

**December 5, 2024**

**To: Members of the Fuel Distribution Percentage Formula Review Committee**

**Re: Fuel Tax Differential**

I am writing to you today on behalf of the Iowa Renewable Fuels Association (IRFA) which works to keep Iowa the leader in producing renewable fuels and value-added co-products. Currently, Iowa has 42 ethanol refineries capable of producing over 4.7 billion gallons annually, including 34 million gallons of cellulosic ethanol while also supporting 10 biodiesel facilities in Iowa that produce just under 416 million gallons annually. In total, the Iowa biofuel industry accounts for \$6.5 billion to Iowa's GDP and \$3.2 billion in household income via the almost 52,000 jobs it supports statewide.

Since agriculture is a key cog in Iowa's economy, we respectfully request that the Committee support continuing the biofuel tax differentials. It is our belief the fuel tax differentials are vital in keeping Iowa a leader in biofuels policy, but more importantly ensuring consumers have access to higher blends of biofuels that benefit increased demand for Iowa farmers and biofuel producers. Furthermore, with the uncertainty of federal energy policy the fuel tax differential not only helps agriculture but allows Iowa families see tax relief at the pump when they need it the most.

Since the last time this committee met in 2019, IRFA has worked with state legislators and other stakeholders including Associated General Contractors of Iowa (AGC) in twice updating the biofuel tax differential structure. These efforts raised the minimum qualifying blends from E10 to E15 for ethanol and from B11 to B20 for biodiesel while ensuring we don't burden the Road Use Tax Fund and the work done in improving Iowa's infrastructure.

As a reminder, the biofuel excise tax rates fluctuate every fiscal year based on the market share of E15/B20 or higher blends from the prior calendar year based on Department of Revenue's Annual Retailer Report. Under these new changes, the current fuel excise tax rate for gasoline (E0 to E10) is \$0.30 per gallon, while E15 or higher blends is \$0.255 per gallon. For diesel (B0 to B11), the current rate is \$0.325 per gallon, while B20 or higher blends is \$0.295.

Based on the continued success of this program along with the support it provides to Iowa consumers, farmers and biofuels producers we look forward to working with the Committee as you begin your review of the fuel distribution formula. It is our hope to continue this partnership as we all work to grow Iowa, especially as agriculture faces tough times.

Sincerely,

Nathan Hohnstein  
Policy Director  
Iowa Renewable Fuels Association