



IOWA RETAILER RENEWABLE FUELS TAX CREDITS

(Effective July 1, 2011)

Ethanol Promotion Tax Credit

This revised credit applies to the current Iowa Renewable Fuels Standard (RFS). Retailers may qualify for the following based on combined sales of biodiesel and ethanol:

- Any retailer meeting the renewable fuels schedule for a given year would be entitled to an 8 cent tax credit on every gallon of ethanol (E100) sold.
- For retailers within 2 percent of meeting the RFS schedule, the tax credit equals 6 cents on every gallon of ethanol (E100) sold.
- For retailers within 4 percent of the RFS schedule, the tax credit equals:
 - 2.5 cents in calendar year **2011**
 - 4 cents in calendar years **2012** through **2017**

Note: The retailer has the option of computing their Iowa Renewable Fuels Standard threshold on a company-wide or site-by-site basis.

Renewable Fuels Standard Schedule (E10, E15, E85, and Biodiesel)*

2011	12%
2012	13%
2013	14%
2014	15%
2015	17%
2016	19%
2017	21%
2018	23%

*** $(E100 + B100) \div G100$**

(continued)

E85 Promotion Tax Credit

A retailer may claim a tax credit on the total gallons of E85 fuel sold in a given tax year. The tax credit rate is:

<u>2011:</u>	10 cents per gallon
<u>2012-2017:</u>	16 cents per gallon

E15 Tax Credit

Retailers may claim a tax credit for blends containing a minimum of 15% ethanol (E15) and a maximum of 69% ethanol (E69):

<u>2011-2014:</u>	3 cents per gallon
<u>2015-2017:</u>	2 cents per gallon

Multiple Credit Eligibility

A retailer may claim the ethanol promotion tax credit on all ethanol (E100) content, even if the blended fuel also qualifies for the E15 or E85 promotion tax credits. For example: assume a retailer has the following sales for 2012:

<u>Type</u>	<u>Sales</u>	<u>Ethanol Content</u>	<u>E100 Gallons</u>
E10	335,000 gallons	x 10%	33,500 gallons
E15	340,000 gallons	x 15%	51,000 gallons
E85	<u>75,000 gallons</u>	x 79% (ave.)	<u>59,250, gallons</u>
	750,000 gallons		143,750 E100 gallons

The retailer's Iowa RFS would be: 143,750 divided by 750,000 = 19.2%. Therefore the retailer would qualify for the highest ethanol promotion tax credit rate (8 cents per gallon of E100). Their total tax credits would be as follows:

	<u>Qualifying Gals.</u>	<u>Rate</u>	<u>Tax Credit Amt.</u>
Ethanol Promo (E100)	143,750	8 cents	\$11,500
E15	340,000	3 cents	\$10,200
E85	75,000	16 cents	<u>\$12,000</u>
		Total Tax Credit:	\$33,700

Retailer Misfueling Liability

Iowa law now states that a retailer is **NOT LIABLE** for damage caused by the use of incompatible motor fuel dispensed at the retailer's site, if:

- The incompatible motor fuel complies with fuel specifications under Iowa Code.
- The incompatible motor fuel is chosen by a customer.
- The dispenser is correctly labeled.

Biodiesel Tax Credit

The previous eligibility threshold requiring that biodiesel represents at least 50% of total fuel sales in order to claim a biodiesel tax credit has been eliminated. The tax credit schedule for biodiesel blended fuel gallons is now as follows:

2011: 3 cents per gallon for B2 and higher biodiesel blends

2012: 2 cents per gallon for B2 – B4 biodiesel blends
4.5 cents per gallon for B5 and higher biodiesel blends

2013-2017: 4.5 cents per gallons for B5 or higher biodiesel blends