

701—260.1(452A) Tax rates—time tax attaches—responsible party.

260.1(1) Fuel distribution percentages.

a. Ethanol distribution percentage.

(1) Except as otherwise provided in this paragraph, this paragraph 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. An excise tax of 30 cents is imposed on each gallon of motor fuel other than ethanol blended gasoline classified as E-15 or higher.

(2) On and after July 1, 2030, an excise tax of 30 cents is imposed on each gallon of ethanol blended gasoline classified as E-15 or higher.

(3) Before July 1, 2030, the rate of the excise tax on ethanol blended gasoline classified as E-15 or higher shall be based on the ethanol distribution percentage as specified in Iowa Code section 452A.3 and subparagraph 260.1(1)“a”(4). The ethanol distribution percentage is 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, excluding aviation gasoline, distributed in this state. The department shall determine the percentage for each determination period beginning January 1 and ending December 31 based on data from reports filed pursuant to Iowa Code 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.

(4) The rate of the excise tax on ethanol blended gasoline classified as E-15 or higher is as follows:

Ethanol Distribution Percentage	Per Gallon Excise Tax on E-15 or Higher
0% to 10%	\$0.240
>10% to 12%	\$0.245
>12% to 14%	\$0.250
>14% to 16%	\$0.255
>16% to 18%	\$0.260
>18% to 20%	\$0.265
>20% to 22%	\$0.270
>22% to 26%	\$0.275
>26% to 35%	\$0.280
>35% to 45%	\$0.285
>45% to 65%	\$0.290
>65% to 85%	\$0.292
>85% to 95%	\$0.295
>95% to 100%	\$0.300

b. Biodiesel distribution percentage.

(1) Except as otherwise provided in this paragraph, 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-20 or higher, is 32.5 cents.

1. Except as otherwise provided in this paragraph, this paragraph shall apply to the excise tax imposed on each gallon of biodiesel blended fuel classified as B-20 or higher used for any purpose for the privilege of operating motor vehicles in this state.

2. On and after July 1, 2030, the rate of the excise tax on each gallon of biodiesel blended fuel classified as B-20 or higher is 32.5 cents.

3. Before July 1, 2030, the rate of the excise tax shall be based on the biodiesel distribution percentage as specified in Iowa Code section 452A.3 and subparagraph 260.1(1)“b”(3). The biodiesel distribution percentage is 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. The department shall determine the percentage for each

determination period beginning January 1 and ending December 31 based on data from reports filed pursuant to Iowa Code 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.

(2) The determination period for the biodiesel distribution percentage is January through December each calendar year.

(3) The rate of the excise tax on biodiesel blended fuel classified as B-20 or higher is as follows:

Biodiesel Distribution Percentage	Per Gallon Excise Tax on B-20 or Higher
0% to 50%	\$0.295
>50% to 55%	\$0.298
>55% to 60%	\$0.301
>60% to 65%	\$0.304
>65% to 70%	\$0.307
>70% to 75%	\$0.310
>75% to 80%	\$0.313
>80% to 85%	\$0.316
>85% to 90%	\$0.319
>90% to 95%	\$0.322
>95% to 100%	\$0.325

260.1(2) *Attachment, payment, and remittance of tax.*

a. Attachment of tax. The tax attaches when the fuel is withdrawn from a terminal or imported into Iowa.

b. Payment of tax. The tax is payable to the department by the supplier, restrictive supplier, importer, blender, or any person who owns the fuel at the time it is brought into the state by a restrictive supplier or importer or any other person who possesses taxable fuel upon which the tax has not been paid. In the event a licensee sells fuel upon which the tax has not been paid to a second licensee of the same license type, the first licensee, which would be the seller, shall remit the tax to the department unless mutually agreed upon by both licensees of the transaction that the second licensee shall remit the tax to the department.

c. Remittance of tax.

(1) Suppliers, restrictive suppliers, and blenders. The tax is to be remitted to the department by a supplier, restrictive supplier, or blender by the last day of the month following the month in which the fuel is withdrawn from a terminal or imported.

(2) Importers. The tax is to be remitted by an importer by the last day of the month for fuel imported in the first 15 days of the month and by the fifteenth day of the following month for fuel imported after the fifteenth day of the previous month.

(3) Nonlicensees. Nonlicensees who possess taxable fuel upon which the tax has not been paid must file returns and pay the tax the same as a restrictive supplier (monthly). All licensees must make payment by electronic funds transfer.

260.1(3) *Inventory tax.* Retailers, eligible purchasers, and other persons having title to motor fuel, undyed special fuel, or hydrogen in storage and held for sale on the effective date of an increase in the excise tax rate, including an increase in the excise tax rate due to a reclassification of fuel types, imposed on motor fuel, undyed special fuel, or hydrogen are subject to an inventory tax based upon the gallonage in storage as of the close of the business day preceding the effective date of the increased excise tax rate of motor fuel or undyed special fuel that will be subject to the increased excise tax rate. Suppliers and other persons holding fuel that has not yet been taxed are not subject to the inventory tax.

a. Persons subject to the tax imposed under this subrule shall take an inventory to determine the gallonage in storage for purposes of determining the tax and shall report the gallonage and pay the tax due within 30 days of the prescribed inventory date.

b. The amount of the inventory tax is equal to the inventory tax rate times the gallonage in storage. The inventory tax rate is equal to the increased excise tax rate less the previous excise tax rate. The

inventory tax does not apply to an increase in the tax rate of a specified fuel, except for compressed natural gas, unless the increase in the tax rate of that fuel is in excess of one-half cent per gallon.

This rule is intended to implement Iowa Code sections 452A.3, 452A.8 and 452A.85.

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