

Iowa Laws and Incentives for Tax Incentives

The list below contains summaries of all Iowa laws and incentives related to Tax Incentives.

State Incentives

Ethanol Blend Retailer Tax Credit

The Ethanol Promotion Tax Credit is available to any fuel retailer for up to \$0.08 per gallon of pure ethanol blended into gasoline, as long as the retailer sells a certain percentage of renewable fuels (ethanol and biodiesel) as part of their total motor fuel sales on a company-wide or a site-by-site basis. Retailers must meet the following annual renewable fuel goals to be eligible for the credit:

Calendar Year	% Biofuel (retailers selling >200,000 gallons of motor fuel)	% Biofuel (retailers selling <200,000 gallons of motor fuel)
2013	14%	12%
2014	15%	13%
2015	17%	14%
2016	19%	15%
2017	21%	17%
2018	23%	19%
2019	25%	21%
2020	25%	25%

For retailers within 2% of meeting these goals, the tax credit will be \$0.06 for every gallon of ethanol-blended gasoline sold. For retailers within 4% of meeting these goals, the tax credit will be \$0.04 for every gallon of ethanol-blended gasoline sold. The governor may adjust the percentages if certain flexible fuel vehicle registration targets are not met or if there is a shortage of biofuel feedstock. Eligible taxpayers may also claim the biodiesel tax credit available for retail biodiesel blends. (Reference [Iowa Code 422.11N](#))

Point of Contact

Jim McNulty
Program Manager
Iowa Department of Revenue
Phone: (515) 281-6183
Fax: (515) 242-6040
jim.mcnulty@iowa.gov

E15 Retailer Tax Credit

Retail stations dispensing gasoline fuel blends of 15% ethanol (E15) for use in motor vehicles may be eligible for a tax credit in the amount of \$0.03 per gallon for calendar years 2012-2014. For calendar years 2015-2017, the credit is reduced to \$0.02 per gallon. The tax credit expires after December 31, 2017. Eligible taxpayers may also claim the E85 retailer tax credit for the same gallon of fuel and tax year. (Reference [Iowa Code 422.11Y](#))

E85 Retailer Tax Credit

Retail stations dispensing E85 for use in motor vehicles may be eligible for a tax credit in the amount of \$0.16 per gallon for calendar years 2012-2017. The tax credit expires after December 31, 2017. Eligible taxpayers may also claim the tax credit available for retail blends of 15% ethanol (E15) for the same gallon of fuel and tax year. (Reference [Iowa Code 422.11O](#))

Biodiesel Blend Retailer Tax Credit

Retailers whose total diesel sales consist of at least 50% biodiesel blends containing a minimum of 5% biodiesel (B5) are eligible for a state income tax credit of \$0.045 per gallon of biodiesel sold. The tax credit expires December 31, 2017. (Reference [Iowa Code 422.11P](#))

Biodiesel Producer Tax Refund

A biodiesel producer may apply for a refund of Iowa state sales or use taxes paid on purchases. To qualify, the producer must be registered with the U.S. Environmental Protection Agency and any biodiesel produced must be used in biodiesel fuel blends. The refund amount is based on the total gallons of biodiesel produced in the state multiplied by a designated rate, as follows:

Calendar Year	Refund per Gallon
2013	\$0.025
2014	\$0.02

A biodiesel producer is only eligible to receive a refund for up to 25 million gallons of biodiesel produced during each calendar year through 2014. The producer must file refund claims with the Iowa Department of Revenue on a quarterly basis. Refunds received may not be included as income for Iowa individual and corporation income tax purposes. This incentive expires December 31, 2014. (Reference [Iowa Code 423.4](#))

Fuel Cell Motor Vehicle Tax Deduction

A taxpayer is eligible for a \$2,000 tax deduction for the purchase of a qualified fuel cell motor vehicle placed into service before January 1, 2015. The taxpayer must have claimed the federal alternative motor vehicle credit under Section 30B of the Internal Revenue Code using Internal Revenue Service Form 8910 during the current tax year to be eligible for the Iowa state deduction. (Reference [Iowa Code 422.7](#))

Alternative Fuel Production Tax Credits

The Enterprise Zone Program and the High Quality Jobs Program offer state tax incentives to business projects for the production of biomass or alternative fuels. Depending on the program, incentives may include: an investment tax credit equal to a percentage of the qualifying investment, amortized over five years; a refund of state sales, service, or use taxes paid to contractors or subcontractors during construction; an increase of the state's refundable research activities credit; and a local property tax exemption of up to 100% of the value added to the property. For more information, refer to the [Enterprise Zone Program](#) and [High Quality Jobs Program](#) websites.

Point of Contact

Business Finance Program
Program Coordinator
Iowa Economic Development Authority
Phone: (515) 725-3134
Fax: (515) 725-3010
businessfinance@iowa.gov

