

FILED APR 05 2005

SENATE FILE 401

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 1288)

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 and providing a future repeal.

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

4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22

SF 401

TLSB 2392SV 81

da/sh/8

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

3 NEW SUBSECTION. 24A. a. "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
7 use of other natural persons who reside in the person's
8 household.

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

11 b. This subsection is repealed on July 1, 2010.

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

14 NEW SUBSECTION. 1B. An excise tax shall not be imposed on
15 a biofuel produced by a small biofuel producer. This
16 subsection is repealed July 1, 2010.

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

19 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS --
20 BLENDER'S LICENSE.

21 1. A person other than a supplier, restrictive supplier,
22 or importer licensed under this division, who blends gasoline
23 with alcohol distilled from cereal grains so that the blend
24 contains at least ten percent alcohol distilled from cereal
25 grains, shall obtain a blender's license.

26 2. a. A person who blends two or more special fuel
27 products or sells one hundred percent biofuel shall obtain a
28 blender's license. The

29 b. Notwithstanding paragraph "a", a small biofuel producer
30 is not required to obtain a blender's license under this
31 section. This paragraph is repealed on July 1, 2010.

32 3. A blender's license required in this section shall be
33 obtained by following complying with the procedure under
34 section 452A.4 and-the. The blender's license is subject to
35 the same restrictions as contained in that section. A blender

1 shall maintain records as required by section 452A.10 as to
2 motor fuel, alcohol, ethanol blended gasoline, and special
3 fuels.

4 EXPLANATION

5 Current Code chapter 452A provides for imposition of excise
6 taxes on motor vehicle fuel, including gasoline and diesel
7 fuel, as well as an excise tax on so-called special motor
8 vehicle fuel, including a biofuel which is an oxygenated
9 product derived from soybean oil, vegetable oil, or animal
10 fats. The oil is often blended with diesel fuel to create
11 biodiesel. A person who manufactures biofuel for use in motor
12 vehicles, including as use in a blend, must obtain a blender's
13 license. The fuel is also taxed as a special fuel. The rate
14 of the excise tax on the use of special fuel is 22.5 cents per
15 gallon.

16 This bill exempts a small biofuel producer from the
17 licensing requirements of Code chapter 452A. It also exempts
18 a small producer from paying an excise tax on biofuel produced
19 by the small biofuel producer. A small biofuel producer must
20 meet a number of qualifications. The producer must be a
21 natural person and must use the biofuel in powering diesel
22 engines. The biofuel must be used for the person's own use or
23 the use of other natural persons who reside in the household.
24 In addition, the producer cannot produce more than 300 gallons
25 of biofuel during any year. The exemptions are eliminated on
26 July 1, 2010.

27
28
29
30
31
32
33
34
35

Danielson co-chair
Miller co-chair
Bolkcom
Zieman

Succeeded By
SF/HF 401

SSB # 1288

Ways + Means

SENATE FILE _____

BY (PROPOSED COMMITTEE ON WAYS AND
MEANS BILL BY CO-CHAIRPERSONS
BOLKCOM AND ZIEMAN)

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 and providing a future repeal.

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

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22

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

3 NEW SUBSECTION. 24A. a. "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
7 use of other natural persons who reside in the person's
8 household.

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

11 b. This subsection is repealed on July 1, 2010.

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

14 NEW SUBSECTION. 1B. An excise tax shall not be imposed on
15 a biofuel produced by a small biofuel producer. This
16 subsection is repealed July 1, 2010.

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

19 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS --
20 BLENDER'S LICENSE.

21 1. A person other than a supplier, restrictive supplier,
22 or importer licensed under this division, who blends gasoline
23 with alcohol distilled from cereal grains so that the blend
24 contains at least ten percent alcohol distilled from cereal
25 grains, shall obtain a blender's license.

26 2. a. A person who blends two or more special fuel
27 products or sells one hundred percent biofuel shall obtain a
28 blender's license. The

29 b. Notwithstanding paragraph "a", a small biofuel producer
30 is not required to obtain a blender's license under this
31 section. This paragraph is repealed on July 1, 2010.

32 3. A blender's license required in this section shall be
33 obtained by following complying with the procedure under
34 section 452A.4 and-the. The blender's license is subject to
35 the same restrictions as contained in that section. A blender

1 shall maintain records as required by section 452A.10 as to
2 motor fuel, alcohol, ethanol blended gasoline, and special
3 fuels.

4

EXPLANATION

5 Current Code chapter 452A provides for imposition of excise
6 taxes on motor vehicle fuel, including gasoline and diesel
7 fuel, as well as an excise tax on so-called special motor
8 vehicle fuel, including a biofuel which is an oxygenated
9 product derived from soybean oil, vegetable oil, or animal
10 fats. The oil is often blended with diesel fuel to create
11 biodiesel. A person who manufactures biofuel for use in motor
12 vehicles, including as use in a blend, must obtain a blender's
13 license. The fuel is also taxed as a special fuel. The rate
14 of the excise tax on the use of special fuel is 22.5 cents per
15 gallon.

16 This bill exempts a small biofuel producer from the
17 licensing requirements of Code chapter 452A. It also exempts
18 a small producer from paying an excise tax on biofuel produced
19 by the small biofuel producer. A small biofuel producer must
20 meet a number of qualifications. The producer must be a
21 natural person and must use the biofuel in powering diesel
22 engines. The biofuel must be used for the person's own use or
23 the use of other natural persons who reside in the household.
24 In addition, the producer cannot produce more than 300 gallons
25 of biofuel during any year. The exemptions are eliminated on
26 July 1, 2010.

27

28

29

30

31

32

33

34

35