

FEB 16 2005
Agriculture

HOUSE FILE 317
BY VAN ENGELHOFEN

Passed House, Date _____ Passed Senate, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act providing standards for ethanol blended gasoline and
2 biodiesel fuel, and making penalties applicable.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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HF 317

DIVISION I

ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

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

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

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

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

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

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

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

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

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

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

NEW SUBSECTION. 0A. "Advertise" means to present a commercial message in any medium, including but not limited to print, radio, television, sign, display, label, tag, or 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, 2007, 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, 2007, at least fifteen 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, 2007, 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, 2007, at least fifteen 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, 2007, 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 15
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 graduated ratio for biodiesel fuel
33 is established. Until July 1, 2007, 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 15 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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