



Department of Revenue

Iowa's Electric Fuel Tax

October 27, 2025

About the Department



Mission

To serve Iowans through the responsible collection and generation of revenue to support the public good.



Vision

Iowa will be a state that uses innovation to make it simple to comply with revenue laws and deliver fun and fair lottery experiences.



Values

Integrity first
Dedicated to teamwork
Ready to serve

Disclaimer

Please be advised that the information in this presentation contains informal opinions and are only applicable to the factual situations referenced and to the statutes in existence as of the date of this presentation.

The Iowa Department of Revenue may take a contrary position in the future to what is stated today. Any oral or written guidance or opinion by Department personnel not pursuant to a Petition for Declaratory Order under Iowa Administrative Code rule 701—4.7 is not binding upon the Department.

Presenter

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Background

Iowa's Road Use Tax Fund (RUTF)

- Iowa uses the RUTF to fund construction, maintenance, and administration of highways in the state.
- Under the Iowa Constitution and statutes, most RUTF funds may only be used for construction, maintenance, and administration of highways.
- The RUTF has multiple funding sources, the largest of which is fuel tax revenue.
- In 2018, Iowa enacted legislation requiring the Iowa DOT to submit a report that “estimate[s] the impact of increased usage of electric, hybrid, and other high-efficiency motor vehicles” on the RUTF.

2019 House File 767 (Iowa Acts chapter 151)

- Iowa DOT issued its report on December 31, 2018
 - www.legis.iowa.gov/docs/publications/DF/1023184.pdf
- 2019 HF 767 was signed into law on May 16, 2019
 - <https://www.legis.iowa.gov/docs/publications/iactc/88.1/CH0151.pdf>
- Supplemental annual registration fee for electric vehicles (Effective January 1, 2020)
- Electric fuel excise tax (Effective July 1, 2023)
 - Applies to charging at a location “other than a residence”

Preparation for Electric Fuel Tax

- Legislation enacted May 16, 2019; tax effective July 1, 2023
- In that time, the Iowa Department of Revenue:
 - Communicated informally with external stakeholders
 - Programmed computer systems (during 5-year modernization)
 - Trained staff, developed internal procedures, and assigned duties
 - Created new forms and letters
 - Updated existing forms and letters
 - Drafted a press release, postcard, etc. announcing changes
 - Drafted informal website guidance
 - Promulgated new rules, effective July 1, 2023
 - Iowa Administrative Code chapter 701—262
 - Notice of Intended Action published February 22, 2023



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Overview

Supplemental Annual Registration Fee

- More than 80% of EV charging happens at a residence (US DoE)
- Iowa Code section 321.116
- For full Battery Electric Vehicles (BEV)
 - \$65 for CY2020
 - \$97.50 for CY2021
 - \$130 for CY2022 and later
 - Equal to 13,000 miles at 30MPG and \$0.30/Gal tax rate
- For Plug-In Hybrid Electric Vehicles (PHEV)
 - \$32.50 for CY2020
 - \$48.75 for CY2021
 - \$65 for CY2022 and later

Levy of Electric Fuel Tax

- “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.” Iowa Code section 452A.41(1)
- “‘Residence’ means the place where a person resides, permanently or temporarily.” Iowa Code section 452A.40(6)

Electric Fuel Licenses

- The owner of a charging station must have an electric fuel license
 - Even if another entity manages or controls the charging station
- Licenses are issued for the physical charging location
 - A single charging location may have multiple charging stations
- One person may need both a user and a dealer license
 - Iowa Code section 452A.42
- May also need a sales & use tax permit
 - Parking is a taxable service in Iowa
- Register online through GovConnectIowa
 - Each licensee only needs one account
 - Registration went live April 3, 2023

Charging Station Testing

- Iowa Code section 452A.41(4)
- The Iowa Department of Agriculture and Land Stewardship (IDALS) tests every licensed charging station at least every two years
 - IDALS “determine[s] the accuracy and correctness of the charging station”
 - IDALS tests other fuel stations in Iowa

Electric Fuel Tax Return

- Each account files one consolidated return using GovConnectIowa
 - Each location is listed separately on the return schedule
- Filers list kWh dispensed at each location
 - System will multiply by \$0.026
- Returns and tax due **biannually** (every 6 months)
 - First period July 1 to December 31, return and tax due January 31
 - Second period January 1 to June 30, return and tax due July 31
 - Iowa Code section 452A.41(5)

Refunds and Exemptions

- Iowa Code section 452A.44
- All motor fuel exemptions apply to electric fuel
- Electric fuel tax refunds require a fuel refund permit, similar to other fuel types
- Unlike with other non-dyed fuels, qualified purchasers may claim an upfront exemption for electric fuel tax
 - Purchasers should provide an Iowa Fuel Tax Exemption Certificate



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Statistics

Iowa Fuel Tax Rates as of 7/1/25

- Electric fuel: \$0.026 per kilowatt hour (kWh)
- Gasoline/Ethanol
 - E15 or higher: \$0.265 per gallon
 - Less than E15 and gasoline: \$0.30 per gallon
- Diesel/Biodiesel
 - B20 or higher: \$0.295 per gallon
 - Less than B20 and diesel: \$0.325 per gallon
- Notes:
 - E15+ and B20+ tax rates vary depending on the percentage of those fuels sold at retail in Iowa in the prior calendar year
 - Gasoline and diesel taxes are generally paid above the retail level

Vehicle Registrations: Estimated vs Actual

Approximately 1 million registered automobiles in Iowa

Plug-in Hybrid Electric Vehicles

FY	2019 Est.	Actual
2020	2,835	2,654
2021	3,528	3,183
2022	4,462	4,612
2023	5,698	5,658
2024	7,320	7,279

Avg 29% actual annual growth

Battery Electric Vehicles

FY	2019 Est.	Actual
2020	1,431	2,518
2021	1,970	3,200
2022	2,748	5,743
2023	3,860	7,120
2024	5,447	10,209

Avg 43% actual annual growth

Estimates Source: Iowa Legislative Services Agency, Fiscal Services Division,
www.legis.iowa.gov/docs/publications/FN/1046918.pdf

Statistics

- 344 active electric fuel accounts
- 726 active charging locations (may be more than one charging station at each location)
- FY2024 (first year of electric fuel tax)
 - \$204k in electric fuel tax, \$1.8M in supplemental registration fees
- FY2025 (preliminary)
 - \$538k in electric fuel tax, \$2.3M in supplemental registration fees
- FY2028 (projected)
 - \$1.0M in electric fuel tax, \$4.7M in supplemental registration fees
- Approximately \$2B transferred to the RUTF in FY2025



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Challenges

Challenges

- Free charging stations
 - The owner of a free charging station must file and remit tax
 - Free charging stations generally have more issues
 - Legislative interest in exempting free charging stations
 - What does “free” mean?
 - Are chargers next to a store free? In a hotel parking lot?
- Finding charging stations
 - A charging station can be anywhere that has electricity
- Finding the owner of a charging station
 - Different party may own realty, own station, and manage station
 - Station owner may not have info to file and pay tax

Challenges

- Determining the amount of electricity used
 - Measuring software is ideal
 - Separate meter works, unless electricity comes directly from solar, wind, or another source
 - Electric study may be difficult and inexact
 - Some charging stations have little monitoring (eg, campgrounds)
 - Smaller owners may resist doing a study
- Estimated billings
 - Estimated billings must have some factual basis
 - We may not know number of stations and amount of use at a location

Challenges

- Identifying a “residence”
 - Broadly interpreted as any single- or multi-family residential property
 - How long must a person reside at the property?
 - What if a property has short- and long-term rental?
 - What if a property has stations for residents and visitors (eg, colleges)?
 - What if a business EV is charged at a residence?
- Testing charging stations
 - IDALS tests, IDR pays for testing, agencies must share info
 - Charging stations can be anywhere
 - Special equipment and training is needed to test charging stations
 - Charging stations may require payment to test

Challenges

- Political issues
 - Seeing the amount of electric fuel tax collected but not the supplemental annual registration fees collected
 - Is the excise tax rate appropriate?
 - Is the supplemental annual registration fee amount appropriate?
 - The fee is constant, no matter the age, size, or use of the EV
 - Some EV owners pay both the fee and the excise tax
 - Some EV owners pay neither
 - The fee and tax rate are not indexed



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Additional Resources

Additional Resources

- Iowa Code sections 452A.40–.44
- Iowa Administrative Code chapter 701—262 Electric Fuel Excise Tax
- Taxpayer Services:
 - Email: idr@iowa.gov
 - Phone: 515-281-3114
- revenue.iowa.gov - Detailed information on all tax types
- GovDelivery - Email Alerts, subscribe at revenue.iowa.gov
- govconnect.iowa.gov - IDR's e-services portal
- Ask “The Kernel” - GovConnectIowa's chatbot





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Social Media





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Thank you!

Questions?