Fuel Taxes and Fees for State Fuel Contracts

Contractors are to identify all applicable government imposed taxes and fees on the invoice as a separate line item on a pass through basis whenever possible. Below is an explanation of these taxes and fees.
Note: The most current Iowa Fuel Tax Rates apply and are posted at:
https://tax.iowa.gov/iowa-tax-fee-descriptions-and-rates

Description	Gasoline	Diesel Fuel	Ethanol 10%	E-85
Exclude, Federal Excise Tax (1)	N/A	N/A	N/A	N/A
Plus, **if applicable***, Federal Oil Spill Recovery Fee (2)	$0.0021/gal	$0.0021/gal	$0.0021/gal	$0.0021/gal
Plus, Federal LUST (a/k/a UST) Tax (3)	$0.001/gal	$0.001/gal	$0.001/gal	$0.001/gal
Plus, Applicable Iowa State Fuel Tax (4)	$0.300/gal	$0.325/gal	$0.300/gal	N/A
Superfund Excise Tax	$0.164/barrel	$0.164/barrel	$0.164/barrel	$0.164/barrel
Exclude, IA EPC Tax (a/k/a Hazmat) (5)	N/A	N/A	N/A	N/A
Exclude, Iowa State & Local Sales Tax (6)	N/A	N/A	N/A	N/A

(1) Exclude, Federal Excise Tax
Federal Excise Tax shall be excluded from the invoice.

For gasoline ($0.184/gallon) when purchaser is a state or local government purchaser, and for diesel fuel ($0.244/gallon) when the state or local government purchaser has documented their exemption by providing Contractor a completed Excise Tax Exemption form (as required by IRS regulation).

Resource: **https://www.opisnet.com/resources/oil-spill-supplier-tax-list/**

(2) Plus, if applicable*, Federal Oil Spill Recovery Fee
Fee applies to all governmental purchasers. Federal Oil Spill Tax was reinstated on January 1, 2020.

The Federal Oil Spill Recovery Fee (which may also be referred to as the Federal Oil Spill Liability Trust Fund Fee) is available at https://www.opisnet.com/resources/oil-spill-supplier-tax-list/

*Some refiners are reflecting the tax as a "separate line item" on invoicing, while other refiners have chosen to include the fee as part of the posted price of product and will not reflect any distinct line item fees to the bulk fuel supplier. ***Therefore, if the bulk fuel supplier has bid based upon this fee being included in their base per gallon price, the bulk fuel supplier shall not tax state government a second time as a separate line item on their invoice.**

Resource: http://www.irs.gov/publications/p510/ch03.html

(3) Plus, Federal LUST Tax
The LUST tax applies to all governmental purchasers and applies to most distillates, dyed diesel, gasoline, and kerosene. For a detailed list of all products on which the LUST tax has been imposed, contact IRS.

The current Federal Liquid Underground Storage Tank (LUST or UST) Tax is $.001/gallon.

Resource: http://www.irs.gov/pub/irs-pdf/p510.pdf - Chapter 1

(4) Plus, Iowa State Fuel Tax
State purchasers shall pay the Iowa fuel taxes on gasoline, ethanol blends, and **undyed diesel (used for on road purposes)** and may claim a refund for state fuel taxes paid.

To apply for a refund, contract users must complete and file a refund permit application with the Iowa Department of Revenue. Contact the idrmotorfuel@iowa.gov for further information regarding filing for a refund of state fuel taxes paid. Some contract users may be exempted from the Iowa State Highway (Special) Fuel Tax, such as highway maintenance vehicles, publicly owned firefighting equipment, and public transportation.

Resource: https://tax.iowa.gov/iowa-tax-fee-descriptions-and-rates

(5) Exclude, Iowa Environmental Protection Charge (Hazardous Substance) Fee
Iowa EPC fee shall be excluded from the invoice.

Only state and federal government owners or operators are exempt. Tanks owned or operated by county, city or other government jurisdictions are subject to the EPC.

The Iowa EPC charge or tax is an excise tax imposed on the first possessor of hazardous substances or products (including fuel) in the state of Iowa. The current tax rate is $0.01/gallon and is listed on the invoice as a per gallon tax. The Iowa EPC applies to both underground and above ground storage tanks.

State entities must file a signed **Statement of Exemption** with the Depositor of the fuel which attests that the tank receiving the petroleum deposit falls with a class of tanks granted exemption by the Iowa DNR. Statements must be kept by the Depositor for a period of three years to verify the reason for non-collection of the EPC fee.

Resource:
https://tax.iowa.gov/environmental-protection-charge-epc#:~:text=Iowa%20Code%20chapter%20424%20gives,diminution%20from%20certain%20storage%20tanks.&text=The%20EPC%20is%20imposed%20on,exempt%20storage%20tanks%20in%20Iowa.

(6) Exclude, Iowa State & Local Sales Tax
Iowa State & Local Taxes shall be excluded from the invoice.

(7) Superfund Excise Tax
The Hazardous Substance Superfund Financing Tax Rate on Crude Oil and Petroleum Products was reinstated effective January 1, 2023. It allows the EPA to clean up contaminated sites. It also forces the parties responsible for the contamination to either perform cleanups or reimburse the government for EPA-led cleanup work. When there is no viable responsible party, Superfund gives EPA the funds and authority to clean up contaminated sites.

Resource:
https://www.americanbar.org/groups/taxation/publications/abataxtimes_home/22fall/22fall-pop-smith-excise-superfund/

Questions regarding fuel taxes and fees may be addressed to:

Iowa Department of Revenue

Revised: 09.Jan 2023