
LEGAL UPDATE

Legal Services Division



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FUEL DISTRIBUTION PERCENTAGE FORMULA REVIEW COMMITTEE MEETING DECEMBER 6, 2024

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Co-chairpersons: Senator Mike Klimesh and Representative Brian Best

Background. The Fuel Distribution Percentage Formula Review Committee was established as a permanent statutory committee pursuant to Iowa Code section 452A.3(1)(c). The committee is composed of six members of the General Assembly, including three members from each chamber. The committee is required to conduct a review of the fuel distribution percentage formulas and submit a status report to the General Assembly by January 1, every five years.

Procedural Business. The meeting was called to order at 1:02 p.m. with members participating in-person and remotely. The committee elected Senator Klimesh and Representative Best as permanent Co-chairpersons and adopted procedural rules. The Co-chairpersons made opening remarks.

Presentation — Iowa Department of Transportation (DOT) and Iowa Department of Revenue (DOR). Mr. Stuart Anderson, Transportation Development Division Director, DOT, Mr. Matt Bishop, Policy Director, Sales and Excise Taxes, DOR, and Mr. Scott Fisher, Management Analyst, Alcohol and Tax Compliance Division, DOR, made a presentation to the committee regarding the following: the purpose, history, and fiscal impact of the variable excise tax rates for ethanol-blended gasoline and biodiesel fuel; the effect of recent legislative enactments increasing the minimum blends of ethanol (from E10+ to E15+) and biodiesel (from B11+ to B20+) on the variable excise tax rates; special considerations regarding certain renewable diesel that is not tracked as biodiesel; and the calculation of the distribution percentage based on the annual reports of the retailers rather than monthly fuel transportation reports.

Public Comment. The committee received public comment through written submission from Mr. Nathan Hohnstein, Policy Director, Iowa Renewable Fuels Association. The public comment is posted on the committee's Internet site.

Committee Discussion. The committee discussed and asked questions regarding the variable excise tax rates leading to reduced losses to the Road Use Tax Fund and possible legislative action to modify the percentage of sales levels to account for lower B20+ biodiesel sales compared to B11+ biodiesel sales. The committee recommended forwarding the committee's final report to the General Assembly for further discussion. The meeting adjourned at 1:42 p.m.

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Internet Site: www.legis.iowa.gov/committees/committee?ga=90&groupID=33680

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