



Iowa Retailer Renewable Fuels Tax Credits

(Effective July 1, 2016)

Ethanol Promotion Tax Credit

This revised credit applies to the current Iowa Renewable Fuels Standard (RFS). Through the end of 2020, 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 4 cents on every gallon of ethanol (E100) sold.

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%
2019	25%
2020	25%

* $(E100 + B100) \div G100$

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:

2012-2024: 16 cents per gallon

(Continued)

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) 2014-2024:

3 cents per gallon from September 16 – May 31 of each calendar year
10 cents per gallon from June 1 – September 15 of each calendar year

Multiple Credit Eligibility

A retailer may claim the ethanol promotion tax credit on all ethanol (E100) and biodiesel (B100) content, even if the blended fuel also qualifies for the E15, E85 or biodiesel blended fuel tax credits. For example: assume a retailer has the following sales for 2016:

<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% (avg.)	<u>59,250, gallons</u>
	750,000 gallons		143,750 E100 gallons
<u>Type</u>	<u>Sales</u>	<u>Biodiesel Content</u>	<u>B100 Gallons</u>
B11	500,000	x 11%	55,000

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 (Sept.16-May 31)	240,835	3 cents	\$ 7,225
E15 (June 1-Sept. 15)	99,165	10 cents	\$ 9,916
E85	75,000	16 cents	\$12,000
B11	55,000	4.5 cents	<u>\$ 2,475</u>
Total Tax Credit:			\$43,116

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 Blended Fuel 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:

2013-2017: 4.5 cents per gallons for B5 or higher biodiesel blends
2018-2024: 3.5 cents per gallons for B5-B10 biodiesel blends
2018-2024: 5.5 cents per gallons for B11 or higher biodiesel blends