

State Excise Tax on Fuels

Rates as of Jan. 1, 2009 (cents per gallon, unless otherwise noted).

Excise taxes on fuel are governed by Iowa Code section 452A.3.

Only dyed diesel fuel used for off-highway purposes and fuel exported outside of Iowa is sold tax-free.

Fuel Categories and Types	Tax	Effective Date
Motor Fuel		
Gasoline	20.7	7/1/08 through 6/30/09
Ethanol-blended gasoline (Fuel that has been blended with alcohol distilled from cereal grains, the end product containing at least 10 percent alcohol)	19.0	1/1/89
E-85 gasoline (Ethanol-blended gasoline that contains a minimum percentage of between 70 and 80 percent by volume of ethanol)	19.0	7/1/07
Aviation gasoline	8.0	
Special Fuel		
Diesel	22.5	1/1/89
Aviation jet fuel	3.0	
Liquefied petroleum gas (LPG)	20.0	1/1/89
Compressed natural gas (CNG)	16.0/100 cubic feet	
Biofuel (Defined as any oxygenated product derived from soybean oil, vegetable oil or animal fats that can be used in diesel engines or aircraft. Biofuel may be a blend of diesel fuel or it may be 100 percent soybean oil, vegetable oil or animal fats. Any biofuel product is taxed as special fuel.)	The per-gallon rate is the same as the motor fuel tax.	

* In 2001, the General Assembly enacted HF 716 (FY 2002 Ethanol Sales Promotion Act). The Act provided for changes in tax rates based on the gallons of ethanol-blended gasoline sold in the state each calendar year. The rate changes apply in the following state fiscal year. The Act allows the tax rates to change each July 1, depending on the percentage of ethanol-blended gasoline sold during the previous calendar year. Prior to the enactment of HF 716, the state taxed gasoline at 20 cents per gallon and ethanol at 19 cents.