
FISCAL UPDATE Article

Fiscal Services Division

August 15, 2022



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

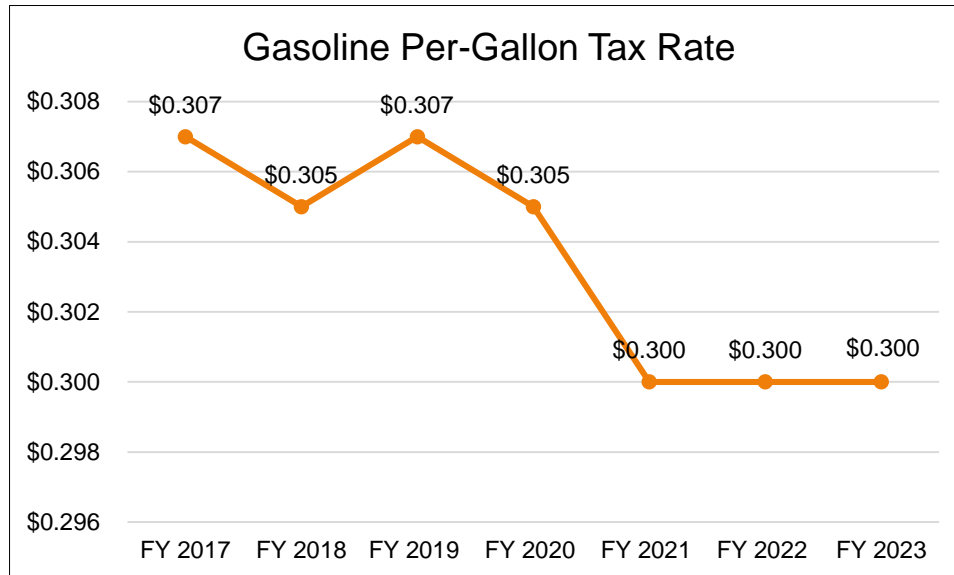
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MOTOR FUEL TAX RATES FOR FY 2023

Ethanol (E-15) Market Share	E-15 (or higher) per gallon	Gasoline per gallon
0.0% – 10.0%	24.0¢	30.0¢
10.1% – 12.0%	24.5	30.0
12.1% – 14.0%	25.0	30.0
14.1% – 16.0%	25.5	30.0
16.1% – 18.0%	26.0	30.0
18.1% – 20.0%	26.5	30.0
20.1% – 22.0%	27.0	30.0
22.1% – 26.0%	27.5	30.0
26.1% – 35.0%	28.0	30.0
35.1% – 45.0%	28.5	30.0
45.1% – 65.0%	29.0	30.0
65.1% – 85.0%	29.2	30.0
85.1% – 95.0%	29.5	30.0
95.1% – 100.0%	30.0	30.0

Motor Fuel Tax Rate Remains Unchanged. On July 1, 2022, the motor fuel tax rate for unblended gasoline remained at the current 30.0 cents per gallon. The tax rate for ethanol blended gasoline remained at 24.0 cents per gallon. The tax rate for diesel also remained unchanged at 32.5 cents per gallon. The tax rate for Biodiesel B-11 or Higher Undyed decreased from 30.4 cents per gallon to 30.1 cents per gallon. The Department of Revenue determines the gasoline tax rate based on the market share percentage of ethanol blended gasoline sold during the previous calendar year, in accordance with Iowa Code section [452A.3](#). During the 2021 calendar year, the percentage remained within the 70.0% to 75.0% range, resulting in no changes to fuel tax rates. The current fuel tax schedule sunsets on June 30, 2025.

Recent Rates. Prior to enactment of the tax schedule, fuel tax rates for unblended and ethanol blended gasoline were 20.0 cents per gallon. In March 2015, the per-gallon tax rate for unblended gasoline was increased to 30.0 cents per gallon. The per gallon tax rate for unblended gasoline has changed as follows:



Background. Motor fuel is one of the two total categories of fuel on which a tax is imposed in Iowa, the second category being special fuel. Motor fuel includes gasoline, ethanol blended gasoline, alcohol, and aviation gasoline. Special fuel includes diesel, aviation (jet) fuel, liquefied petroleum gas (LPG), compressed natural gas (CNG), liquefied natural gas (LNG), and biodiesel. Except for the LPG, CNG, and LNG varieties, the point of taxation for all fuel is at the terminal rack or supplier level.

Receipts from motor fuel tax are deposited into the Road Use Tax Fund (RUTF), aviation fuel tax receipts are deposited into the State Aviation Fund, and all watercraft fuel tax receipts are deposited into the Marine Fuel Tax Fund.

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