
FISCAL TOPICS

Fiscal Services Division

December 1, 2020



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Tax Credit: E-15 Plus Gasoline Promotion Tax Credit

The E-15 Plus Gasoline Promotion Tax Credit is available to retail dealers of gasoline who sell blended gasoline that is classified as E-15 (15.0% ethanol content) or higher, but not classified as E-85 gasoline (70.0% to 85.0% ethanol content).

For calendar years (CY) 2012 and 2013, the tax credit was equal to \$0.03 per qualified gallon. Beginning with CY 2014, the tax credit amount changed to \$0.03 or \$0.10 per blended gallon, depending on the time of year the gallon is sold.

The retail dealer is allowed to claim the E-15 Plus Gasoline Promotion Tax Credit on the same gallons used to calculate the dealer's Ethanol Promotion Tax Credit.

Tax Credit Background

- Enabling Legislation: 2011 Iowa Acts, chapter [113](#) (Motor Fuel Regulation, Dispensing, and Tax Credit Act of 2011)
- Iowa Code Citations:
 - [Section 422.11Y](#) — Individual Income Tax
 - [Section 422.33](#)(11D) — Corporate Income Tax
- Administrative State Agency: None
 - Sunset Date: January 1, 2025
 - Transferable: No
 - Refundable: Yes
 - Carryforward: Instead of a refund, the taxpayer may choose to carry forward unused credits to the next tax year.
 - Tax Review Committee Review Year: 2019

Legislative History

As originally enacted in 2011, the tax credit equaled \$0.03 per blended gallon for CY 2012 through CY 2014, and \$0.02 per blended gallon for CY 2015 through CY 2017. There was no tax credit for blended gallons beyond CY 2017. A sunset date of January 1, 2018, was established in the original legislation.

In 2014, the tax credit amount was made seasonal. Beginning with CY 2014, gallons sold from June 1 through September 15 earn a tax credit of \$0.10 per blended gallon. For all other dates, the tax credit is equal to \$0.03 per blended gallon. In 2016, the sunset date for the tax credit was extended to January 1, 2025.

More Information

Department of Revenue Contingent Liabilities Report: tax.iowa.gov/reports?term_node_tid_depth=79

Department of Revenue Tax Credit Review:

[tax.iowa.gov/sites/default/files/2020-06/Iowa Biofuel Retailer Tax Credits Evaluation Study 2019.pdf](http://tax.iowa.gov/sites/default/files/2020-06/Iowa_Biofuel_Retailer_Tax_Credits_Evaluation_Study_2019.pdf)

Department of Revenue Tax Credits Users' Manual:

tax.iowa.gov/sites/default/files/2020-11/TaxCreditsUsersManual2020.pdf

Department of Revenue Retailers Motor Fuel Gallons Annual Report:

[tax.iowa.gov/sites/default/files/2020-03/2019 Retailers Fuel Gallons Annual Report.pdf](http://tax.iowa.gov/sites/default/files/2020-03/2019_Retailers_Fuel_Gallons_Annual_Report.pdf)

Legislative Services Agency Individual Income Tax Guide: www.legis.iowa.gov/docs/publications/LG/711304.pdf

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Tax Credit Review, Usage, and Future Liability

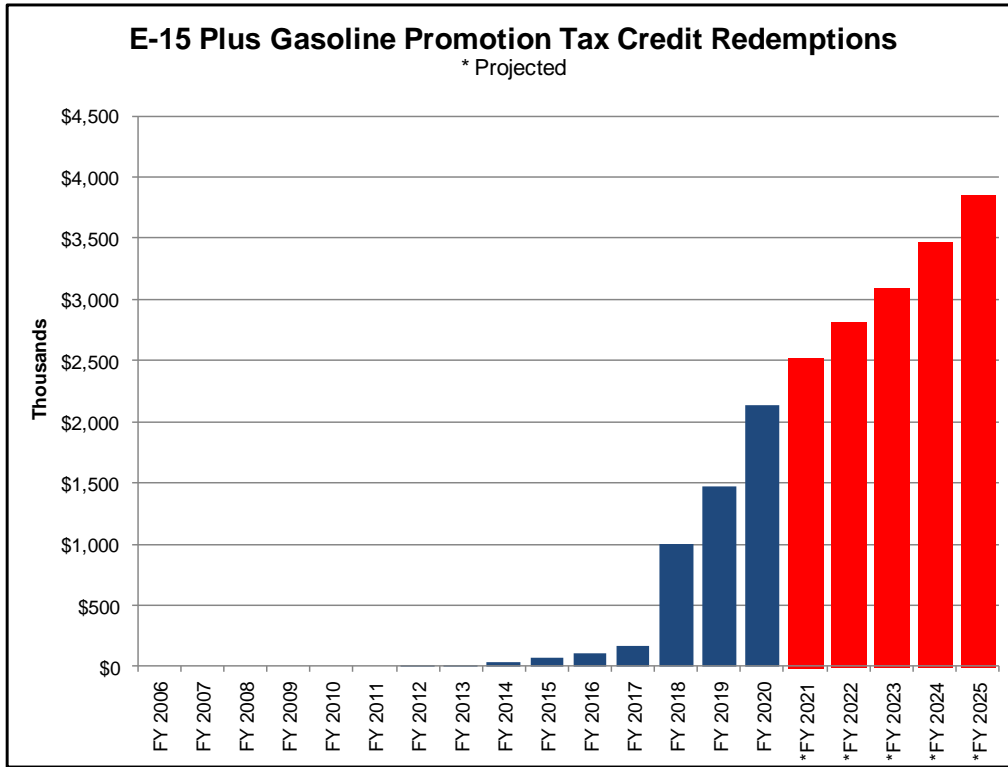
The following is based on a Department of Revenue review of the E-15 Plus Gasoline Promotion Tax Credit released December 2019 and the CY 2019 Retailers Fuel Gallons Annual Report:

- For CY 2019:
 - Iowa retailers reported the sale of 50.0 million gallons of ethanol blend gasoline qualifying as E-15, an amount equal to 3.2% of all retail gasoline gallons sold.
 - The amount of pure ethanol calculated as a component of blended gasoline was 7.6 million gallons, an amount equal to 0.5% of the total volume of gasoline fuel sold by the reporting retailers.
 - Using a conversion rate of 2.8 gallons of ethanol per bushel of corn, the 7.6 million gallons of pure ethanol sold in Iowa as a component of E-15 blended gasoline represent the utilization of 2.7 million bushels of corn (0.1% of the 2019 Iowa corn crop).
- For tax year (TY) 2011 through tax year 2017:¹
 - A total of \$2.8 million in E-15 Plus Gasoline Promotion Tax Credit claims was claimed by taxpayers, with 21.8% claimed by corporate taxpayers and 78.2% by individual taxpayers.
 - Over the seven tax years, the average number of entities claiming the tax credit for a year was 41 and the top 20 entities (as determined by the amount of tax credits earned in a year by each entity) received 55.0% of the tax credit amounts awarded.

The Department of Revenue reports on the annual credit usage for the E-15 Plus Gasoline Promotion Tax Credit in its periodic [Contingent Liabilities Report](#). Based on Table 9 of that report, the following table and graph provide a credit redemption history and projections for the E-15 Plus Gasoline Promotion Tax Credit on a fiscal year basis. The blue bars of the graph indicate actual credit redemptions, while the red bars are Department of Revenue projections of future redemptions.

E-15 Plus Gasoline Promotion Tax Credit History			
* Projected			
Fiscal Year	Tax Credit Redemptions	Fiscal Year	Tax Credit Redemptions
FY 2006	\$ 0	FY 2016	\$ 102,900
FY 2007	0	FY 2017	165,943
FY 2008	0	FY 2018	1,003,927
FY 2009	0	FY 2019	1,476,448
FY 2010	0	FY 2020	2,130,943
FY 2011	0	*FY 2021	2,527,336
FY 2012	8,805	*FY 2022	2,811,205
FY 2013	10,942	*FY 2023	3,091,215
FY 2014	40,343	*FY 2024	3,458,994
FY 2015	68,671	*FY 2025	3,852,314

¹ The Department of Revenue report indicates that the credit claim total for TY 2017 is not complete.



Doc ID 1156338