



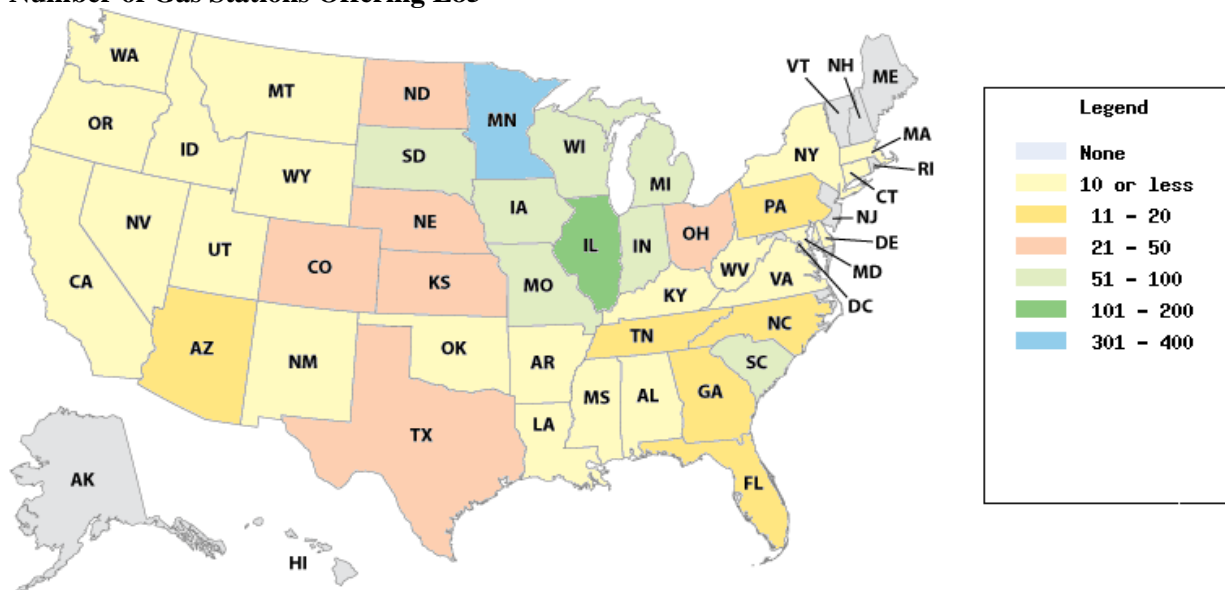
## Incentives and Laws for E85 Use

This I-CAN report examines the use of E85 across the country, and looks at ways Iowa can encourage gas stations to offer E85.

### E85 Use Today

E85 is an alternative fuel consisting of 85% ethanol and 15% gasoline. As of October 2007, E85 was offered at 88 gas stations across Iowa.<sup>1</sup> The following map illustrates the number of stations offering E85 state-by-state. These totals include private stations, such as those for government vehicles only.

### Number of Gas Stations Offering E85<sup>2</sup>



<sup>1</sup> "E85 Gas Stations in Iowa." <http://e85vehicles.com/e85-iowa.htm>.

<sup>2</sup> "E85 Fueling Station Locations." U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/fuels/ethanol\\_locations.html](http://www.eere.energy.gov/afdc/fuels/ethanol_locations.html).

## State Incentives and Laws for E85

In addition to federal policies, all states have some form of incentives or laws to promote and encourage the use of E85. Iowa has eight incentives and eight laws, second most in the nation behind California. Minnesota, the leader in E85 availability, has two incentives and seven laws.

In the following table, similar incentives and laws are grouped together and presented by state. The similar programs are:

**Producer Incentive Program/Grant Funds** – incentives to encourage ethanol production

**Retailer/Infrastructure Incentives for E85** – incentives for gas stations to sell E85

**State RFS** - renewable fuel standard; laws that designate desired levels of alternative fuel use

**Retail Pump Label Requirement** – laws requiring stations to label pumps that have E85

**State Fleet Fuel Purchase/Use Requirement** – laws requiring state vehicle fleets to use alternative fuels

### Common Incentives<sup>3</sup>

State	Producer Incentive Program/Grant Funds	Retailer / Infrastructure Incentives for E85	State RFS*	Retail Pump Label Requirement	State Fleet Fuel Purchase/Use Requirement
Alabama				X	
Alaska		X		X	
Arizona				X	
Arkansas	X			X	
California					
Colorado		X		X	
Connecticut				X	
Delaware				X	
District of Columbia					
Florida		X		X	
Georgia				X	
Hawaii	X	X	X		
Idaho		X		X	
Illinois		X		X	
Indiana	X	X			X
Iowa		X	X	X	X
Kansas	X	X			X

<sup>3</sup> “Legislative Actions – State.” Renewable Fuels Association.  
<http://www.ethanolrfa.org/policy/actions/state/>.

Kentucky					X
Louisiana		X	X		
Maine	X	X		X	
Maryland	X				
Massachusetts				X	
Michigan		X			
Minnesota	X	X	X		X
Mississippi	X			X	
Missouri	X		X		X
Montana	X		X	X	
Nebraska				X	X
Nevada				X	
New Hampshire				X	
New Jersey		X			
New Mexico					
New York		X		X	X
North Carolina	X	X			
North Dakota	X	X		X	
Ohio		X			X
Oklahoma	X	X			
Oregon		X	X	X	X (Portland only)
Pennsylvania				X	
Rhode Island		X		X	
South Carolina	X	X		X	
South Dakota	X	X		X	
Tennessee				X	
Texas	X			X	
Utah		X		X	
Vermont				X	
Virginia	X			X	X
Washington		X	X	X	X
West Virginia				X	
Wisconsin				X	
Wyoming	X			X	

### **Policies of Other E85 Leaders**

Despite producing more ethanol than any other state, Iowa trails eight states (California, Illinois, Minnesota, Ohio, Michigan, Indiana, Missouri, and Wisconsin) in the total

amount of ethanol used in ethanol-gasoline mixtures.<sup>4</sup> Several policies used by states to improve E85 are described below.

*Ethanol Production Incentive – Minnesota*

Facilities that began production before June 30, 2000 are eligible to earn payments of \$0.20 per gallon of ethanol produced, limited to \$3 million per producer.<sup>5</sup>

*Ethanol Blend Mandate – Minnesota*

All gasoline for sale in Minnesota must be at least 10% ethanol (E10). By August 30, 2013, all gasoline for sale in Minnesota must be at least 20% ethanol (E20).<sup>6</sup>

*Funding for Emission Reductions – California*

The Carl Moyer Program provides funding to offset the marginal costs of purchasing equipment whose emissions are better than California emissions standards.<sup>7</sup> The marginal cost is the difference between the cost of such equipment and the cost of equipment that does not meet or improve on California's standards. The funding is provided to the purchaser of the equipment.

*Free Metered Parking – Hermosa Beach, CA*

Drivers of vehicles with the Clean Air Decal may park in metered spots for free.<sup>8</sup>

*Alternative Fuel Vehicle (AFV) and Alternative Fuel Rebates – Illinois*

The Rebate Program will provide a rebate of up to 80% of the marginal cost of buying an AFV, 80% of the cost to convert a car to an AFV, and for the full marginal cost of buying alternative fuels for an AFV.<sup>9</sup>

*Alternative Fuel Tax Refund for Taxis – Wisconsin*

Taxis running on alternative fuels can file to receive a full refund on their state fuel tax, if they purchase at least 100 gallons of the alternative fuel in a year.<sup>10</sup>

*Vehicle Research and Development Grants – Indiana*

The Indiana Twenty-First Century Research and Technology Fund provides loans and grants to companies in the state for the development of alternative fuel technologies and fuel efficient vehicle production.<sup>11</sup>

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<sup>4</sup> "Highway Statistics 203 – Estimated Use of Gasohol." U.S. Dept. of Transportation, Federal Highway Administration. <http://www.fhwa.dot.gov/policy/ohim/hs03/htm/mf33e.htm#foot2>.

<sup>5</sup> "Minnesota E85 Laws and Incentives." U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/MN/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/MN/ETH).

<sup>6</sup> Ibid.

<sup>7</sup> "California E85 Laws and Incentives." U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/CA/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/CA/ETH).

<sup>8</sup> Ibid.

<sup>9</sup> "Illinois E85 Laws and Incentives." U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/IL/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/IL/ETH).

<sup>10</sup> "Wisconsin E85 Laws and Incentives." U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/WI/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/WI/ETH).

*Alternative Fuel Bus Incentives – New York*

The Clean Fueled Bus Program provides rebates up to 100% of the marginal cost of purchasing new alternative fuel buses and “associated infrastructure.” This rebate is available for all state and local transit agencies and all school districts.<sup>12</sup>

This report was prepared in December 2007 by the Iowa Civic Analysis Network (I-CAN), a non-partisan public policy undergraduate research group at the University of Iowa. For additional research on this or other issues, please visit our website at <http://www.uiowa.edu/~ican> or contact us at [studorg-i-can@uiowa.edu](mailto:studorg-i-can@uiowa.edu).

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<sup>11</sup> “Indiana E85 Laws and Incentives.” U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/IN/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/IN/ETH).

<sup>12</sup> “New York E85 Laws and Incentives.” U.S. Dept. of Energy, Energy Efficiency and Renewable Energy. [http://www.eere.energy.gov/afdc/progs/ind\\_state\\_laws.php/NY/ETH](http://www.eere.energy.gov/afdc/progs/ind_state_laws.php/NY/ETH).