BIODIESEL STATE INCENTIVES

How Midwestern state policies support biodiesel

MICHIGAN ADVANCED BIOFUELS COALITION

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.

IOWA

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

ILLINOIS

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

MISSOURI

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 or contact Michigan Soybean Committee/Michigan Soybean Association at 989-652-3294 or soyinfo@michigansoybean.org.

MICHIGAN SOYBEAN COMMITTEE

MICHIGAN SOYBEAN ASSOCIATION