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SENATE FILE
BY BOLKCOM

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AGRICULTURE

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

A BILL FOR

1 An Act relating to motor vehicle fuel taxes, by exempting small
2 biofuel producers.

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

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1 Section 1. Section 452A.2, Code 2005, is amended by adding
2 the following new subsection:

3 NEW SUBSECTION. 24A. "Small biofuel producer" means a
4 natural person who produces a biofuel for use in powering
5 diesel engines, if all of the following apply:

6 1. The biofuel is used for the person's own use or the use
7 of other natural persons who reside in the household.

8 2. The person does not produce more than three hundred
9 gallons of biofuel during any year.

10 Sec. 2. Section 452A.3, Code 2005, is amended by adding
11 the following new subsection:

12 NEW SUBSECTION. 1B. An excise tax shall not be imposed on
13 a biofuel produced by a small biofuel producer.

14 Sec. 3. Section 452A.6, Code 2005, is amended to read as
15 follows:

16 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS --
17 BLENDER'S LICENSE.

18 A person other than a supplier, restrictive supplier, or
19 importer licensed under this division, who blends gasoline
20 with alcohol distilled from cereal grains so that the blend
21 contains at least ten percent alcohol distilled from cereal
22 grains, shall obtain a blender's license. A person other than
23 a small biofuel producer who blends two or more special fuel
24 products or sells one hundred percent biofuel shall obtain a
25 blender's license. The license shall be obtained by following
26 the procedure under section 452A.4 and the license is subject
27 to the same restrictions as contained in that section. A
28 blender other than a small biofuel producer shall maintain
29 records as required by section 452A.10 as to motor fuel,
30 alcohol, ethanol blended gasoline, and special fuels.

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EXPLANATION

32 Code chapter 452A provides for imposition of excise taxes
33 on motor vehicle fuel, including gasoline and diesel fuel, as
34 well as an excise tax on so-called special motor vehicle fuel,
35 including a biofuel which is an oxygenated product derived

1 from soybean oil, vegetable oil, or animal fats. The oil is
2 often blended with diesel fuel to create biodiesel. A person
3 who manufactures biofuel for use in motor vehicles, including
4 as use in a blend, must obtain a blender's license. The fuel
5 is also taxed as a special fuel. The rate of the excise tax
6 on the use of special fuel is 22.5 cents per gallon.

7 The bill exempts a small biofuel producer from the
8 licensing requirements and the tax of Code chapter 452A. A
9 small biofuel producer must meet a number of qualifications.
10 The producer must be a natural person and must use the biofuel
11 in powering diesel engines. The biofuel must be used for the
12 person's own use or the use of other natural persons who
13 reside in the household. In addition, the producer cannot
14 produce more than 300 gallons of biofuel during any year.

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