- **Implementation and enforcement costs borne by the agency or any other agency:**

Authority staff time is required to review and approve applications for tax credits, issue tax credit certificates, review reports, and communicate with program applicants and recipients.

- **Anticipated effect on State revenues:**

These proposed rules have no anticipated impact on State revenues. Up to $10 million in tax credits in each fiscal year may be authorized by the Authority for this program and for the Authority's renewable chemical production tax credit program, collectively. The Authority Board determines the tax credit amount allocated to each program in each fiscal year.

4. **Comparison of the costs and benefits of the proposed rulemaking to the costs and benefits of inaction:**

Only businesses that will potentially benefit from the program bear the costs of this proposed rulemaking. The costs to the State to administer the program are proportional to the activities supported.

5. **Determination whether less costly methods or less intrusive methods exist for achieving the purpose of the proposed rulemaking:**

The Authority has not identified any less costly methods or less intrusive methods for administering the program.

6. **Alternative methods considered by the agency:**

- **Description of any alternative methods that were seriously considered by the agency:**

The Authority did not consider any other methods.

- **Reasons why alternative methods were rejected in favor of the proposed rulemaking:**

The Authority did not consider any other methods.

Small Business Impact

If the rulemaking will have a substantial impact on small business, include a discussion of whether it would be feasible and practicable to do any of the following to reduce the impact of the rulemaking on small business:

- Establish less stringent compliance or reporting requirements in the rulemaking for small business.

- Establish less stringent schedules or deadlines in the rulemaking for compliance or reporting requirements for small business.
- Consolidate or simplify the rulemaking's compliance or reporting requirements for small business.
- Establish performance standards to replace design or operational standards in the rulemaking for small business.
- Exempt small business from any or all requirements of the rulemaking.

If legal and feasible, how does the rulemaking use a method discussed above to reduce the substantial impact on small business?

This proposed rulemaking impacts only small businesses seeking tax credits for the production of sustainable aviation fuel. The rules regarding compliance and reporting requirements are no more stringent than necessary to implement the purposes of the program. These proposed rules do not establish schedules or deadlines. These proposed rules do not establish design or operational standards.

Text of Proposed Rulemaking

ITEM 1. Adopt the following **new** 261—Chapter 80:

CHAPTER 80
SUSTAINABLE AVIATION FUEL PRODUCTION TAX CREDIT PROGRAM

261—80.1(15) Purpose. The purpose of this chapter is to encourage development of the sustainable aviation fuel industry using the SAF program to incentivize new and existing businesses to produce high-value sustainable aviation fuel in Iowa from feedstock.

261—80.2(15) Definitions. As used in this chapter, unless the context otherwise requires:

"Authority" means the economic development authority created in Iowa Code section 15.105.

"Director" means the director of the authority.

"Eligible business" means the same as the definition of "eligible taxpayer" in Iowa Code section 15.531(2).

"Feedstock" means the same as defined in Iowa Code section 15.531(3) and includes carbon dioxide that is processed or refined in the state of Iowa and suitable for sustainable aviation fuel production without further enhancement.

"Foreign adversary" means a foreign government or a foreign nongovernment person as determined in 15 CFR §7.4 or 15 CFR §791.4 at any time on or after March 4, 2024, and that is listed in 15 CFR §7.4(a) or 15 CFR §791.4(a) at any time on or after March 4, 2024.

"Foreign adversary entity" means a foreign business subject to the jurisdiction of or organized under the laws of a foreign adversary or a foreign business owned, directed, or controlled by a foreign adversary.

"Foreign business" means the same as defined in Iowa Code section 9I.1.

"Renewable chemical program" means the renewable chemical production tax credit program administered pursuant to Iowa Code sections 15.315 through 15.322 and 261—Chapter 81.

"SAF program" means the sustainable aviation fuel production tax credit program administered pursuant to Iowa Code sections 15.530 through 15.535 and this chapter.

"Sustainable aviation fuel" means the same as defined in Iowa Code section 15.531(5).

"Tax incentives" means the tax credits the authority awards to an eligible business as detailed in the agreement entered into pursuant to Iowa Code section 15.532(2).

261—80.3(15) Eligibility requirements. To be eligible to receive the sustainable aviation fuel production tax credit pursuant to the SAF program, a business shall meet all of the eligibility

requirements in Iowa Code section 15.532. Additionally, a foreign business shall demonstrate that it is not associated with a foreign adversary or foreign adversary entity.

261—80.4(15) Application process and review.

80.4(1) Applications for tax credits may be submitted to the authority electronically by an eligible business from February 15 to March 15 of each calendar year, beginning February 15, 2027. The authority may adjust the annual application period under extenuating circumstances.

80.4(2) The application shall include the following information, including all information required by Iowa Code section 15.532(1)*"e"*:

a. The amount of sustainable aviation fuel produced in the state of Iowa from feedstock by the eligible business during the immediately previous calendar year, measured in gallons.

b. Documentation that sustainable aviation fuel achieves at least a 50 percent life cycle greenhouse gas emissions reduction as determined by either of the following:

(1) The method described in Iowa Code section 15.531(5)*"a"*; or

(2) The method described in Iowa Code section 15.531(5)*"b."*

Acceptable documentation includes but is not limited to fuel testing conducted by the Iowa Central Fuel Testing Laboratory in Fort Dodge, Iowa.

c. The types and sources of feedstock used to produce sustainable aviation fuel, documented in sufficient detail to allow the authority to verify that such feedstock was processed or refined in the state of Iowa.

d. The city or county where the plant producing sustainable aviation fuel is located.

e. The date on which the eligible business organized, expanded or located in the state of Iowa.

f. Any other information reasonably required by the authority in order to establish and verify that the applicant is an eligible business and the amount of the tax credit under the SAF program.

80.4(3) Applications will be reviewed and scored on a competitive basis by a review committee established by the authority. If the authority deems that additional information is needed before reviewing and scoring can be completed, and the authority makes a written request for additional information from the applicant, the applicant must provide the requested information within 30 days of the date that the written request from the authority was made. If an applicant does not provide the requested information within 30 days, the application may be denied by the authority.

80.4(4) Applications determined by the authority to be complete and eligible will be reviewed and scored using criteria established by the authority to evaluate the economic impact of an eligible business's production of sustainable aviation fuel.

80.4(5) The authority will notify an applicant when the applicant has been approved or denied by the director to receive a tax credit.

261—80.5(15) Agreement and fees. An eligible business approved to receive a tax credit shall enter into an agreement pursuant to Iowa Code section 15.532(2). The eligible business must sign the agreement within 60 days of being notified of approval for the tax credit. Upon request by the eligible business, the authority may extend the time period for signing the agreement by an additional 30 days.

80.5(1) Upon execution of the agreement and prior to issuance of a tax credit certificate, the eligible business shall remit to the authority a one-time compliance cost fee in the amount of $500.

80.5(2) For the duration of the agreement and for as long as an eligible business claims tax incentives pursuant to the agreement, the eligible business shall remit to the authority an ongoing compliance cost fee equal to one-half of one percent of the value of the tax incentives claimed pursuant to the agreement. This ongoing compliance fee shall be due and payable upon filing of the eligible business's tax return for each tax year in which the eligible business claims such tax incentives.

261—80.6(15) Sustainable aviation fuel production tax credit.

80.6(1) *Calculation of tax credit amount.*

a. An eligible business that has entered into an agreement pursuant to rule 261—80.5(15) may be issued a tax credit certificate in an amount calculated as described in Iowa Code section 15.533(1). The tax credit certificate shall contain the information required by Iowa Code section 15.533(6)*"b"* and any other information required by the department of revenue.

b. If a business has facilities located in more than one state, only the sustainable aviation fuel produced at facilities physically located in the state of Iowa may be counted for the purpose of calculating the tax credit.

c. If the same eligible business has an ownership or equity interest in multiple facilities at which sustainable aviation fuel is produced, the facilities under common ownership will be considered a single eligible business for purposes of calculating the maximum tax credit amount. In calculating the maximum tax credit amount, only the pro rata share of each eligible business's ownership in a facility will be attributed to that eligible business.

d. The maximum amount of tax credit that may be issued under the SAF program to an eligible business for the production of sustainable aviation fuel in a calendar year shall not exceed the amount authorized by Iowa Code section 15.533(7)*"b"*(1).

80.6(2) *Eligible production years only.* An eligible business shall not receive a tax credit for sustainable aviation fuel produced before the 2026 calendar year or after the 2035 calendar year.

80.6(3) *Maximum number of credits.* An eligible business shall not receive more tax credit certificates under the SAF program than the number specified in Iowa Code section 15.533(7)*"b"*(2). Each tax credit must be applied for separately, and each application will be reviewed independently of past tax credits. Receipt of a tax credit in one year does not guarantee receipt of a tax credit in a subsequent year.

80.6(4) *Nontransferable.* The tax credit certificates are not transferable.

80.6(5) *Termination and repayment.* Tax credits may be reduced, terminated, or rescinded pursuant to Iowa Code section 15.532(3).

261—80.7(15) Claiming the tax credit.

80.7(1) *Maximum tax credit claimed.* An eligible business that has entered into an agreement pursuant to rule 261—80.5(15) and been issued a tax credit certificate pursuant to subrule 80.6(1) may claim a tax credit as described in Iowa Code section 15.533.

80.7(2) *Claiming the credit.* To claim the tax credit, a taxpayer is to include one or more tax credit certificates with the taxpayer's tax return and otherwise act in accordance with any applicable administrative rules adopted by the department of revenue.

80.7(3) *Refundable.* Any tax credit in excess of the tax liability is refundable. 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.

261—80.8(15) Additional information. The authority may at any time request additional information and documentation from an eligible business, including but not limited to the operations and economic impact of the eligible business, and the authority may use the information in preparing and publishing any reports to be provided to the general assembly to the extent consistent with Iowa Code sections 15.534 and 15.107B. The authority shall keep confidential any information or record in its possession with respect to the SAF program in accordance with Iowa Code section 15.532(4)*"a"* except that the identity of a tax credit recipient and the amount of the tax credit shall be considered public information.

261—80.9(15) Relationship to renewable chemical program. Pursuant to Iowa Code section 15.119(2)*"b,"* the authority may allocate up to $10 million collectively each fiscal year for purposes of the SAF program and the renewable chemical program. The authority board shall determine the amount of such $10 million allocated to each program in a given fiscal year. The authority shall determine whether a business may apply for and receive both a tax credit certificate pursuant to the

renewable chemical program and a tax credit certificate pursuant to the SAF program in the same fiscal year. In making this determination, and among other factors, the authority may consider whether a business operates distinct facilities in the state such that a given production of chemicals does not and will not receive the benefits of both a tax credit pursuant to the renewable chemical program and a tax credit pursuant to the SAF program.

These rules are intended to implement Iowa Code sections 15.530 through 15.535.