

**452A.3 Levy of excise tax.**

1. Except as otherwise provided in [this section](#) and in [this subchapter](#), [this subsection](#) shall apply to the excise tax imposed on each gallon of motor fuel used for any purpose for the privilege of operating motor vehicles in this state.

a. An excise tax of thirty cents is imposed on each gallon of motor fuel other than ethanol blended gasoline classified as E-15 or higher.

b. On and after July 1, 2026, an excise tax of thirty cents is imposed on each gallon of ethanol blended gasoline classified as E-15 or higher. Before July 1, 2026, the rate of the excise tax on ethanol blended gasoline classified as E-15 or higher shall be based on the number of gallons of ethanol blended gasoline classified as E-15 or higher that are distributed in this state as expressed as a percentage of the number of gallons of motor fuel distributed in this state, which is referred to as the distribution percentage. For purposes of this paragraph, only ethanol blended gasoline and nonblended gasoline, not including aviation gasoline, shall be used in determining the percentage basis for the excise tax. The department shall determine the percentage basis for each determination period beginning January 1 and ending December 31 based on data from the reports filed pursuant to [section 452A.33](#). The rate for the excise tax shall apply for the period beginning July 1 and ending June 30 following the end of the determination period. Before July 1, 2026, the rate of the excise tax on each gallon of ethanol blended gasoline classified as E-15 or higher shall be as follows:

(1) If the distribution percentage is not greater than ten percent, the rate shall be twenty-four cents.

(2) If the distribution percentage is greater than ten percent but not greater than twelve percent, the rate shall be twenty-four and five-tenths cents.

(3) If the distribution percentage is greater than twelve percent but not greater than fourteen percent, the rate shall be twenty-five cents.

(4) If the distribution percentage is greater than fourteen percent but not greater than sixteen percent, the rate shall be twenty-five and five-tenths cents.

(5) If the distribution percentage is greater than sixteen percent but not greater than eighteen percent, the rate shall be twenty-six cents.

(6) If the distribution percentage is greater than eighteen percent but not greater than twenty percent, the rate shall be twenty-six and five-tenths cents.

(7) If the distribution percentage is greater than twenty percent but not greater than twenty-two percent, the rate shall be twenty-seven cents.

(8) If the distribution percentage is greater than twenty-two percent but not greater than twenty-six percent, the rate shall be twenty-seven and five-tenths cents.

(9) If the distribution percentage is greater than twenty-six percent but not greater than thirty-five percent, the rate shall be twenty-eight cents.

(10) If the distribution percentage is greater than thirty-five percent but not greater than forty-five percent, the rate shall be twenty-eight and five-tenths cents.

(11) If the distribution percentage is greater than forty-five percent but not greater than sixty-five percent, the rate shall be twenty-nine cents.

(12) If the distribution percentage is greater than sixty-five percent but not greater than eighty-five percent, the rate shall be twenty-nine and two-tenths cents.

(13) If the distribution percentage is greater than eighty-five percent but not greater than ninety-five percent, the rate shall be twenty-nine and five-tenths cents.

(14) If the distribution percentage is greater than ninety-five percent, the rate shall be thirty cents.

c. The provisions of paragraph “b” and [subsection 3](#), paragraph “a”, subparagraph (2), shall be subject to legislative review at least every five years. The review shall be based upon a fuel distribution percentage formula status report containing the recommendations of a legislative interim committee appointed to conduct a review of the fuel distribution percentage formulas, to be prepared with the assistance of the department of revenue in association with the department of transportation. The report shall include recommendations for changes or revisions to the fuel distribution percentage formulas based upon advances

in technology, fuel use trends, and fuel price fluctuations observed during the preceding five-year interval; an analysis of the operation of the fuel distribution percentage formulas during the preceding five-year interval; and a summary of issues that have arisen since the previous review and potential approaches for resolution of those issues. The first such report shall be submitted to the general assembly no later than January 1, 2020, with subsequent reports developed and submitted by January 1 at least every fifth year thereafter.

2. For the privilege of operating aircraft in this state an excise tax of eight cents per gallon is imposed on the use of all aviation gasoline.

3. a. For the privilege of operating motor vehicles or aircraft in this state, there is imposed an excise tax on the use of special fuel in a motor vehicle or aircraft.

(1) Except as otherwise provided in [this section](#) and in [this subchapter](#), the rate of the excise tax on each gallon of special fuel for diesel engines of motor vehicles used for any purpose for the privilege of operating motor vehicles in this state, other than biodiesel blended fuel classified as B-11 or higher, is thirty-two and five-tenths cents per gallon.

(2) Except as otherwise provided in [this section](#) and in [this subchapter](#), this subparagraph shall apply to the excise tax imposed on each gallon of biodiesel blended fuel classified as B-11 or higher used for any purpose for the privilege of operating motor vehicles in this state. On and after July 1, 2026, the rate of the excise tax on each gallon of biodiesel blended fuel classified as B-11 or higher is thirty-two and five-tenths cents. Before July 1, 2026, the rate of the excise tax shall be based on the number of gallons of biodiesel blended fuel classified as B-11 or higher that are distributed in this state as expressed as a percentage of the number of gallons of special fuel for diesel engines of motor vehicles distributed in this state, which is referred to as the distribution percentage. The department shall determine the percentage basis for each determination period beginning January 1 and ending December 31 based on data from the reports filed pursuant to [section 452A.33](#). The rate of the excise tax shall apply for the period beginning July 1 and ending June 30 following the end of the determination period. Before July 1, 2026, the rate of the excise tax on each gallon of biodiesel blended fuel classified as B-11 or higher shall be as follows:

(a) If the distribution percentage is not greater than fifty percent, the rate shall be twenty-nine and five-tenths cents.

(b) If the distribution percentage is greater than fifty percent but not greater than fifty-five percent, the rate shall be twenty-nine and eight-tenths cents.

(c) If the distribution percentage is greater than fifty-five percent but not greater than sixty percent, the rate shall be thirty and one-tenth cents.

(d) If the distribution percentage is greater than sixty percent but not greater than sixty-five percent, the rate shall be thirty and four-tenths cents.

(e) If the distribution percentage is greater than sixty-five percent but not greater than seventy percent, the rate shall be thirty and seven-tenths cents.

(f) If the distribution percentage is greater than seventy percent but not greater than seventy-five percent, the rate shall be thirty-one cents.

(g) If the distribution percentage is greater than seventy-five percent but not greater than eighty percent, the rate shall be thirty-one and three-tenths cents.

(h) If the distribution percentage is greater than eighty percent but not greater than eighty-five percent, the rate shall be thirty-one and six-tenths cents.

(i) If the distribution percentage is greater than eighty-five percent but not greater than ninety percent, the rate shall be thirty-one and nine-tenths cents.

(j) If the distribution percentage is greater than ninety percent but not greater than ninety-five percent, the rate shall be thirty-two and two-tenths cents.

(k) If the distribution percentage is greater than ninety-five percent, the rate shall be thirty-two and five-tenths cents.

(3) The rate of the excise tax on special fuel for aircraft is five cents per gallon.

(4) On all other special fuel, unless otherwise specified in [this section](#), the per gallon rate of the excise tax is the same as the motor fuel tax under [subsection 1](#).

b. Indelible dye meeting United States environmental protection agency and internal revenue service regulations must be added to fuel before or upon withdrawal at a terminal

or refinery rack for that fuel to be exempt from tax and the dyed fuel may be used only for an exempt purpose.

4. For liquefied petroleum gas used as a special fuel, the rate of tax shall be thirty cents per gallon.

5. For compressed natural gas used as a special fuel, the rate of tax is thirty-one cents per gallon.

6. For liquefied natural gas used as a special fuel, the rate of tax is thirty-two and one-half cents per gallon.

7. For hydrogen used as a special fuel, the rate of tax is sixty-five cents per gallon.

8. *a.* The tax shall be paid by the following:

(1) The supplier, upon the invoiced gross gallonage of all motor fuel or undyed special fuel withdrawn from a terminal for delivery in this state.

(2) Tax shall not be paid when the sale of alcohol occurs within a terminal from an alcohol manufacturer to an Iowa licensed supplier. The tax shall be paid by the Iowa licensed supplier when the invoiced gross gallonage of the alcohol or the alcohol part of ethanol blended gasoline is withdrawn from a terminal for delivery in this state.

(3) The person who owns the fuel at the time it is brought into the state by a restrictive supplier or importer, upon the invoiced gross gallonage of motor fuel or undyed special fuel imported.

(4) The blender on total invoiced gross gallonage of alcohol or other product sold to be blended with gasoline or special fuel.

(5) Any other person who possesses taxable fuel upon which the tax has not been paid to a licensee.

*b.* The tax shall not be imposed or collected under [this subchapter](#) with respect to motor fuel or special fuel sold for export or exported from this state to any other state, territory, or foreign country.

9. Thereafter, except as otherwise provided in [this subchapter](#), the per gallon amount of the tax shall be added to the selling price of every gallon of such motor fuel or undyed special fuel sold in this state and shall be collected from the purchaser so that the ultimate consumer bears the burden of the tax.

10. All excise taxes collected under [this chapter](#) by a supplier, restrictive supplier, importer, dealer, blender, user, or any individual are deemed to be held in trust for the state of Iowa.

[C27, 31, §4755-b38, 5093-a1; C35, §5093-f3, -f4; C39, §5093.03, 5093.04; C46, 50, 54, §324.2, 324.3; C58, 62, 66, 71, 73, 75, 77, 79, 81, §324.3; 81 Acts, 2nd Ex, ch 2, §7 – 9; 82 Acts, ch 1170, §3, 4]

83 Acts, ch 150, §1, 2; 84 Acts, ch 1141, §1; 84 Acts, ch 1253, §5; 85 Acts, ch 231, §13, 14; 86 Acts, ch 1116, §2, 3; 88 Acts, ch 1019, §13, 14; 88 Acts, ch 1205, §3; 91 Acts, ch 87, §4; 91 Acts, ch 254, §19, 20

C93, §452A.3

95 Acts, ch 155, §14, 44; 96 Acts, ch 1034, §43; 98 Acts, ch 1108, §1; 99 Acts, ch 151, §52, 89; 2001 Acts, ch 123, §4 – 6; 2001 Acts, ch 150, §24; 2002 Acts, ch 1150, §15, 16; 2004 Acts, ch 1073, §35; 2005 Acts, ch 3, §73; 2005 Acts, ch 150, §83, 84, 86; 2006 Acts, ch 1142, §81; 2007 Acts, ch 215, §113, 114; 2009 Acts, ch 130, §44; 2012 Acts, ch 1021, §79; 2012 Acts, ch 1114, §1 – 3; 2013 Acts, ch 127, §11 – 13; 2014 Acts, ch 1026, §97; 2014 Acts, ch 1032, §3, 4; 2014 Acts, ch 1128, §3, 4, 6; 2015 Acts, ch 2, §5 – 10, 15; 2015 Acts, ch 30, §124; 2018 Acts, ch 1041, §127; 2019 Acts, ch 151, §7, 17; 2020 Acts, ch 1119, §1, 6

Referred to in §312.2, 452A.8

For future amendments to section effective July 1, 2024, see 2022 Acts, ch 1067, §77 - 80

2020 amendment to subsection 3 requiring the department of revenue to determine the percentage basis for each determination period based on data from specified reports for purposes of the excise tax on biodiesel blended fuel classified as B-11 or higher applies to the determination period beginning January 1, 2021, and to each determination period thereafter, for the rate of the excise tax on each gallon of biodiesel blended fuel classified as B-11 or higher beginning July 1, 2021; 2020 Acts, ch 1119, §6