

Fuel Tax Credit

Tax Expenditure Committee – November 18, 2015

Angela Gullickson
Tax Research and Program Analysis Section
Iowa Department of Revenue

Outline

- ▶ Introduce the Fuel Tax Credit
- ▶ Review Fuel Tax in neighboring states
- ▶ Fuel Tax Credit versus Fuel Tax refunds
- ▶ Fuel Tax Credit claims and claimants

Fuel Tax Credit Overview

- ▶ Effective for tax years beginning on or after January 1, 1975
- ▶ For taxpayers who do not have a motor fuel refund permit, they may claim an income tax credit equal to the amount of Iowa fuel tax paid relating to purchases for off-road use
- ▶ Refundable and nontransferable
- ▶ Can be claimed against corporation and individual income taxes

How Neighboring States Handle Overpaid Fuel Taxes

- ▶ None of Iowa's neighboring states use a tax credit for overpaid fuel taxes.
- ▶ With the exception of South Dakota, all neighboring states offer taxpayers a system through which they can claim a refund
- ▶ In 2011, South Dakota repealed its fuel tax refund

Fuel Tax Refund Overview

- ▶ Must have a motor tax refund permit to file a claim
- ▶ Most claims are filed by telephone

Year	Number of Fuel Refunds	Total Fuel Refunds	Average Fuel Refund
2012	765	\$548,329	\$717
2013	682	\$462,695	\$678
2014	570	\$461,386	\$809

Source: Iowa Department of Revenue

Fuel Tax Credit Claims

Tax Year	Number of Fuel Tax Credit Claims	Total Fuel Tax Credits	Average Fuel Tax Credit Claim
2006	32,637	\$4,533,806	\$139
2007	31,397	\$4,267,747	\$136
2008	30,116	\$4,256,617	\$141
2009	27,927	\$3,948,840	\$141
2010	27,339	\$3,595,341	\$132
2011	25,892	\$3,330,945	\$129
2012	24,272	\$3,040,747	\$125
2013*	23,449	\$2,914,852	\$124
2014*	22,033	\$2,607,035	\$118

*Tax Year incomplete

Source: Iowa Department of Revenue – IA 1040 and IA 1120

Why Claim a Credit or a Refund?

- ▶ Taxed fuel was used for:
 - Agricultural Production
 - Other Off-road Uses

Questions?