

FEB 10 2005  
Agriculture

HOUSE FILE 269  
BY ZIRKELBACH

(COMPANION TO LSB 2030SS  
BY HANCOCK)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act providing for renewable fuel by establishing standards for  
2 ethanol blended gasoline and biodiesel fuel, and making  
3 penalties applicable.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 269

1 DIVISION I

2 ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

3 Section 1. Section 159A.2, Code 2005, is amended by adding  
4 the following new subsections:

5 NEW SUBSECTION. 0A. "Biodiesel fuel" means a motor  
6 vehicle fuel which is a mixture of diesel fuel and processed  
7 soybean oil, which meets the standards for such motor vehicle  
8 fuel established in section 214A.2, if at least twenty percent  
9 of the mixed fuel by volume is processed soybean oil.

10 NEW SUBSECTION. 3A. "Ethanol blended gasoline" means  
11 motor vehicle fuel which is a mixture of gasoline and  
12 denatured alcohol, which meets the standards for such motor  
13 vehicle fuel established in section 214A.2.

14 NEW SUBSECTION. 4A. "Motor vehicle fuel" means the same  
15 as defined in section 214A.1.

16 Sec. 2. Section 159A.2, subsection 6, Code 2005, is  
17 amended by striking the subsection and inserting in lieu  
18 thereof the following:

19 6. "Renewable fuel" means the same as defined in section  
20 214A.1.

21 Sec. 3. Section 159A.3, subsection 3, Code 2005, is  
22 amended to read as follows:

23 3. a. A chief purpose of the office is to further the  
24 production and consumption of ethanol ~~fuel~~ blended gasoline in  
25 this state. The office shall be the primary state agency  
26 charged with the responsibility to promote public consumption  
27 of ethanol ~~fuel~~ blended gasoline.

28 b. The office shall promote the production and consumption  
29 of ~~soydiesel~~ biodiesel fuel in this state.

30 Sec. 4. Section 214A.1, Code 2005, is amended by adding  
31 the following new subsections:

32 NEW SUBSECTION. 0A. "Advertise" means to present a  
33 commercial message in any medium, including but not limited to  
34 print, radio, television, sign, display, label, tag, or  
35 articulation.

1 NEW SUBSECTION. 6A. "Renewable fuel" means an energy  
2 source at least in part derived from biomass or other  
3 nonfossil organic compound capable of powering machinery,  
4 including but not limited to an engine or power plant. A  
5 renewable fuel includes but is not limited to ethanol blended  
6 gasoline or biodiesel fuel meeting the standards of section  
7 214A.2.

8 Sec. 5. Section 214A.2, subsection 1, Code 2005, is  
9 amended to read as follows:

10 1. The secretary shall adopt rules pursuant to chapter 17A  
11 for carrying out this chapter. The rules may include, but are  
12 not limited to, specifications relating to motor vehicle fuel  
13 or, including but not limited to renewable fuel which may  
14 contain oxygenate octane enhancers. In the interest of  
15 uniformity, the secretary shall adopt by reference or  
16 otherwise specifications relating to tests and standards for  
17 motor fuel or oxygenate octane enhancers, established by  
18 A.S.T.M. (American society for testing and materials)  
19 international, unless the secretary determines those  
20 specifications are inconsistent with this chapter or are not  
21 appropriate to the conditions which exist in this state.

22 Sec. 6. Section 214A.2, subsection 3, Code 2005, is  
23 amended by striking the subsection and inserting in lieu  
24 thereof the following:

25 3. a. Gasoline blended with denatured alcohol shall be  
26 known as ethanol blended gasoline if it meets the standards  
27 for renewable fuel as provided in this section. In addition,  
28 all of the following must apply:

29 (1) Until July 1, 2015, at least ten percent of the  
30 mixture of gasoline and denatured alcohol by volume must be  
31 denatured alcohol.

32 (2) On and after July 1, 2015, at least twenty percent of  
33 the mixture of gasoline and denatured alcohol by volume must  
34 be denatured alcohol.

35 b. Ethanol blended gasoline shall be known as E-85

1 gasoline if it meets the standards for renewable fuel as  
2 provided in this section. In addition, all of the following  
3 must apply:

4 (1) From the first day of April until the last day of  
5 October, at least eighty-five percent of the mixture of  
6 gasoline and denatured alcohol by volume must be denatured  
7 alcohol.

8 (2) From the first day of November until the last day of  
9 March, at least seventy-five percent of the mixture of  
10 gasoline and denatured alcohol by volume must be denatured  
11 alcohol.

12 Sec. 7. Section 214A.2, Code 2005, is amended by adding  
13 the following new subsection:

14 NEW SUBSECTION. 3A. Diesel fuel blended with processed  
15 soybean oil shall be known as biodiesel fuel if it meets the  
16 standards for renewable fuel as provided in this section. In  
17 addition, all of the following must apply:

18 (1) Until July 1, 2015, at least two percent of the  
19 mixture of diesel fuel and processed soybean oil by volume  
20 must be processed soybean oil.

21 (2) On and after July 1, 2015, at least twenty percent of  
22 the mixture of diesel fuel and processed soybean oil by volume  
23 must be processed soybean oil.

24 Sec. 8. Section 214A.3, Code 2005, is amended to read as  
25 follows:

26 214A.3 FALSE REPRESENTATIONS ADVERTISING.

27 A person ~~for-purposes-of-selling~~ shall not ~~falsely~~  
28 represent do any of the following:

29 1. Falsely advertise the quality or kind of any motor  
30 vehicle fuel or oxygenate octane enhancer ~~or-add~~ which is  
31 blended into the motor vehicle fuel.

32 2. Falsely advertise that a motor vehicle fuel is a  
33 renewable fuel as provided in section 214A.2. The dealer  
34 shall not advertise the sale of motor vehicle fuel using the  
35 term "ethanol", "E-85", or "biodiesel", or use any derivative,

1 plural, or compound of any such word unless the motor vehicle  
2 fuel meets the standards as provided in section 214A.2.

3 3. Add coloring matter thereto to motor vehicle fuel for  
4 the purpose of misleading the public as to its quality.

5 Sec. 9. Section 214A.19, subsection 1, unnumbered  
6 paragraph 1, Code 2005, is amended to read as follows:

7 The department of natural resources, conditioned upon the  
8 availability of funds, is authorized to award demonstration  
9 grants to persons who purchase vehicles which operate on  
10 alternative fuels, including but not limited to, ~~high-blend~~  
11 ~~ethanol~~ E-85 gasoline, compressed natural gas, electricity,  
12 solar energy, or hydrogen. A grant shall be for the purpose  
13 of conducting research connected with the fuel or the vehicle,  
14 and not for the purchase of the vehicle itself, except that  
15 the money may be used for the purchase of the vehicle if all  
16 of the following conditions are satisfied:

17 DIVISION II

18 CONFORMING CHANGES

19 Sec. 10. Section 8A.362, subsection 3, unnumbered  
20 paragraph 2, Code 2005, is amended to read as follows:

21 A motor vehicle operated under this subsection shall not  
22 operate on gasoline other than ethanol blended gasoline  
23 ~~blended-with-at-least-ten-percent-ethanol~~ as provided in  
24 section 214A.2, unless under emergency circumstances. A  
25 state-issued credit card used to purchase gasoline shall not  
26 be valid to purchase gasoline other than ethanol blended  
27 gasoline ~~blended-with-at-least-ten-percent-ethanol~~, if  
28 commercially available. The motor vehicle shall also be  
29 affixed with a brightly visible sticker which notifies the  
30 traveling public that the motor vehicle is being operated on  
31 ethanol blended gasoline ~~blended-with-ethanol~~. However, the  
32 sticker is not required to be affixed to an unmarked vehicle  
33 used for purposes of providing law enforcement or security.

34 Sec. 11. Section 8A.362, subsection 5, paragraph a,  
35 subparagraphs (1) and (2), Code 2005, are amended to read as

1 follows:

2 (1) ~~A-fuel-blended-with-not-more-than-fifteen-percent E-85~~  
3 ~~gasoline and-at-least-eighty-five-percent-ethanol~~ as provided  
4 in section 214A.2.

5 (2) ~~A-fuel-which-is-a-mixture-of-diesel Biodiesel fuel and~~  
6 ~~processed-soybean-oil.--At-least-twenty-percent-of-the-mixed~~  
7 ~~fuel-by-volume-must-be-processed-soybean-oil~~ as defined in  
8 section 159A.2.

9 Sec. 12. Section 216B.3, subsection 16, paragraph a, Code  
10 2005, is amended to read as follows:

11 a. A motor vehicle purchased by the commission shall ~~not~~  
12 only operate on ethanol blended gasoline ~~other-than-gasoline~~  
13 ~~blended-with-at-least-ten-percent-ethanol~~ as provided in  
14 section 214A.2. A ~~state-issued~~ state-issued credit card used  
15 to purchase gasoline shall not be valid to purchase gasoline  
16 other than ethanol blended gasoline ~~blended-with-at-least-ten~~  
17 ~~percent-ethanol~~. The motor vehicle shall also be affixed with  
18 a brightly visible sticker which notifies the traveling public  
19 that the motor vehicle is being operated on ethanol blended  
20 ~~gasoline blended-with-ethanol~~. However, the sticker is not  
21 required to be affixed to an unmarked vehicle used for  
22 purposes of providing law enforcement or security.

23 Sec. 13. Section 216B.3, subsection 16, paragraph b,  
24 subparagraph (1), subparagraph subdivisions (a) and (b), Code  
25 2005, are amended to read as follows:

26 (a) ~~A-fuel-blended-with-not-more-than-fifteen-percent E-85~~  
27 ~~gasoline and-at-least-eighty-five-percent-ethanol~~ as provided  
28 in section 214A.2.

29 (b) ~~A-fuel-which-is-a-mixture-of-diesel Biodiesel fuel and~~  
30 ~~processed-soybean-oil.--At-least-twenty-percent-of-the-mixed~~  
31 ~~fuel-by-volume-must-be-processed-soybean-oil~~ as defined in  
32 section 159A.2.

33 Sec. 14. Section 260C.19A, subsection 1, Code 2005, is  
34 amended to read as follows:

35 1. A motor vehicle purchased by or used under the

1 direction of the board of directors to provide services to a  
2 merged area shall not only operate on ethanol blended gasoline  
3 ~~other than gasoline blended with at least ten percent ethanol~~  
4 as provided in section 214A.2. The motor vehicle shall also  
5 be affixed with a brightly visible sticker which notifies the  
6 traveling public that the motor vehicle is being operated on  
7 ethanol blended gasoline ~~blended with ethanol~~. However, the  
8 sticker is not required to be affixed to an unmarked vehicle  
9 used for purposes of providing law enforcement or security.

10 Sec. 15. Section 260C.19A, subsection 2, paragraph a,  
11 subparagraphs (1) and (2), Code 2005, are amended to read as  
12 follows:

13 (1) ~~A fuel blended with not more than fifteen percent E-85~~  
14 ~~gasoline and at least eighty-five percent ethanol~~ as provided  
15 in section 214A.2.

16 (2) ~~A fuel which is a mixture of diesel Biodiesel fuel and~~  
17 ~~processed soybean oil. At least twenty percent of the mixed~~  
18 ~~fuel by volume must be processed soybean oil~~ as defined in  
19 section 159A.2.

20 Sec. 16. Section 262.25A, subsection 2, Code 2005, is  
21 amended to read as follows:

22 2. A motor vehicle purchased by the institutions shall not  
23 only operate on ethanol blended gasoline ~~other than gasoline~~  
24 ~~blended with at least ten percent ethanol~~ as provided in  
25 section 214A.2. A state-issued credit card used to purchase  
26 gasoline shall not be valid to purchase gasoline other than  
27 ethanol blended gasoline ~~blended with at least ten percent~~  
28 ~~ethanol~~. The motor vehicle shall also be affixed with a  
29 brightly visible sticker which notifies the traveling public  
30 that the motor vehicle is being operated on ethanol blended  
31 gasoline ~~blended with ethanol~~. However, the sticker is not  
32 required to be affixed to an unmarked vehicle used for  
33 purposes of providing law enforcement or security.

34 Sec. 17. Section 279.34, Code 2005, is amended to read as  
35 follows:

1 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-  
2 ~~BLENDED~~ ETHANOL BLENDED GASOLINE.

3 A motor vehicle purchased by or used under the direction of  
4 the board of directors to provide services to a school  
5 corporation shall ~~not, on or after January 17, 1993,~~ only  
6 operate on ethanol blended gasoline ~~other than gasoline~~  
7 ~~blended with at least ten percent ethanol~~ as provided in  
8 section 214A.2. The motor vehicle shall also be affixed with  
9 a brightly visible sticker which notifies the traveling public  
10 that the motor vehicle is being operated on ethanol blended  
11 gasoline ~~blended with ethanol~~. However, the sticker is not  
12 required to be affixed to an unmarked vehicle used for  
13 purposes of providing law enforcement or security.

14 Sec. 18. Section 307.20, subsection 3, paragraph a, Code  
15 2005, is amended to read as follows:

16 a. "Biodiesel fuel" means ~~soydiesel fuel~~ the same as  
17 defined in section 159A.2.

18 Sec. 19. Section 307.21, subsection 4, paragraph d, Code  
19 2005, is amended to read as follows:

20 d. A motor vehicle purchased by the administrator shall  
21 not operate on gasoline other than ethanol blended gasoline  
22 ~~blended with at least ten percent ethanol~~ as provided in  
23 section 214A.2. A state-issued credit card used to purchase  
24 gasoline shall not be valid to purchase gasoline other than  
25 ethanol blended gasoline ~~blended with at least ten percent~~  
26 ~~ethanol~~. The motor vehicle shall also be affixed with a  
27 brightly visible sticker which notifies the traveling public  
28 that the motor vehicle is being operated on ethanol blended  
29 gasoline ~~blended with ethanol~~. However, the sticker is not  
30 required to be affixed to an unmarked vehicle used for  
31 purposes of providing law enforcement or security.

32 Sec. 20. Section 307.21, subsection 5, paragraph a,  
33 subparagraphs (1) and (2), Code 2005, are amended to read as  
34 follows:

35 (1) ~~A fuel blended with not more than fifteen percent~~ E-85

1 gasoline ~~and-at-least-eighty-five-percent-ethanol~~ as provided  
2 in section 214A.2.

3 (2) ~~A-fuel-which-is-a-mixture-of-processed-soybean-oil-and~~  
4 ~~diesel Biodiesel fuel---~~At-least-twenty-percent-of-the-fuel-by  
5 volume-must-be-processed-soybean-oil as defined in section  
6 159A.2.

7 Sec. 21. Section 331.908, Code 2005, is amended to read as  
8 follows:

9 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-  
10 BLENDED ETHANOL BLENDED GASOLINE.

11 A motor vehicle purchased or used by a county to provide  
12 county services shall not ~~on-or-after-January-17-1993~~  
13 operate on gasoline other than ethanol blended gasoline  
14 ~~blended-with-at-least-ten-percent-ethanol~~ as provided in  
15 section 214A.2. The motor vehicle shall also be affixed with  
16 a brightly visible sticker which notifies the traveling public  
17 that the motor vehicle is being operated on ethanol blended  
18 gasoline ~~blended-with-ethanol~~. However, the sticker is not  
19 required to be affixed to an unmarked vehicle used for  
20 purposes of providing law enforcement or security.

21 Sec. 22. Section 364.20, Code 2005, is amended to read as  
22 follows:

23 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-  
24 BLENDED ETHANOL BLENDED GASOLINE.

25 A motor vehicle purchased or used by a city to provide city  
26 services shall not ~~on-or-after-January-17-1993~~ operate on  
27 gasoline other than ethanol blended gasoline ~~blended-with-at~~  
28 ~~least-ten-percent-ethanol~~ as provided in section 214A.2. The  
29 motor vehicle shall also be affixed with a brightly visible  
30 sticker which notifies the traveling public that the motor  
31 vehicle is being operated on ethanol blended gasoline ~~blended~~  
32 ~~with-ethanol~~. However, the sticker is not required to be  
33 affixed to an unmarked vehicle used for purposes of providing  
34 law enforcement or security.

35 Sec. 23. Section 452A.2, subsection 11, Code 2005, is

1 amended to read as follows:

2 11. "Ethanol blended gasoline" means ~~motor-fuel-containing~~  
3 ~~at-least-ten-percent-alcohol-distilled-from-cereal-grains~~  
4 gasoline which meets the standards provided in section 214A.2.

5 Sec. 24. Section 904.312A, subsection 1, Code 2005, is  
6 amended to read as follows:

7 1. A motor vehicle purchased by the department shall not  
8 operate on gasoline other than ethanol blended gasoline  
9 ~~blended-with-at-least-ten-percent-ethanol~~ as provided in  
10 section 214A.2. A state-issued credit card used to purchase  
11 gasoline shall not be valid to purchase gasoline other than  
12 ethanol blended gasoline ~~blended-with-at-least-ten-percent~~  
13 ~~ethanol~~. The motor vehicle shall also be affixed with a  
14 brightly visible sticker which notifies the traveling public  
15 that the motor vehicle is being operated on ethanol blended  
16 ~~gasoline blended-with-ethanol~~. However, the sticker is not  
17 required to be affixed to an unmarked vehicle used for  
18 purposes of providing law enforcement or security.

19 Sec. 25. Section 904.312A, subsection 2, paragraph a,  
20 subparagraphs (1) and (2), Code 2005, are amended to read as  
21 follows:

22 (1) ~~A-fuel-blended-with-not-more-than-fifteen-percent E-85~~  
23 ~~gasoline and-at-least-eighty-five-percent-ethanol~~ as provided  
24 in section 214A.2.

25 (2) ~~A-fuel-which-is-a-mixture-of-diesel~~ Biodiesel fuel and  
26 ~~processed-soybean-oil;--At-least-twenty-percent-of-the-mixed~~  
27 ~~fuel-by-volume-must-be-processed-soybean-oil~~ as defined in  
28 section 159A.2.

29

#### EXPLANATION

30 This bill relates to renewable fuels, including motor  
31 vehicle fuel referred to as ethanol blended gasoline, which is  
32 a mixture of gasoline and denatured grain alcohol, and  
33 biodiesel fuel, which is also referred to as soydiesel, and  
34 which contains a mixture of diesel fuel and processed soybean  
35 oil.

1 DIVISION I. This division amends provisions in Code  
2 chapter 159A, which provides for the promotion of renewable  
3 fuels, and Code chapter 214A, which provides for the  
4 regulation of motor vehicle fuel and oxygenate enhancers.  
5 Both chapters are administered by the department of  
6 agriculture and land stewardship. Code section 159A.2  
7 currently regulates "soydiesel fuel", which is defined to mean  
8 diesel fuel which is mixed with at least 20 percent processed  
9 soybean oil by volume. The division renames "soydiesel fuel"  
10 as "biodiesel fuel" but does not change the 20 percent  
11 requirement. The division amends a number of other  
12 definitions including ethanol blended gasoline by referring to  
13 standards for such motor vehicle fuel established in Code  
14 section 214A.2.

15 The division amends Code section 214A.2 by eliminating a  
16 section that refers to a number of different types of ethanol  
17 blended gasoline which depend upon the mixture ratio of  
18 denatured alcohol to conventional gasoline. The division  
19 provides that gasoline blended with denatured alcohol shall be  
20 known as "ethanol blended gasoline" and diesel fuel blended  
21 with processed soybean oil is referred to as "biodiesel fuel"  
22 only if the motor vehicle fuel meets standards for renewable  
23 fuel as provided by the department. In addition, it  
24 establishes a ratio mixture for both the ethanol blended  
25 gasoline and biodiesel fuel. Until July 1, 2015, the ratio is  
26 at least 10 percent denatured alcohol to conventional gasoline  
27 by volume. On and after that date the ratio increases to 20  
28 percent. There is also a standard for gasoline referred to as  
29 "E-85 gasoline". In that case, there must be a ratio of 85  
30 percent denatured alcohol to conventional gasoline except in  
31 winter months when the mixture of denatured alcohol may  
32 decrease to 75 percent. A similar ratio for biodiesel fuel is  
33 established. Until July 1, 2015, at least 2 percent of the  
34 motor vehicle fuel must be processed soybean oil by volume.  
35 On and after that date the ratio of processed soybean oil

1 increases to 20 percent.

2 The division amends Code section 214A.3 to prohibit falsely  
3 advertising that a motor vehicle fuel is a renewable fuel as  
4 provided in Code section 214A.2, including advertising that  
5 the motor vehicle fuel is mixed with alcohol or processed  
6 soybean oil.

7 In general, a person who violates a standard or requirement  
8 of Code chapter 214A is guilty of a simple misdemeanor (see  
9 Code section 214A.11). A simple misdemeanor is punishable by  
10 confinement for no more than 30 days or a fine of at least \$50  
11 but not more than \$500 or by both.

12 DIVISION II. The division makes a number of conforming  
13 changes to various Code chapters that require state and local  
14 governments to purchase renewable fuel when operating motor  
15 vehicles which includes gasoline containing at least 10  
16 percent ethanol. Of all new passenger vehicles and light  
17 trucks, at least 10 percent must use alternative fuel sources,  
18 including flexible fuels. For gasoline-powered motor  
19 vehicles, they must operate on fuel containing at least 85  
20 percent ethanol. For diesel-powered vehicles, they must  
21 operate on fuel containing at least 20 percent processed  
22 soybean oil. The division amends those provisions to conform  
23 with the terms used in Code chapters 159A and 214A.

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