

CHAPTER 259
FUEL TAX ADMINISTRATION

[Prior to 1/1/96, see 701—Ch 63]
[Prior to 9/7/22, see Revenue Department[701] Ch 67]

Chapter rescission date pursuant to Iowa Code section 17A.7: 4/23/30

701—259.1(452A) Definitions. For purposes of 701—Chapters 259, 260, 261, and 262, the following definitions apply:

“*B-20*” means biodiesel blended fuel formulated with a minimum percentage of 20 percent by volume of biodiesel, if the formulation meets the standards provided in Iowa Code section 214A.2. A similar notation refers to biodiesel blended fuel containing other percentages of biodiesel. For example, “*B-5*” means biodiesel blended fuel formulated with a minimum percentage of 5 percent by volume of biodiesel, if the formulation meets the standards provided in Iowa Code section 214A.2.

“*Biodiesel distribution percentage*” means the number of gallons of biodiesel blended fuel classified as B-20 or higher that is 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 during the determination period. The determination period is the previous calendar year.

“*Carrier*” means and includes any person who operates or causes to be operated any commercial motor vehicle on any public highway in this state.

“*End user*” of special fuel means a person who has purchased a minimum of 240,000 gallons of special fuel each year in the two preceding years who elects to make delayed payments to a licensed supplier and must use electronic funds transfer.

“*Ethanol distribution percentage*” means the number of gallons of ethanol blended gasoline that is distributed in this state as expressed as a percentage of the number of gallons of motor fuel, excluding aviation gasoline, distributed in this state during the determination period. The determination period is the previous calendar year.

“*Foreign supplier*” means a person licensed as a supplier to collect and report the tax, but who does not have jurisdictional connections with this state.

“*Fuel(s)*” means and includes motor fuel, special fuel, and electric fuel as defined in Iowa Code chapter 452A.

“*Invoiced gallons*” means gross gallons as shown on the bill of lading or manifest.

“*Motor fuel*” means a substance or combination of substances that is intended to be or is capable of being used for the purpose of operating an internal combustion engine, including but not limited to a motor vehicle, and is kept for sale or sold for that purpose and includes the following:

1. All products commonly or commercially known or sold as gasoline (including ethanol blended gasoline, casinghead, and absorption or natural gasoline) regardless of their classifications or uses, and including transmix that serves as a buffer between fuel products in the pipeline distribution process.

2. Any liquid advertised, offered for sale, sold for use as, or commonly or commercially used as a fuel for propelling motor vehicles, which when subjected to distillation of gasoline, naphtha, kerosene, and similar petroleum products (American Society of Testing Materials designation D-86), shows not less than 10 percent distilled (recovered) below 347°F (175°C) and not less than 95 percent distilled (recovered) below 464°F (240°C).

“*Motor fuel*” does not include special fuel and does not include liquefied gases that would not exist as liquids at a temperature of 60°F and a pressure of 14 7/10 pounds per square inch absolute, or naphthas and solvents unless the liquefied gases or naphthas and solvents are used as a component in the manufacture, compounding, or blending of a liquid within paragraph “2,” in which event the resulting product shall be deemed to be motor fuel. “*Motor fuel*” also does not include methanol unless blended with other motor fuels for use in an aircraft or for propelling motor vehicles.

“*Person*” means and includes natural persons, partnerships, firms, associations, corporations, representatives appointed by any court, and political subdivisions of this state or any other group or combination acting as a unit and the plural as well as the singular number applies.

“*Petrodiesel*” means petroleum-based diesel fuel. Petrodiesel contains no biodiesel.

“*Reefer*” or “*reefer unit*” means a refrigeration unit powered by fuel.

“*Taxpayer*” means anyone responsible for paying fuel taxes directly to the department of revenue under Iowa Code chapter 452A.

“*Withdrawn from terminal*” means physical movement from a supplier to a distributor or eligible end user or from an alcohol manufacturer to a nonterminal location and includes an importer going out of state and obtaining fuel from a terminal and bringing the fuel into the state, and a restrictive supplier bringing fuel into the state even though not purchased directly from a terminal. Exchange of product by suppliers while in the distribution channel and the physical movement of alcohol from an alcohol manufacturer to an Iowa licensed supplier’s alcohol storage at a terminal are not to be considered “withdrawn from terminal.”

This rule is intended to implement Iowa Code sections 452A.2, 452A.57 and 452A.59.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.2(452A) Taxpayers required to keep records.

259.2(1) The records required to be kept by this rule must be preserved for a period of three years and will be open for examination by the department during this period of time. The department, after an audit and examination of the records, may authorize the disposal of the records required to be kept upon written request by the taxpayer. 701—subrule 11.3(3) contains additional information for taxpayers using an electronic data interchange.

259.2(2) Every supplier or restrictive supplier required to file a monthly return under Iowa Code section 452A.8, every importer required to file a semimonthly return under Iowa Code section 452A.8, and every exporter, terminal or nonterminal storage facility operator, distributor, blender, and dealer is required to keep and preserve records in compliance with 701—Chapter 11. Such persons are also required to keep the following records relating to the purchase or sale of fuel:

- a. Copies of bills of lading or manifests.
- b. Copies of sales and purchase invoices.
- c. Sales records and purchase records.
- d. Copies of filed returns and supporting schedules.
- e. Record of payment.
- f. Export schedules.
- g. Delivery tickets.
- h. Copies of reports, returns, and supporting schedules filed with the importing state.
- i. Exemption certificates.

This rule is intended to implement Iowa Code section 452A.8.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.3(452A) Audit—costs.

259.3(1) The department has the right and duty to examine or cause to be examined the books, records, memoranda, or documents of a taxpayer for the purpose of verifying the correctness of a return filed or determining the tax liability of any taxpayer.

259.3(2) The costs incurred in examining the records of a taxpayer are at the taxpayer’s expense when the records are kept at an out-of-state location. Cost will include meals, lodging, and travel expenses, but will not include salaries of department personnel.

This rule is intended to implement Iowa Code sections 452A.10, 452A.62, 452A.55, and 452A.69.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.4(452A) Estimate gallonage.

259.4(1) *Inadequate records.* In the event the taxpayer’s records are lacking or inadequate to support any return filed by the taxpayer, or to determine the taxpayer’s liability, the department has the power to estimate the gallonage upon which tax is due.

259.4(2) *Determination of estimate.* Estimated gallonage will be based upon such factors as, but not limited to, the following:

- a. Prior experience of the taxpayer;

- b. Taxpayers in similar situations;
- c. Industry averages;
- d. Records of suppliers or customers; and
- e. Other pertinent information the department may possess, obtain or examine.

This rule is intended to implement Iowa Code section 452A.64.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.5(452A) Timely filing of returns, reports, remittances, applications, or requests.

259.5(1) The returns, reports, remittances, applications, or requests required under Iowa Code chapter 452A or 701—Chapters 259 through 262 shall be filed through GovConnectIowa unless otherwise required by the department.

259.5(2) Such documents provided by mail are deemed filed within the required time if:

- a. Postpaid,
- b. Properly addressed, and
- c. Postmarked on or before midnight of the day on which due and payable.

Any return that is not signed and any return that does not contain substantially all of the pertinent information are not considered “filed” until such time as the taxpayer signs or supplies the information to the department.

259.5(3) The filing of a return within the period prescribed by law and payment of the tax required to be shown thereon are simultaneous acts unless remittance is required to be transmitted electronically; and if either condition is not met, a penalty will be assessed. Remittances transmitted electronically are considered to have been made on the date the remittance is added to the bank account designated by the treasurer of the state of Iowa. If the final filing date falls on a Saturday, Sunday, or holiday, the next day that is not a Saturday, Sunday, or holiday is the final filing date.

259.5(4) The director may require by rule that reports and returns be filed by electronic transmission.

259.5(5) All licensees must file returns by electronic transmission. All suppliers, restricted suppliers, importers, terminals, blenders, and nonterminal storage facilities with at least 5,000 gallons of product on their return or report must also file the schedules which support the return or report by electronic transmission.

259.5(6) All returns, reports, remittances, applications, or requests should be mailed to: Motor Fuel Refunds, Iowa Department of Revenue, Tax Management Division—Fuel Tax, P.O. Box 10465, Des Moines, Iowa 50306-0465, unless electronic transmission is required.

In the event a dispute arises as to the time of filing, or a return, report, or remittance is not received by the department, the provisions of Iowa Code section 622.105 are controlling. This rule applies only when the document is not received or the postmark on the envelope is illegible, erroneous, or omitted.

This rule is intended to implement Iowa Code sections 452A.8 and 452A.61.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.6(452A) Statute of limitations, supplemental assessments and refund adjustments.

259.6(1) After a return is filed, the department must examine it, determine fuel taxes due, and give notice of assessment to the taxpayer. Iowa Code sections 452A.64 and 452A.67 and rule 701—259.5(452A) contain additional information on the failure to file returns and the period for examination.

259.6(2) The department may, at any time within the period prescribed for assessment or refund adjustment, make a supplemental assessment or refund adjustment whenever it is ascertained that any assessment or refund adjustment is imperfect or incomplete in any respect.

259.6(3) If the assessment or refund adjustment is appealed (protested under rule 701—7.9(17A)) and is resolved, whether by informal proceedings or by adjudication, the department and the taxpayer are precluded from making a supplemental assessment or refund adjustment concerning the same issue involved in such appeal for the same tax period unless there is a showing of mathematical or clerical error or a showing of fraud or misrepresentation.

This rule is intended to implement Iowa Code section 452A.67.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.7(452A) Extension of time to file. The department may grant an extension for the filing of any required return or tax payment or both.

259.7(1) Application for extension. In order for an extension to be granted, the application requesting the extension must be filed, in writing, with the department prior to the due date of the return or remittance. In determining whether an application for extension is timely filed, the provisions of rule 701—259.5(452A) shall apply. The application for extension must be accompanied by an explanation of the circumstances justifying such extension.

259.7(2) Length of extension. The extension period will not exceed 30 days.

259.7(3) Penalties in the event of an extension. In the event an extension is granted, the penalties under Iowa Code section 452A.65 applicable to late-filed returns or remittances will not accrue until the expiration of the extension period. The interest on tax due under the same section will accrue as of the original filing date.

This rule is intended to implement Iowa Code section 452A.61.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.8(452A) Penalty and interest. Rules 701—10.6(421) and 701—10.2(421) contain information on failure to timely file a return or failure to timely pay the tax. Rule 701—10.8(421) contains information on penalty exceptions. Rule 701—10.72(452A) contains additional information on interest on refunds. Rule 701—10.71(421) contains additional information on penalty and enforcement provisions.

This rule is intended to implement Iowa Code chapter 452A.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.9(452A) Application of remittance. All payments are to be first applied to the penalty and then to the interest. The balance, if any, will then be applied to the amount of tax due. If a taxpayer remits a payment on or before the due date, but the payment is insufficient to discharge the tax liability, the entire amount of the payment applies to the tax, and the penalty and interest are based on the unpaid portion of the tax. If the department determines there is additional tax due from a taxpayer, interest and penalty accrue on that amount from the date it should have been reported and paid.

This rule is intended to implement Iowa Code sections 452A.59, 452A.65 and 452A.66.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.10(452A) Reports, returns, records—variations.

259.10(1) The department will prescribe and furnish forms upon which reports, returns, and applications are to be made to the department under Iowa Code chapter 452A. Claims for refund will be made on forms provided by the department or in any other manner as prescribed by the director. Licensees may substitute forms for their use, other than official forms, if all the requirements in department rule 701—8.3(17A) are met.

259.10(2) If the information required in these documents is presented to the department on forms or in a manner other than the prescribed form, or approved substitute form, the return, application, or claim for refund or credit shall not be deemed “filed.” The forms may be furnished by the department (except those pertaining to division III interstate operations, which are available from the department of transportation) and, therefore, the fact that the reporting party does not have the prescribed form is not an excuse for failure to file.

259.10(3) The department may also prescribe the form of the records that the reporting parties are required to keep in support of the reports/returns they file. The department may approve the form of the records that are being kept by any reporting party and must approve the form of record being kept if that form contains all of the information on the prescribed form, the information is compiled in such a manner as to make it easily ascertainable by department personnel, and substantially complies with the prescribed form.

This rule is intended to implement Iowa Code section 452A.60.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.11(452A) Invoices.

259.11(1) *Requirements for invoices.* Whenever an invoice is required to be kept or prepared by Iowa Code chapter 452A or these rules, the invoice must:

- a. Be prepared by someone other than the purchaser and include the seller's name, address, and identification number.
- b. Include the purchaser's name and address.
- c. Contain a serial number of three or more digits.
- d. Include the calendar date of purchase.
- e. Indicate the type of fuel purchased. Diesel fuel must be designated as dyed or undyed.
- f. Indicate the quantity of fuel purchased in gross gallons.
- g. Indicate the total purchase price and show separately the amount of state and federal fuel tax included in the purchase price or include a statement that all state and applicable federal taxes are included in the purchase price.
- h. For ethanol blended gasoline or biodiesel blended fuel, state its designation as provided in Iowa Code section 214A.2.
- i. Be prepared on paper that will prevent erasure or alteration or on another form approved by the department.

259.11(2) *Credit card invoices.* Credit card invoices are acceptable if they meet substantially all the requirements of rule 701—259.11(452A). For refund purposes, presentation of a credit card invoice or billing statement is prima facie evidence that the fuel tax has been paid.

This rule is intended to implement Iowa Code sections 452A.10, 452A.12, and 452A.60.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.12(452A) Taxes erroneously or illegally collected.

259.12(1) *Generally.* Licensees are entitled to a refund of taxes, penalty, and interest erroneously or illegally collected by the department.

259.12(2) *Refund requests.* The request for refund must be (1) in writing, (2) filed with the department within three years of the time the tax was paid (3) filed by the licensee who remitted the tax to the department, and (4) accompanied by documentation supporting the claim for refund.

a. *Computational errors.* If the erroneous collection was the result of a computational error on the part of the taxpayer and that error is discovered by the department during an examination of the taxpayer's records within three years of the overpayment, the taxes will be refunded and a written request will not be necessary.

b. *Penalties and interest.* If the request includes the return of erroneously or illegally collected (assessed) penalty or interest, the interest or penalty shall be refunded in the same proportion as the tax.

c. *Sales or use tax.* A refund issued under this rule will be reduced by sales or use tax if applicable. There is no minimum refund amount for refunds claimed under the provisions of Iowa Code section 452A.72.

259.12(3) *Amended returns.*

a. *Generally.* Amended returns must be filed for the tax periods in which an error occurred.

b. *Motor fuel and undyed special fuel suppliers.* Motor fuel and undyed special fuel suppliers must inform the department upon which bill(s) of lading, by number, and upon which monthly return(s) the tax was erroneously paid. The gallonage upon which a refund is requested on motor fuel or undyed special fuel must be reduced by the distribution allowance provided in Iowa Code section 452A.5.

c. *Restrictive suppliers, importers, and blenders.* Restrictive suppliers, importers, and blenders must inform the department upon which bill(s) of lading or invoice, by number, and upon which monthly or semimonthly return(s) the tax was erroneously paid and an explanation of the erroneous payment. An amended return must be filed for the tax period in which the error occurred.

This rule is intended to implement Iowa Code section 452A.72.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.13(452A) Information confidential.

259.13(1) *Generally.* Iowa Code section 452A.63, which makes all information obtained from reports, returns, or records required to be filed or kept under Iowa Code chapter 452A confidential, applies generally to the director, deputies, auditors, agents, officers, or other employees of the department. The information may be divulged to appropriate public officials, including:

- a. Member(s) of the Iowa general assembly,
- b. Committees of either chamber of the Iowa legislature,
- c. State officers,
- d. Persons who have responsibility for the enforcement of Iowa Code chapter 452A,
- e. Officials of the federal government entrusted with enforcement of federal motor vehicle fuel tax laws, and
- f. Officials of other states who have responsibility to enforce motor vehicle fuel tax laws and who will furnish like information to the department.

259.13(2) *Exception.* An exception to this rule is that the appropriate state agency may make available to the public the total gallons of motor fuel, undyed special fuel, and ethanol blended gasoline withdrawn from terminals or imported into the state by suppliers, restrictive suppliers, and importers. The public request must be made within 45 days following the last day of the month in which the tax is required to be paid.

This rule is intended to implement Iowa Code section 452A.63.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.14(452A) Audit and examination. The compliance division of the department may examine reports, returns, and records; make audits; and determine the correct amount of tax, interest, penalties, and fines due and take all actions authorized to collect the same, subject to review by or appeal to the director.

This rule is intended to implement Iowa Code sections 452A.62 and 452A.76.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.15(452A) Practice and procedure before the department of revenue. The practice and procedure before the department is governed by Iowa Code chapter 17A and 701—Chapter 7.

This rule is intended to implement Iowa Code chapter 17A.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.16(452A) Time for filing an appeal. Any person wishing to contest an assessment, denial of all or any portion of a refund claim, or any other department action, except licensing, which may culminate in a contested case proceeding, must file an appeal as directed in 701—Chapter 7. If a taxpayer fails to timely appeal a notice of assessment, the taxpayer may make payments pursuant to 701—subrule 7.9(3) and file a refund claim within the period provided by law for filing claims.

This rule is intended to implement Iowa Code section 452A.64.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.17(452A) Bonding procedure. The director may, when necessary and advisable in order to secure the collection of the tax, require any person subject to the tax to file with the department a bond in an amount as the director may fix, or in lieu of the bond, securities approved by the director in an amount as the director may prescribe. Pursuant to the statutory authorization in Iowa Code sections 423.35 and 452A.66, the director has determined that the following procedures will be instituted with regard to bonds:

259.17(1) *When required.*

- a. *Classes of business.* When the director determines, based on departmental records, other state or federal agency statistics, or current economic conditions, that certain segments of the petroleum business community are experiencing above average financial failures such that the collection of the tax might be jeopardized, a bond or security will be required from every licensee operating a business within this class unless it is shown to the director's satisfaction that a particular licensee within a designated class is solvent and that the licensee previously timely remitted the tax. If the director selects certain classes of licensees for posting a bond or security, rulemaking will be initiated to reflect a listing of the classes in the rules.

b. New applications for fuel tax permits. Notwithstanding the provisions of paragraph “a” above, the director has determined that importers will be required to post a bond in the amount of \$25,000 and other applicants for a new fuel tax permit will be requested to post a bond or security if (1) it is determined upon a complete investigation of the applicant’s financial status that the applicant would likely not be able to timely remit the tax, or (2) the new applicant held a prior fuel tax license and the remittance record of the tax under the prior license falls within one of the conditions in paragraph “c” below, or (3) the department experienced collection problems while the applicant was engaged in business under the prior license, or (4) the applicant is substantially similar to a person who would have been required to post a bond under the guidelines as set forth in “c” or such person had a previous fuel tax permit revoked. The applicant is “substantially similar” to the extent that said applicant is owned or controlled by persons who owned or controlled the previous licensee. For example, X, a corporation, had a previous fuel tax permit revoked. X is dissolved and its shareholders create a new corporation, Y, which applies for a fuel tax permit. The persons or stockholders who controlled X now control Y. Therefore, Y will be requested to post a bond or security.

c. Existing licensees—amount of bond or security. The simultaneous late filing of the return and the late payment of the tax will count as one delinquency. See rule 701—259.24(452A). However, the late filing of the return or the late payment of the tax will not count as a delinquency if the license holder can satisfy one of the conditions set forth in Iowa Code section 421.27, penalty waiver.

(1) Suppliers will be requested to post a bond or security when they have had one or more delinquencies in remitting the fuel tax or timely filing monthly returns during the past six months. The bond or security will be an amount sufficient to cover six months’ fuel tax liability or \$5,000, whichever is greater.

(2) Restrictive suppliers will be requested to post a bond or security when they have had two or more delinquencies in remitting the fuel tax or timely filing monthly returns during the past 12 months. The bond or security will be an amount sufficient to cover 12 months’ fuel tax liability or \$2,000, whichever is greater.

(3) Blenders will be requested to post a bond or security when they have had two or more delinquencies in remitting the fuel tax or timely filing monthly returns during the past six months. The bond or security will be an amount sufficient to cover 12 months’ fuel tax liability or \$2,000, whichever is greater.

(4) Compressed natural gas, liquefied natural gas, and liquefied petroleum gas dealers and users will be requested to post a bond or security when they have had two or more delinquencies in remitting the fuel tax or timely filing monthly returns during the past 12 months. The bond or security will be an amount sufficient to cover 12 months’ fuel tax liability or \$500, whichever is greater.

d. Bond or security required. Eligible purchasers and end users will be required to post a bond or security when they have failed to pay the tax to a supplier. They will not be allowed to register as an eligible purchaser or end user again until the bond or security requirement has been complied with.

The bond or security will be an amount sufficient to cover six months’ fuel tax based on previous purchases.

e. Waiver of bond. If a licensee has been requested to post a bond or security or if an applicant for a license has been requested to post a bond or security, upon the filing of the bond or security if the licensee maintains a good filing record for a period of two years, the licensee may request that the department waive the continued bond or security requirement. Importer bonds will not be waived.

259.17(2) Type of security or bond. When it is determined that a licensee or applicant for a fuel tax permit is required to post collateral to secure the collection of the fuel tax, the following types of collateral will be considered as sufficient: cash, surety bonds, securities, or certificates of deposit. “Cash” means guaranteed funds including, but not limited to, cashier’s check, money order, or certified check. If cash is posted as a bond, the bond will not be considered filed until the final payment is made, if paid in installments. A certificate of deposit must have a maturity date of 24 months from the date of assignment to the department. An assignment from the bank must accompany the original certificate of deposit filed with the department for the bank to be released from liability. When a licensee elects to post cash rather than a certificate of deposit as a bond, conversion to a certificate of deposit will not be allowed. When the licensee

is a corporation, an officer of the corporation may assume personal responsibility for the payment of fuel tax. Security requirements for the officer will be evaluated as provided in 259.17(1) above as if the officer applied for a fuel tax license as an individual.

259.17(3) Existing license holders. Existing license holders may be requested to post a bond or security when they have had two or more delinquencies in remitting the fuel tax or filing returns timely during the past 12 months when filing returns on a monthly basis. The bond or security will be an amount sufficient to cover 12 months' fuel tax liability or \$500, whichever is greater. The simultaneous late filing of the return and the late payment of the tax will count as one delinquency. However, the late filing of the return or late payment of the tax will not count as a delinquency if the license holder can satisfy one of the conditions set forth in Iowa Code section 421.27 (penalty waiver). The department may waive the bond under circumstances described in paragraph 259.17(1) "e."

259.17(4) Type of security. The types of security or bond considered as sufficient are described in subrule 259.17(2).

This rule is intended to implement Iowa Code sections 423.35 and 452A.66.

[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.18(452A) Supplier, restrictive supplier, importer, exporter, blender, dealer, or user licenses.

259.18(1) Requirements for license. In order to become licensed as a fuel supplier, restrictive supplier, importer, exporter, blender, dealer, or user, the person must electronically file an application with the department. The license is valid until revoked or canceled and is nonassignable. The application is to include but not be limited to the following information:

- a. The name under which the licensee will transact business in the state.
- b. The location of the principal place of business of the licensee and the mailing address if different.
- c. The social security number or federal identification number of the licensee.
- d. The type of ownership.
- e. The name and complete residency address of the owner(s) of the business or, if a corporation or association, the names and addresses of the principal officers.
- f. The type of license being requested.
- g. Exporters only—the state and license number for that state in which the fuel is being exported.

259.18(2) Assignment of a license. Licenses are not assignable. A person must apply for a new license when:

- a. Buying the business of another license holder, even if the new owner operates under the same name.
- b. Changing of the name under which the licensee conducts business.
- c. Merging or otherwise combining businesses, resulting in a new or different entity.

259.18(3) Denial of a license. The department may deny a license to any applicant who may be denied a sales tax permit under rule 701—201.10(423). Rule 701—201.10(423) also contains a characterization of the terms "tax administered by the department" and "substantially delinquent" in paying a tax. Rule 701—7.9(17A) contains information about rights to appeal denial of an application for a license.

259.18(4) Revocation of a license. The department may revoke the license of any licensee whose sales tax permit may be revoked under rule 701—201.11(423). Rule 701—201.10(423) contains characterizations of the terms "tax administered by the department" and "substantially delinquent" in paying a tax. The department may also revoke the license of any licensee who abuses the privileges for which the license was issued; who files a false return; or who fails to file a return (including supporting schedules), pay the full amount of tax due, produce records requested, or extend cooperation to the department. Rule 701—7.9(17A) contains more information about rights to appeal.

259.18(5) Efficient administration of motor fuel laws. When necessary for the efficient administration of Iowa Code chapter 452A, the director may regard persons or facilities in possession of motor fuel, special fuel, biofuel, alcohol, or alcohol derivative substances as blenders, dealers, eligible purchasers, exporters, importers, restrictive suppliers, suppliers, terminal operators, or nonterminal storage facility operators. The department will notify the person or facility of the various requirements under the motor vehicle fuel tax laws and will ensure that a license is issued.

This rule is intended to implement Iowa Code sections 452A.4 and 452A.6.
[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.19(452A) Reinstatement of license canceled for cause.

259.19(1) *Reinstatement generally.* A license canceled for cause will be reinstated only on such terms and conditions as the cause may warrant. Terms and conditions will include payments of any applicable fuel tax liability including interest and penalty that is due the department.

259.19(2) *Requirements after cancellation.* Upon the cancellation of a motor vehicle fuel tax license, the licensee will be required to pay all delinquent fuel tax liabilities including interest and penalty, to file returns, and to post a bond and have refrained from activities requiring a license under Iowa Code sections 452A.4 and 452A.6 during the waiting period as required by the director prior to the reinstatement or issuance of a new motor vehicle fuel tax license.

259.19(3) *Waiting periods.* The director may impose a waiting period during which the licensee must refrain from activities requiring a license pursuant to the penalties provided in Iowa Code section 452A.74.

a. Waiting periods of up to 90 days may be imposed as a condition for the restoration of a license or the issuance of a new license after cancellation for cause.

b. The department may require a statement that the licensee has fulfilled all requirements of said order canceling the license for cause and the dates on which the license holder refrained from restricted activities.

259.19(4) *Offenses.* Each of the following situations will be considered one offense for the purpose of determining the waiting period to reinstate a license canceled for cause or issuing a new license after being canceled for cause unless otherwise noted.

a. Failure to post a bond as required.

b. Failure to file a report or return timely.

c. Failure to pay tax timely (including unhonored payments, failure to pay and late payments).

d. Failure to file a return and pay tax as shown on the return (counts as one offense).

259.19(5) *Length of waiting period.* The hearing officer or director of revenue may order a waiting period after the cancellation for cause not to exceed:

a. Waiting periods for multiple offenses.

(1) Five days for one through five offenses.

(2) Seven days for six or seven offenses.

(3) Ten days for eight or nine offenses.

(4) Thirty days for ten offenses or more.

b. Waiting periods for multiple cancellations. The hearing officer or director of revenue may order a waiting period not to exceed:

(1) Forty-five days if the second cancellation for cause occurs within 24 months of the first cancellation for cause.

(2) Sixty days if the second cancellation for cause occurs within 18 months of the first cancellation for cause.

(3) Ninety days if the second cancellation for cause occurs within 12 months of the first cancellation for cause.

(4) Ninety days if the third cancellation for cause occurs within 36 months of the second cancellation for cause.

This rule is intended to implement Iowa Code section 452A.68.
[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.20(452A) Fuel used in implements of husbandry. Dyed special fuel is exempt from tax. Motor fuel or undyed special fuel is subject to refund when used in implements of husbandry as defined in Iowa Code section 321.1(32). A vehicle as defined in Iowa Code section 321.1(90) is not an implement of husbandry. The department of revenue, the state department of transportation, the department of public safety, and any other peace officer as requested by such department is empowered to enforce the use of special fuel or motor fuel in any illegal manner, including the inspection and testing of fuel in the fuel supply tank of an implement of husbandry.

This rule is intended to implement Iowa Code section 452A.76.
[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.21(452A) Excess tax collected. If a licensee collects tax on exempt fuel or collects more tax than is due, the licensee must return the excess tax paid to the purchaser if the tax has not been paid to the department. If the tax has been paid to the department, the department will return the excess tax paid to the consumer upon appropriate documentation.

This rule is intended to implement Iowa Code section 452A.22.
[ARC 9043C, IAB 3/19/25, effective 4/23/25]

701—259.22(452A) Retailer gallons report.

259.22(1) The department is required to compile information reported to it by retail dealers regarding the number of gallons of the various fuel classifications sold by retail dealers in the previous calendar year and submit a report to the governor and the legislative services agency by April 1 of each year.

a. Each retail dealer is required to file a report with the department detailing the number of motor fuel gallons sold during the previous calendar year on both a companywide basis and a site-by-site basis as required by the department.

b. The retail dealer report is due by January 31 following the close of the calendar year.

259.22(2) The report filed by the department will include information in the aggregate relating to total sales of gasoline, ethanol blended gasoline, diesel fuel, and biofuels. The report will also include appropriate percentage sales of various fuel products. The report will not include individual retail dealer information, trade secret information, or confidential information.

259.22(3) Any entity selling or otherwise providing gasoline, ethanol blended gasoline, diesel fuel, or biofuels in this state to an end user will be presumed to be a retail dealer under Iowa Code section 452A.2(40).

This rule is intended to implement Iowa Code section 452A.33.
[ARC 9043C, IAB 3/19/25, effective 4/23/25]

[Filed 11/3/95, Notice 9/27/95—published 11/22/95, effective 1/1/96]

[Filed 9/20/96, Notice 8/14/96—published 10/9/96, effective 11/13/96]

[Filed 9/5/97, Notice 7/30/97—published 9/24/97, effective 10/29/97]

[Filed 12/12/97, Notice 11/5/97—published 12/31/97, effective 2/4/98]

[Filed 12/11/98, Notice 11/4/98—published 12/30/98, effective 2/3/99]

[Filed 9/17/99, Notice 8/11/99—published 10/6/99, effective 11/10/99]

[Filed 10/15/99, Notice 9/8/99—published 11/3/99, effective 12/8/99]

[Filed 10/12/01, Notice 9/5/01—published 10/31/01, effective 12/5/01]

[Filed 3/15/02, Notice 2/6/02—published 4/3/02, effective 5/8/02]

[Filed 10/25/02, Notice 9/4/02—published 11/13/02, effective 12/18/02]

[Filed 10/24/03, Notice 9/17/03—published 11/12/03, effective 12/17/03]

[Filed 11/6/03, Notice 10/1/03—published 11/26/03, effective 12/31/03]

[Filed 11/16/05, Notice 10/12/05—published 12/7/05, effective 1/11/06]

[Filed 12/13/06, Notice 11/8/06—published 1/3/07, effective 2/7/07]

[Filed 10/5/07, Notice 8/29/07—published 10/24/07, effective 11/28/07]

[Filed 10/31/08, Notice 9/24/08—published 11/19/08, effective 12/24/08]

[Filed ARC 8225B (Notice ARC 8043B, IAB 8/12/09), IAB 10/7/09, effective 11/11/09]

[Filed ARC 9821B (Notice ARC 9741B, IAB 9/7/11), IAB 11/2/11, effective 12/7/11]

[Filed ARC 0251C (Notice ARC 0145C, IAB 5/30/12), IAB 8/8/12, effective 9/12/12]

[Filed ARC 1442C (Notice ARC 1362C, IAB 3/5/14), IAB 4/30/14, effective 6/4/14]

[Filed ARC 1805C (Notice ARC 1681C, IAB 10/15/14), IAB 1/7/15, effective 2/11/15]

[Filed ARC 2247C (Notice ARC 2123C, IAB 9/2/15), IAB 11/25/15, effective 12/30/15]

[Filed ARC 2657C (Notice ARC 2519C, IAB 4/27/16), IAB 8/3/16, effective 9/7/16]

[Filed Emergency ARC 6398C, IAB 7/13/22, effective 7/1/22]

[Filed ARC 6508C (Notice ARC 6400C, IAB 7/13/22), IAB 9/7/22, effective 10/12/22]

[Editorial change: IAC Supplement 10/18/23]
[Filed ARC 9043C (Notice ARC 8739C, IAB 1/22/25), IAB 3/19/25, effective 4/23/25]