



# Iowa's Electric Fuel Excise Tax



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# Disclaimer

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This presentation is intended for general educational purposes only, nothing should be construed as legal advice. The Iowa Department of Revenue could take a contrary position in the future to one stated in this presentation.

Any oral or written opinion by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code rule 701—7.24 is not binding upon the Department.

# How This Started

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- Iowa DOT directed by legislature to conduct study in 2018
  - [www.legis.iowa.gov/docs/publications/DF/1023184.pdf](http://www.legis.iowa.gov/docs/publications/DF/1023184.pdf)
- Options for supplementing Iowa's Road Use Tax Fund:
  - Index motor fuel tax rates
  - Add mileage-based user fee
  - Add per-kilowatt-hour tax on electricity used to charge EVs
  - Add hydrogen fuel excise tax
  - Add supplemental EV registration fee

# House File 767

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- [www.legis.iowa.gov/legislation/BillBook?ba=HF%20767&ga=88](http://www.legis.iowa.gov/legislation/BillBook?ba=HF%20767&ga=88)
- Supplemental registration fee
  - \$130 for battery electric vehicles
  - \$65 for plug-in hybrid electric vehicles
  - Phased in, beginning January 1, 2020, fully implemented January 1, 2022
- Hydrogen fuel excise tax
  - Effective January 1, 2020
  - \$0.065 per gallon
- Electric fuel excise tax
  - Effective July 1, 2023
  - \$0.026 per kilowatt hour (kWh)

# Vehicle Registrations: 2019 and 2023 Studies

2019 Estimate for HF 767

Estimated Vehicle Registration by Type		
Fiscal Year	Number of PHEVs	Number of BEVs
2020	2,835	1,431
2021	3,528	1,970
2022	4,462	2,748
2023	5,698	3,860
2024	7,320	5,447

2023 Update Based on Registrations

Vehicle Registration by Type		
Fiscal Year	PHEVs (avg. 24% growth)	BEVs (avg. 33% growth)
2020	2,654	2,518
2021	3,183	3,200
2022	4,612	5,743
2023 (est.)	5,710	7,627
2024 (est.)	7,069	10,128

Source: Iowa Legislative Services Agency, Fiscal Services Division,  
[www.legis.iowa.gov/docs/publications/FN/1046918.pdf](http://www.legis.iowa.gov/docs/publications/FN/1046918.pdf)  
(Accessed 03/30/2023).

# HF 767 Fiscal Impact: 2019 and 2023

House File 767 – Estimated Impact					
	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
<b>RUTF</b>					
Registration Fees	\$ 185,000	\$ 485,000	\$ 647,000	\$ 872,000	\$ 1,184,000
Excise Tax	-	-	-	-	160,000
<b>Total Revenue Increases</b>	<u>\$ 185,000</u>	<u>\$ 485,000</u>	<u>\$ 647,000</u>	<u>\$ 872,000</u>	<u>\$ 1,344,000</u>
<b>General Fund</b>					
Sales Tax Revenues	\$ -	\$ -	\$ -	\$ -	\$ -37,000
<b>Total Revenue Decreases</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -37,000</u>

Source: Iowa Legislative Services Agency, Fiscal Services Division,  
[www.legis.iowa.gov/docs/publications/FN/1046918.pdf](http://www.legis.iowa.gov/docs/publications/FN/1046918.pdf) (Accessed 03/30/2023).

## Updated 2023 Fiscal Impact Based on Registration Data

	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028
Excise Tax on Electric Fuel (Road Use Tax Fund Revenues)	\$0	\$371,059	\$485,318	\$635,290	\$832,251	\$1,091,106
Vehicle Registration Fees (Road Use Tax Fund)	\$0	\$1,867,314	\$2,438,411	\$3,187,034	\$4,168,970	\$5,457,928
Road Use Tax Fund	\$0	\$2,238,372	\$2,923,729	\$3,822,324	\$5,001,221	\$6,549,035

# Implementation of Electric Fuel Excise Tax

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- Administrative rules
- License registration
  - Who needs which license?
- Designing returns
- Processing refunds and exemptions
- Testing charging stations
- Informal Guidance

# Administrative Rules

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- Initial draft shared with stakeholders informally in November 2022
  - Tesla, General Motors, ChargePoint, MidAmerican Energy Company, various Iowa environmental groups, other state agencies
  - Comments focused on two issues:
    - Interpretation of “residence”
    - Testing responsibilities



# Administrative Rules: Proposed Chapter 262

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- [Notice of Intended Action](#) published February 22, 2023
- Comments received on:
  - Testing
  - Third-party entity ability to remit tax and file returns
  - Fairness for EV owners
  - Exemptions for municipal utilities
- [Adopted and Filed](#) version published May 17, 2023
  - Will be reviewed by legislative oversight committee in June
  - Expected to take effect July 1, 2023

# License Registration

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- Two license types:
  - Electric fuel users
    - A person who dispenses electric fuel from an EV charging station owned and controlled by the person into the battery or other energy storage device of an EV owned or controlled by the person.
    - A business that owns EV charging stations to charge its own fleet of EVs is an electric fuel user.
  - Electric fuel dealers
    - A person who owns an EV charging station that dispenses electric fuel into the battery or other energy storage device of an electric motor vehicle.
    - A business that owns EV charging stations and lets others charge their EVs at the stations is an electric fuel dealer.

# What is a “Residence?”

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Sec. 24. NEW SECTION. 452A.41 Levy and collection of excise tax on electric fuel.

1. An excise tax of two and six-tenths cents is imposed on each kilowatt hour of electric fuel delivered or placed into the battery or other energy storage device of an electric motor vehicle at a location in this state other than a residence.

6. “*Residence*” means the place where a person resides, permanently or temporarily.

# What Is a “Residence?”

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- Initial interpretation:
  - A multifamily dwelling where a landlord lets tenants use a charging station would need a dealer license
  - An Airbnb in which the owner does not reside but lets guests use a charging station would need a dealer license
- Current interpretation:
  - Any single or multifamily residential property does not need a license
  - See examples in proposed rule 701—262.2

# Who Needs a License?

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- The owner of a charging station
  - Regardless of whether another entity manages or controls the charging station
- A license is needed for each *location*
  - Not for each charging station
- One location may need both a user and a dealer license

# How to Register for a License?

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- Everything for this tax will be done **only electronically** -- no paper registration or return forms
- Each person registering for a license needs an account on [GovConnectIowa](#) if they do not already have one for sales, use, motor fuel, corporate income tax
- Registration live as of April 3, 2023
  - Registrations as of May 31: 20
- A person who needs licenses for multiple locations only needs one GovConnectIowa account

# The Tax Return

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- Each account will file one consolidated return
  - Each location must be listed separately on the return schedule
- Taxpayers will list kWh dispensed at each location
  - System will multiply by \$0.026
- Returns and tax due **biannually** (every 6 months)
  - First return due January 31, 2024
- Anyone who attempts to file a paper return for electric fuel excise tax will be subject to a 5% penalty

# Refunds and Exemptions

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- Refunds require refund permit, similar to motor fuel
- Exemptions will be allowed up-front for persons or entities who would be entitled to a refund
  - See [Iowa Code section 452A.17](#)
- Likely to add electric fuel to an existing exemption certificate rather than create new form



# Charging Station Testing

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- HF 767 originally granted Department of Revenue authority to test charging stations for accuracy
- [2023 legislation](#) shifted testing responsibility to Weights and Measures Bureau of Department of Agriculture
  - Weights and Measures would establish standards
  - See bill section 32 (page 12) of bill linked above
- Charging station owners should maintain records of charging station software reports or readings of electric meters if stations are separately metered

# Informal Guidance

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- [tax.iowa.gov/electric-fuel-excise-tax](https://tax.iowa.gov/electric-fuel-excise-tax)
  - Explains who needs a license, how to register
  - Will update and add to this as needed

# Questions

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