

FILED MAR 07 2006

SENATE FILE **2380**
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 3228)

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

A BILL FOR

1 An Act relating to motor fuel, by establishing standards for
2 renewable fuel including biodiesel and biodiesel blended fuel,
3 providing for terminology changes, and providing for
4 penalties.

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

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SC 2380

DIVISION I

ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

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

NEW SUBSECTION. 0A. "Biodiesel" means a renewable fuel comprised of mono-alkyl esters of long-chain fatty acids derived from vegetable oils or animal fats, which meets the standards provided in section 214A.2.

NEW SUBSECTION. 1A. "Biodiesel blended fuel" means a blend of biodiesel with petroleum-based diesel fuel which meets the standards, including separately the standard for its biodiesel constituent, provided in section 214A.2.

NEW SUBSECTION. 1B. "Committee" means the renewable fuels and coproducts advisory committee established pursuant to section 159A.4.

NEW SUBSECTION. 1C. "Dealer" means a wholesale dealer or retail dealer.

NEW SUBSECTION. 1D. "Diesel fuel" means any liquid product prepared, advertised, offered for sale, or sold for use as, or commonly and commercially used as, motor fuel for use in an internal combustion engine and ignited by pressure without the presence of an electric spark, and which meets the specifications provided in section 214A.2.

NEW SUBSECTION. 1E. "Ethanol" means ethyl alcohol that is denatured as required in 23 C.F.R., pts. 20 and 21, for use as an oxygenate in gasoline.

NEW SUBSECTION. 1F. "Ethanol blended gasoline" means a formulation of gasoline which is a liquid petroleum product blended with ethanol, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1G. "Gasoline" means any liquid product prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, motor fuel for use in a spark-ignition, internal combustion engine, and which meets the specifications provided in section 214A.2.

1 NEW SUBSECTION. 2A. "Motor fuel pump" means the same as
2 defined in section 214.1.

3 NEW SUBSECTION. 5A. "Renewable fuel" means a combustible
4 liquid derived from grain starch, oilseed, animal fat, or
5 other biomass; or produced from a biogas source, including any
6 nonfossilized decaying organic matter which is capable of
7 powering machinery, including but not limited to an engine or
8 power plant. Renewable fuel includes but is not limited to
9 ethanol blended gasoline, biodiesel, or biodiesel blended fuel
10 meeting the standards provided in section 214A.2.

11 Sec. 2. Section 214A.1, subsection 2, Code 2005, is
12 amended to read as follows:

13 2. "Motor ~~vehiele~~ fuel" means a substance or combination
14 of substances which is intended to be or is capable of being
15 used for the purpose ~~of-propelling-or-running-by-combustion~~
16 any of operating an internal combustion engine, including but
17 not limited to a motor vehicle, and is kept for sale or sold
18 for that purpose. ~~The-products-commonly-known-as-kerosene-and~~
19 ~~distillate-or-petroleum-products-of-lower-gravity-(Baume~~
20 ~~scale)-,when-not-used-to-propel-a-motor-vehiele-or-for~~
21 ~~compounding-or-combining-with-a-motor-vehiele-fuel,-are-exempt~~
22 ~~from-this-chapter-except-as-provided-in-section-214A.2A-~~

23 Sec. 3. Section 214A.1, subsections 6 and 8, Code 2005,
24 are amended by striking the subsections and inserting in lieu
25 thereof the following:

26 6. "Retail dealer" means a person engaged in the business
27 of storing and dispensing motor fuel from a motor fuel pump
28 for sale on a retail basis.

29 8. "Wholesale dealer" means a person, other than a retail
30 dealer, who operates a place of business where motor fuel is
31 stored and dispensed for sale in this state, including a
32 permanent or mobile location.

33 Sec. 4. Section 214A.2, subsection 1, Code 2005, is
34 amended to read as follows:

35 1. The secretary department shall adopt rules pursuant to

1 chapter 17A for carrying out this chapter. The rules may
2 include, but are not limited to, specifications relating to
3 motor fuel ~~or-oxygenate-octane-enhancers~~, including but not
4 limited to renewable fuel such as ethanol blended gasoline,
5 biodiesel, biodiesel blended fuel, and motor fuel components
6 such as an oxygenate. In the interest of uniformity, the
7 secretary department shall adopt by reference or ~~otherwise~~
8 other specifications relating to tests and standards for motor
9 fuel ~~or-oxygenate-octane-enhancers~~ including renewable fuel
10 and motor fuel components, established by the United States
11 environmental protection agency or A.S.T.M. (American-society
12 for-testing-and-materials) international, ~~unless-the-secretary~~
13 ~~determines-those-specifications-are-inconsistent-with-this~~
14 ~~chapter-or-are-not-appropriate-to-the-conditions-which-exist~~
15 in-this-state. In adopting standards for a renewable fuel,
16 the department shall consult with the committee.

17 Sec. 5. Section 214A.2, subsection 3, Code 2005, is
18 amended by striking the subsection and inserting in lieu
19 thereof the following:

20 3. a. For motor fuel advertised for sale or sold as
21 biodiesel or biodiesel blended fuel by a dealer, the motor
22 fuel must meet registration requirements for that type of
23 motor fuel and its additives established by the United States
24 environmental protection agency including as provided under 42
25 U.S.C. § 7545.

26 b. The motor fuel must comply with departmental standards
27 which to every extent feasible shall comply with
28 specifications adopted by A.S.T.M. international for biodiesel
29 or biodiesel blended fuel.

30 (1) At least one percent of biodiesel blended fuel by
31 volume must be biodiesel.

32 (2) The biodiesel may be blended with diesel fuel whose
33 sulfur, aromatic, lubricity and octane levels are outside
34 A.S.T.M. international specification D-975 Grades 1-D, 2-D,
35 and low sulfur 1-D and 2-D, provided that the finished

1 biodiesel blended fuel meets its applicable A.S.T.M.

2 international specifications for these properties.

3 Sec. 6. Section 214A.2A, Code 2005, is amended to read as
4 follows:

5 214A.2A KEROSENE LABELING.

6 1. Fuel which is sold or is kept, offered, or exposed for
7 sale as kerosene shall be labeled as kerosene. The label
8 shall include the word "kerosene" and a designation as either
9 "K1" or "K2", and shall indicate that the kerosene is in
10 compliance with the standard specification adopted by the
11 A.S.T.M. ~~in~~ international specification D-3699 (1982).

12 2. A product commonly known as kerosene and distillate or
13 a petroleum product of lower gravity (Baume scale), when not
14 used to propel a motor vehicle or for compounding or combining
15 with a motor fuel, are exempt from this chapter except as
16 provided in this section.

17 Sec. 7. Section 214A.3, Code 2005, is amended by striking
18 the section, and inserting in lieu thereof the following:

19 214A.3 ADVERTISING.

20 1. For all motor fuel, a person shall not knowingly do any
21 of the following:

22 a. Advertise the sale of any motor fuel which does not
23 meet the standards provided in section 214A.2.

24 b. Falsely advertise the quality or kind of any motor fuel
25 or a component of motor fuel.

26 c. Add a coloring matter to the motor fuel which misleads
27 a person who is purchasing the motor fuel about the quality of
28 the motor fuel.

29 2. A person shall not knowingly falsely advertise that a
30 motor fuel is a renewable fuel or is not a renewable fuel.
31 Biodiesel blended fuel shall be designated B-xx where "xx" is
32 the volume percent of biodiesel in the biodiesel blended fuel.

33 A person shall not knowingly falsely advertise biodiesel
34 blended fuel by using an inaccurate designation in violation
35 of this subsection.

1 Sec. 8. Section 214A.11, Code 2005, is amended to read as
2 follows:

3 214A.11 VIOLATIONS PENALTY.

4 Any A person violating-the-provisions who violates a
5 provision of this chapter ~~shall-be~~ is guilty of a simple
6 serious misdemeanor.

7 DIVISION II

8 CHANGE OF TERMS

9 Sec. 9. CHANGE OF TERMS.

10 1. Sections 8A.362, 101.21, 159A.4, 214.1, 214.11, 214A.1,
11 214A.2, 214A.4, 214A.5, 214A.7, 214A.8, 214A.9, 214A.10,
12 214A.16, 214A.17, 214A.18, 306C.11, 312.1, 321.56, 423.14,
13 452A.63, 452A.66, and 452A.78, Code 2005, and section 321.40,
14 Code Supplement 2005, are amended by striking from the
15 provisions the words "motor vehicle fuel" and inserting the
16 following: "motor fuel".

17 2. Sections 214.1, 214.3, 214.9, 214.11, 214A.16, and
18 422.11C, Code 2005, are amended by striking the words "motor
19 vehicle fuel pump" or "motor vehicle fuel pumps" and inserting
20 the following: "motor fuel pump" or "motor fuel pumps".

21 EXPLANATION

22 DIVISION I -- ESTABLISHMENT OF RENEWABLE FUEL STANDARDS.
23 This division amends Code chapter 214A, which provides
24 authority to the department of agriculture and land
25 stewardship to regulate the sale of motor fuel.

26 The division amends Code section 214A.1 by providing a
27 number of definitions, including "biodiesel", "biodiesel
28 blended fuel", "ethanol", and "ethanol blended gasoline".

29 The division amends Code section 214A.2, which provides for
30 different types of motor fuel and establishes standards or
31 specifications for motor fuel.

32 The division establishes standards for biodiesel and
33 biodiesel blended fuel. It requires that biodiesel blended
34 fuel contain at least 1 percent biodiesel by volume. It
35 prohibits any person from falsely advertising motor fuel,

1 including renewable fuel, and specifically biodiesel blended
2 gasoline. Code section 214A.11 provides that any person
3 violating the provisions of Code chapter 214A is guilty of a
4 simple misdemeanor. A simple misdemeanor is punishable by
5 confinement for no more than 30 days or a fine of at least \$50
6 but not more than \$500, or by both. The bill increases the
7 offense to a serious misdemeanor. A serious misdemeanor is
8 punishable by confinement for no more than one year and a fine
9 of at least \$250 but not more than \$1,500.

10 DIVISION II -- CHANGE IN TERMS. This division amends a
11 number of provisions by changing the term "motor vehicle fuel"
12 to "motor fuel", and "motor vehicle fuel pump" to "motor fuel
13 pump" for purposes of consistency in chapters throughout the
14 Code, but in particular in Code chapters 214A and 452A.

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Kibbie co-chair
Johnson co-chair
Ragan
Graskill

SSB# 3228
Agriculture

Succeeded By
S/ HF 2380

SENATE FILE _____
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY
CO-CHAIRPERSON FRAISE)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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A BILL FOR

1 An Act relating to motor fuel, by establishing standards for
2 renewable fuel including biodiesel and biodiesel blended fuel,
3 providing for terminology changes, and providing for
4 penalties.

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

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DIVISION I

ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

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

NEW SUBSECTION. 0A. "Biodiesel" means a renewable fuel comprised of mono-alkyl esters of long-chain fatty acids derived from vegetable oils or animal fats, which meets the standards provided in section 214A.2.

NEW SUBSECTION. 1A. "Biodiesel blended fuel" means a blend of biodiesel with petroleum-based diesel fuel which meets the standards, including separately the standard for its biodiesel constituent, provided in section 214A.2.

NEW SUBSECTION. 1B. "Committee" means the renewable fuels and coproducts advisory committee established pursuant to section 159A.4.

NEW SUBSECTION. 1C. "Dealer" means a wholesale dealer or retail dealer.

NEW SUBSECTION. 1D. "Diesel fuel" means any liquid product prepared, advertised, offered for sale, or sold for use as, or commonly and commercially used as, motor fuel for use in an internal combustion engine and ignited by pressure without the presence of an electric spark, and which meets the specifications provided in section 214A.2.

NEW SUBSECTION. 1E. "Ethanol" means ethyl alcohol that is denatured as required in 23 C.F.R., pts. 20 and 21, for use as an oxygenate in gasoline.

NEW SUBSECTION. 1F. "Ethanol blended gasoline" means a formulation of gasoline which is a liquid petroleum product blended with ethanol, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1G. "Gasoline" means any liquid product prepared, advertised, offered for sale or sold for use as, or commonly and commercially used as, motor fuel for use in a spark-ignition, internal combustion engine, and which meets the specifications provided in section 214A.2.

1 NEW SUBSECTION. 2A. "Motor fuel pump" means the same as
2 defined in section 214.1.

3 NEW SUBSECTION. 5A. "Renewable fuel" means a combustible
4 liquid derived from grain starch, oilseed, animal fat, or
5 other biomass; or produced from a biogas source, including any
6 nonfossilized decaying organic matter which is capable of
7 powering machinery, including but not limited to an engine or
8 power plant. Renewable fuel includes but is not limited to
9 ethanol blended gasoline, biodiesel, or biodiesel blended fuel
10 meeting the standards provided in section 214A.2.

11 Sec. 2. Section 214A.1, subsection 2, Code 2005, is
12 amended to read as follows:

13 2. "Motor vehicle fuel" means a substance or combination
14 of substances which is intended to be or is capable of being
15 used for the purpose ~~of propelling or running by combustion~~
16 any of operating an internal combustion engine, including but
17 not limited to a motor vehicle, and is kept for sale or sold
18 for that purpose. ~~The products commonly known as kerosene and~~
19 ~~distillate or petroleum products of lower gravity (Baume~~
20 ~~scale), when not used to propel a motor vehicle or for~~
21 ~~compounding or combining with a motor vehicle fuel, are exempt~~
22 ~~from this chapter except as provided in section 214A.2A.~~

23 Sec. 3. Section 214A.1, subsections 6 and 8, Code 2005,
24 are amended by striking the subsections and inserting in lieu
25 thereof the following:

26 6. "Retail dealer" means a person engaged in the business
27 of storing and dispensing motor fuel from a motor fuel pump
28 for sale on a retail basis.

29 8. "Wholesale dealer" means a person, other than a retail
30 dealer, who operates a place of business where motor fuel is
31 stored and dispensed for sale in this state, including a
32 permanent or mobile location.

33 Sec. 4. Section 214A.2, subsection 1, Code 2005, is
34 amended to read as follows:

35 1. The ~~secretary~~ department shall adopt rules pursuant to

1 chapter 17A for carrying out this chapter. The rules may
2 include, but are not limited to, specifications relating to
3 motor fuel or-oxygenate-octane-enhancers, including but not
4 limited to renewable fuel such as ethanol blended gasoline,
5 biodiesel, biodiesel blended fuel, and motor fuel components
6 such as an oxygenate. In the interest of uniformity, the
7 secretary department shall adopt by reference or otherwise
8 other specifications relating to tests and standards for motor
9 fuel or-oxygenate-octane-enhancers including renewable fuel
10 and motor fuel components, established by the United States
11 environmental protection agency or A.S.T.M. (American-society
12 for-testing-and-materials) international, unless the secretary
13 determines those specifications are inconsistent with this
14 chapter or are not appropriate to the conditions which exist
15 in this state. In adopting standards for a renewable fuel,
16 the department shall consult with the committee.

17 Sec. 5. Section 214A.2, subsection 3, Code 2005, is
18 amended by striking the subsection and inserting in lieu
19 thereof the following:

20 3. a. For motor fuel advertised for sale or sold as
21 biodiesel or biodiesel blended fuel by a dealer, the motor
22 fuel must meet registration requirements for that type of
23 motor fuel and its additives established by the United States
24 environmental protection agency including as provided under 42
25 U.S.C. § 7545.

26 b. The motor fuel must comply with departmental standards
27 which to every extent feasible shall comply with
28 specifications adopted by A.S.T.M. international for biodiesel
29 or biodiesel blended fuel.

30 (1) At least one percent of biodiesel blended fuel by
31 volume must be biodiesel.

32 (2) The biodiesel may be blended with diesel fuel whose
33 sulfur, aromatic, lubricity and octane levels are outside
34 A.S.T.M. international specification D-975 Grades 1-D, 2-D,
35 and low sulfur 1-D and 2-D, provided that the finished

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1 biodiesel blended fuel meets its applicable A.S.T.M.
2 international specifications for these properties.

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4 follows:

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7 sale as kerosene shall be labeled as kerosene. The label
8 shall include the word "kerosene" and a designation as either
9 "K1" or "K2", and shall indicate that the kerosene is in
10 compliance with the standard specification adopted by the
11 A.S.T.M. ~~in~~ international specification D-3699 (1982).

12 2. A product commonly known as kerosene and distillate or
13 a petroleum product of lower gravity (Baume scale), when not
14 used to propel a motor vehicle or for compounding or combining
15 with a motor fuel, are exempt from this chapter except as
16 provided in this section.

17 Sec. 7. Section 214A.3, Code 2005, is amended by striking
18 the section, and inserting in lieu thereof the following:

19 214A.3 ADVERTISING.

20 1. For all motor fuel, a person shall not knowingly do any
21 of the following:

22 a. Advertise the sale of any motor fuel which does not
23 meet the standards provided in section 214A.2.

24 b. Falsely advertise the quality or kind of any motor fuel
25 or a component of motor fuel.

26 c. Add a coloring matter to the motor fuel which misleads
27 a person who is purchasing the motor fuel about the quality of
28 the motor fuel.

29 2. A person shall not knowingly falsely advertise that a
30 motor fuel is a renewable fuel or is not a renewable fuel.
31 Biodiesel blended fuel shall be designated B-xx where "xx" is
32 the volume percent of biodiesel in the biodiesel blended fuel.
33 A person shall not knowingly falsely advertise biodiesel
34 blended fuel by using an inaccurate designation in violation
35 of this subsection.

1 Sec. 8. Section 214A.11, Code 2005, is amended to read as
2 follows:

3 214A.11 VIOLATIONS PENALTY.

4 Any A person ~~violating the provisions~~ who violates a
5 provision of this chapter shall ~~be~~ is guilty of a simple
6 serious misdemeanor.

7 DIVISION II

8 CHANGE OF TERMS

9 Sec. 9. CHANGE OF TERMS.

10 1. Sections 8A.362, 101.21, 159A.4, 214.1, 214.11, 214A.1,
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13 452A.63, 452A.66, and 452A.78, Code 2005, and section 321.40,
14 Code Supplement 2005, are amended by striking from the
15 provisions the words "motor vehicle fuel" and inserting the
16 following: "motor fuel".

17 2. Sections 214.1, 214.3, 214.9, 214.11, 214A.16, and
18 422.11C, Code 2005, are amended by striking the words "motor
19 vehicle fuel pump" or "motor vehicle fuel pumps" and inserting
20 the following: "motor fuel pump" or "motor fuel pumps".

21 EXPLANATION

22 DIVISION I -- ESTABLISHMENT OF RENEWABLE FUEL STANDARDS.

23 This division amends Code chapter 214A, which provides
24 authority to the department of agriculture and land
25 stewardship to regulate the sale of motor fuel.

26 The division amends Code section 214A.1 by providing a
27 number of definitions, including "biodiesel", "biodiesel
28 blended fuel", "ethanol", and "ethanol blended gasoline".

29 The division amends Code section 214A.2, which provides for
30 different types of motor fuel and establishes standards or
31 specifications for motor fuel.

32 The division establishes standards for biodiesel and
33 biodiesel blended fuel. It requires that biodiesel blended
34 fuel contain at least 1 percent biodiesel by volume. It
35 prohibits any person from falsely advertising motor fuel,

1 including renewable fuel, and specifically biodiesel blended
 2 gasoline. Code section 214A.11 provides that any person
 3 violating the provisions of Code chapter 214A is guilty of a
 4 simple misdemeanor. A simple misdemeanor is punishable by
 5 confinement for no more than 30 days or a fine of at least \$50
 6 but not more than \$500, or by both. The bill increases the
 7 offense to a serious misdemeanor. A serious misdemeanor is
 8 punishable by confinement for no more than one year and a fine
 9 of at least \$250 but not more than \$1,500.

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 11 number of provisions by changing the term "motor vehicle fuel"
 12 to "motor fuel", and "motor vehicle fuel pump" to "motor fuel
 13 pump" for purposes of consistency in chapters throughout the
 14 Code, but in particular in Code chapters 214A and 452A.

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