

**U.S. Department of Energy - Energy Efficiency and Renewable Energy
Alternative Fuels and Advanced Vehicles Data Center**



Iowa Incentives and Laws

Last Updated July 2009

Iowa is the home of the Iowa Clean Cities Coalition (www.energy.iowa.gov/ICCC/index.html). Coordinator contact information is listed in the Points of Contact section.

State Incentives

Ethanol Retailer Tax Credit

The Ethanol Promotion Tax Credit provides a \$0.065 tax credit to any retailer meeting the Iowa renewable fuel standard (RFS) schedule each year. For retailers within 2% and 4% of meeting the RFS schedule, the tax credit will be \$0.045 and \$0.025, respectively, for every gallon of ethanol sold. (Reference [Iowa Code](#) 422.11N and 422.33)

E85 Retailer Tax Credit

A tax credit is available to retail stations dispensing E85 for use in motor vehicles in the amount of \$0.20 per gallon for calendar years 2009 and 2010, and \$0.10 per gallon in calendar year 2011. After 2011, the tax credit decreases by \$0.01 per year and expires after December 31, 2020. Taxpayers claiming the E85 tax credit may also claim the tax credit available for retail ethanol blends for the same tax year and same gallon of fuel. (Reference [Iowa Code](#) 422.11O)

Biodiesel Tax Credit

Through December 31, 2011, retailers whose diesel sales are at least 50% biodiesel blends, that contain a minimum 2% biodiesel, are eligible for a \$0.03 per gallon tax credit on each gallon of B2 or higher blends sold. (Reference [Iowa Code](#) 422.11P)

Biofuels Infrastructure Grants

The [Renewable Fuel Infrastructure Program](#) provides financial assistance to E85 and biodiesel retailers. Cost-share grants are available for up to 70% of the total cost of the project or \$50,000, whichever is less, to retailers to upgrade or install new E85 or biodiesel infrastructure. Applicants may also qualify for supplemental incentives for up to 75% of the cost of making the improvement or \$30,000, whichever is less, to upgrade or replace an E85 fueling dispenser that has not been approved by an independent testing laboratory once an E85 fueling dispenser has been approved by an independent testing laboratory. The supplemental incentive is available only to applicants who made the improvement no later than 60 days after the date of the publication in the Iowa administrative bulletin of the state fire marshal's order providing that a commercially available fueling dispenser is listed as compatible for use with E85 by an independent testing laboratory. Biodiesel distributors may apply for a cost-share grant for infrastructure upgrades and installations at biodiesel terminal facilities. Facilities blending or dispensing B2 to B98 are eligible for up to 50% of the total project or \$50,000, whichever is less. Facilities blending or dispensing B99 or B100 are eligible for up to 50% of the total project or \$100,000, whichever is less. The Renewable Fuels Infrastructure Board was established under the guidance of the Iowa Department of Economic Development; this 11-member board has authority to determine the eligibility of applicants. (Reference [Iowa Code](#) 15G.202-15G.204)

Point of Contact

Dick Vegors
Program Coordinator, Renewable Fuel Infrastructure Program
Iowa Department of Economic Development, Business Development Division
Phone (515) 725-3138
Fax (515) 725-3010
dick.vegors@iowalifechanging.com
<http://www.iowalifechanging.com/business/renewablefuels.aspx>

Alternative Fuel Vehicle (AFV) Demonstration Grants

The Iowa Department of Natural Resources conducts marketing and education outreach to encourage the use of alternative fuels and, contingent upon funding, also awards demonstration grants to individuals who purchase vehicles that operate on alternative fuels, including but not limited to, E85, biodiesel, compressed natural gas, electricity, solar energy, or hydrogen. Grants may be used towards conducting research connected with the fuel or the vehicle. Grants may be used towards the purchase of the vehicle if the Department of Natural Resources retains the title of the vehicle, the vehicle is used for research, and the proceeds from the eventual sale of the vehicle are used for additional research. (Reference [Iowa Code](#) 214A.19)

Alternative Fuel Loan Program

The [Alternate Energy Revolving Loan Program](#) (AERLP) for alternative energy projects is administered by the Iowa Energy Center. Through a participation agreement with the project lender, the program provides up to half the cost of biomass or alternative fuel production projects, up to a maximum of \$1 million per facility. The AERLP funds are provided at 0% interest with the lender's funds bearing market interest. Fuel production facilities must be located in Iowa. Funding is currently limited. (Reference [Iowa Code](#) 476.46)

Point of Contact

William Haman
Alternate Energy Revolving Loan Program Manager
Iowa Energy Center
Phone (515) 294-8819
Fax (515) 294-9912

iec@energy.iastate.edu
<http://www.energy.iastate.edu/AERLP/index.htm>

Alternative Fuel Production Loans

The [Value-Added Agriculture Program](#) offers a combination of forgivable and traditional low-interest loans for business projects involving the production of alternative fuels. The mixture of forgivable and low-interest loans varies according to the size of the award. Research and development projects are not eligible for this program.

Point of Contact

Business Finance Program
 Program Coordinator
 Iowa Dept. of Economic Development, Business Development Division
 Phone (515) 725-3133
 Fax (515) 725-3010
business@iowalifechanging.com
<http://www.iowalifechanging.com>

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; a doubling of the state's refundable research activities credit; additional funding for training new employees; and a local property tax exemption of up to 100% of the value added to the property.

Point of Contact

Business Finance Program
 Program Coordinator
 Iowa Dept. of Economic Development, Business Development Division
 Phone (515) 725-3133
 Fax (515) 725-3010
business@iowalifechanging.com
<http://www.iowalifechanging.com>

Alternative Fuel Research and Development Funding

The [Iowa Power Fund](#), administered through the Office of Energy Independence, supports research, development, commercialization, and deployment of biofuels, renewable energy technologies, and energy efficiency technologies, while seeking to cut greenhouse gas emissions. The Iowa Power fund is run by an 18-member board, and a seven-member committee is responsible for reviewing financial assistance applications. (Reference [Iowa Code 469.6-469.10](#))

State Laws and Regulations

Renewable Fuels Promotion and Education

The Iowa Office of Energy Independence (OEI) was directed to develop a renewable fuels marketing plan to promote the state's biofuels industry. OEI developed the plan and presented it to the Iowa General Assembly on March 1, 2009 ([PDF 36 KB](#)). [Download Adobe Reader](#). The plan addressed biofuel infrastructure and market barriers as well as current and future OEI programs and efforts. (Reference [House File 2689](#), 2008)

E85 Fuel Exclusivity Contract Regulations

Any motor fuel franchise contract entered into or renewed on or after May 30, 2006, must allow for the delivery of E85 at any time demanded by the motor fuel dealer or allow the dealer to purchase E85 from another source. If a contract is already in effect on May 30, 2006, and does not have an expiration date, the franchisor must provide for the delivery of E85 at times demanded by the franchisee or allow the franchisee to purchase those volumes of E85 at those times from another source. (Reference [Iowa Code 323A](#))

Renewable Fuel Standard

The goal of the Iowa Renewable Fuel Standard is to replace 25% of gasoline in the state with biofuels (ethanol or biodiesel) by January 1, 2020. One provision of the standard is to require retailers to sell a certain percentage of renewable fuels as part of their total gasoline sales. Both biodiesel and ethanol count towards meeting the RFS schedule as listed below.

Retailers selling less than 200,000 gallons per year:

Year: % Biofuel Use	Year: % Biofuel Use
2009: 6%	2014: 13%
2010: 6%	2015: 14%
2011: 10%	2016: 15%
2012: 11%	2017: 17%
2013: 12%	2018: 19%

Retailers selling more than 200,000 gallons per year:

Year: % Biofuel Use	Year: % Biofuel Use
2009: 10%	2014: 15%
2010: 11%	2015: 17%
2011: 12%	2016: 19%

2012: 13%	2017: 21%
2013: 14%	2018: 23%

(Reference [Iowa Code](#) 422.11N)

Renewable Fuel Labeling Requirement

If biodiesel or ethanol blends are sold from a motor vehicle fuel dispenser, the dispenser must have a decal affixed to it identifying the type of fuel blend. If fuel blends containing more than 10% ethanol (E10) are being dispensed, the decal must include the following statement: "For Flexible Fuel Vehicles Only." The Iowa Department of Agriculture and Land Stewardship (Department) may approve an application to place a decal in a special location on a pump with special lettering or colors if the decal appears clear and conspicuous to the consumer. The application must be made in writing to the Department. (Reference [Senate File](#) 478, 2009, and [Iowa Code](#) 214A.16)

Regional Biofuels Promotion Plan

Iowa has joined Indiana, Kansas, Michigan, Minnesota, Ohio, South Dakota, and Wisconsin in adopting the Energy Security and Climate Stewardship Platform Plan (Platform) ([PDF 2 MB](#)), which establishes shared goals for the Midwest region, including increased biofuels production and use. [Download Adobe Reader](#). Specifically, the Platform sets the following goals:

- Produce commercially available cellulosic ethanol and other low-carbon fuels in the region by 2012;
- Increase E85 availability at retail fueling stations in the region to 15% of stations by 2015, 20% by 2020, and 33% of all fueling stations in the region by 2025;
- Reduce the amount of fossil fuel that is used in the production of biofuels by 50% by 2025;
- By 2025, at least 50% of all transportation fuels consumed by the Midwest will be from regionally produced biofuels and other low-carbon transportation fuels.

The Platform also establishes a regional biofuels corridor program. The program directs state transportation, agriculture, and regulatory officials to develop a system of coordinated signage across the region for biofuels and advanced transportation fuels and to collaborate to create regional E85 corridors. The program requires standardized fuel product coding at fueling stations as well as increased education for retailers about converting existing fueling infrastructure to dispense E85.

State Fleet Biofuels Use and Fuel Efficiency

As part of the Green Government Initiative, the Iowa Office of Energy Independence (OEI), Department of Administrative Services, Department of Natural Resources, and Department of Transportation will lead a Biofuels Task Force. The Biofuels Task Force is directed to focus on issues including: increasing the use of biofuels by state agencies to the maximum amount feasible; and increasing the fuel efficiency of the state's vehicle fleet. The Biofuels Task Force will set specific five- and ten-year targets related to these areas, which will be included in the Green Government Master Plan. Progress toward these goals will be tracked using a reporting system developed under the Green Government Initiative, and resulting data will be made public via the OEI whenever possible. (Reference [Executive Order](#) 6, 2008)

Biofuel Decal and Use Requirement

State fleet gasoline and diesel vehicles must operate using ethanol blended gasoline and biodiesel fuel, except for emergency circumstances. Vehicles must be affixed with a brightly visible sticker that notifies the public that the motor vehicle uses ethanol blended gasoline or biodiesel. However, the sticker is not required for unmarked vehicles used for law enforcement or security purposes. (Reference [Iowa Code](#) 8A.362)

Biodiesel Fuel Use

Biodiesel fuel for use in Iowa Department of Transportation (IDOT) vehicles may be purchased by IDOT using the biodiesel fuel revolving fund created in the state treasury. The fund consists of money received from the sale of Energy Policy Act of 1992 (EPAct) credits banked by IDOT as of April 19, 2001, and other money obtained or accepted by IDOT for deposit in the fund. (Reference [Iowa Code](#) 307.20)

E85 Fuel Use Requirement

Executive Order 3 directed that by June 30, 2009, at least 60% of fuel purchased for use in the state's fleet of FFVs must be E85. A [State Government E85 Use Plan](#) was created and details how this fuel use goal will be met and how the state and retailers will work together to ensure that all E85 purchases are electronically coded and reported accurately. The Department of Administrative Services provides regularly updated lists of E85 fueling stations to state employees. (Reference [Executive Order](#) 3, 2007)

Alternative Fuel Vehicle (AFV) Acquisition Requirements

A minimum of 10% of new light-duty vehicles purchased by institutions under the control of the state fleet administrator, Iowa Department of Transportation administrator, board of directors of community colleges, state board of regents, commission for the blind, and department of corrections must be capable of using alternative fuels. Vehicles and trucks purchased and directly used for law enforcement, off-road maintenance work, or to pull loaded trailers are exempt from this requirement. (Reference [Iowa Code](#) 216B.3, 260C.19A, 262.25A, 307.21 and 904.312A)

Alternative Fuel Vehicle (AFV) Conversion Registration

When a motor vehicle is modified to use a different fuel type or to use more than one fuel type, the person whose name the vehicle is registered under must notify the county treasurer of the new fuel type or alternative fuel types within 30 days. If the vehicle uses, or may use, a special fuel, the county treasurer will issue a special fuel identification sticker. (Reference [Iowa Code](#) 321.41)

Electric Vehicle (EV) Registration Fee

The annual registration fee for an EV is \$25.00 unless the vehicle is more than five model years old, in which case the annual registration fee is reduced to \$15.00. This section does not apply to low-speed EVs. (Reference [Iowa Code 321.116](#))

Low-Speed Vehicle Access to Roadways

Low-speed vehicles are allowed access to roadways with posted speed limits of up to 35 miles per hour (mph). A low-speed vehicle may cross a street with a posted speed limit greater than 35 mph. (Reference [Iowa Code 321.381A](#))

Utilities/Private Incentives

There are currently no known utility or private incentives offered in Iowa.

Points of Contact:

NAME/EMAIL/TITLE	AGENCY	PHONE/FAX
Brian Crowe Clean Cities Coordinator	Iowa Clean Cities Coalition	Phone: (515) 725-2066 Fax: (515) 281-4225
Neil Kirschner Project Manager	U.S. Department of Energy, National Energy Technology Laboratory	Phone: (412) 386-5793 Fax:
William Haman Alternate Energy Revolving Loan Program Manager	Iowa Energy Center	Phone: (515) 294-8819 Fax: (515) 294-9912
Business Finance Program Program Coordinator	Iowa Dept. of Economic Development, Business Development Division	Phone: (515) 725-3133 Fax: (515) 725-3010
Dick Vegors Program Coordinator, Renewable Fuel Infrastructure Program	Iowa Department of Economic Development, Business Development Division	Phone: (515) 725-3138 Fax: (515) 725-3010
Lucy Norton Managing Director	Iowa Renewable Fuels Association	Phone: (515) 252-6249 Fax: (515) 225-0781
Lachala Kemp Environmental Engineer, Region 7	U.S. Environmental Protection Agency	Phone: (913) 551-7214 Fax: (913) 551-7844
Robert Smith Fleet Acquisition Coordinator	U.S. General Services Administration, Regional Fleet Management Office	Phone: (314) 263-3024 Fax: (314) 263-3009