

# BIODIESEL STATE INCENTIVES

How Midwestern state policies support biodiesel



Many Midwest states offer incentives to encourage the use of biodiesel fuel, with extra incentives for higher biodiesel blends. States with biodiesel incentives reduce carbon emissions and gain significant environmental, health and economic benefits for residents in both rural and urban areas.



## State Level Incentives

### State excise tax reduction for retailers selling B20+:

- 3 cents/gallon

### State income tax credit for retailers selling these blends:

- B11 = 5 cents/gallon
- B20 = 7 cents/gallon
- B30 = 10 cents/gallon

### Sales and use tax refund for biodiesel producers:

- 2 cents/gallon, up to 25M gallons per year

Sources: Iowa Code 2022 Section 422.11P  
Iowa Revenue Dept. Chapter 277

### Biodiesel blends receive a 6.25% state sales tax exemption at the following levels:

- B10+ in effect since 2003
- B13+ effective April 1, 2024
- B16+ effective April 1, 2025
- B19+ effective April 1, 2026
- B10 is the minimum threshold set for the winter months from December to March

2022 average value of tax exemption = 20.5 cents/gallon

Source: Illinois Senate Bill 1146

### Sales tax credit for biodiesel retailers:

- B5 to B10 = 2 cents/gallon
- B11+ = 5 cents/gallon

### Tax credit for qualifying biodiesel producers:

- 2 cents/gallon

Source: Missouri Senate Bill S160

## Biodiesel Successes



470M gallons production capacity



72M gallons consumed

**\$4.2B**

in Iowa economic activity

**10,574**  
jobs supported

**6%**  
average biodiesel blend

**11**  
production plants



192M gallons production capacity



176M gallons consumed

**\$2.7B**

in Illinois economic activity

**7,803**  
jobs supported

**9%**  
average biodiesel blend

**4**  
production plants



238M gallons production capacity



40M gallons consumed

**\$2B**

in Missouri economic activity

**5,567**  
jobs supported

**3%**  
average biodiesel blend

**6**  
production plants

Sources: U.S. Energy Information Administration and LMC International: Economic Impact of Biodiesel on the United States Economy 2022.

Want to know more about biodiesel? Visit [miadvancedbiofuels.com](http://miadvancedbiofuels.com) or contact Michigan Soybean Committee/Michigan Soybean Association at 989-652-3294 or [soyinfo@michigansoybean.org](mailto:soyinfo@michigansoybean.org).

