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SENATE FILE 2383

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SF 2129)

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing for state petroleum replacement, by providing
2 for renewable fuel including ethanol blended fuel and
3 biodiesel blended fuel, providing incentives for
4 infrastructure used to store and dispense renewable fuel,
5 income tax credits, and an appropriation, providing penalties,
6 making penalties applicable, and providing an applicability
7 date.

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

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SF 2383

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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. "Advertise" means to present a commercial message in any medium, including but not limited to print, radio, television, sign, display, label, tag, or articulation.

NEW SUBSECTION. 1A. "B-2 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of two percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1B. "B-5 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of five percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1C. "B-20 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of twenty percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1D. "Biodiesel" means a combustible liquid comprised of mono-alkyl esters of long-chain fatty acids which is all of the following:

- a. A renewable fuel which is a motor fuel capable of powering diesel engines or aircraft engines.
- b. Processed from natural oils or fats derived from crops such as soybeans, vegetables, or animals.
- c. Meets departmental specifications for that type of motor fuel as provided in section 214A.2.

NEW SUBSECTION. 1E. "Biodiesel blended fuel" means a formulation of diesel fuel which is a liquid petroleum product blended with biodiesel, if the formulation meets departmental standards as provided in section 214A.2.

NEW SUBSECTION. 1F. "Committee" means the renewable fuels and coproducts advisory committee established pursuant to

1 section 159A.4.

2 NEW SUBSECTION. 1G. "Dealer" means a wholesale dealer or
3 retail dealer.

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

10 NEW SUBSECTION. 1I. "E-85 gasoline" means ethanol blended
11 gasoline formulated with a minimum percentage of between
12 seventy-five and eighty-five percent by volume of ethanol, if
13 the formulation meets the standards provided in section
14 214A.2.

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

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

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

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

29 NEW SUBSECTION. 5A. "Renewable fuel" means a combustible
30 liquid derived from grain starch, oilseed, animal fat, or
31 other biomass; or produced from a biogas source, including any
32 nonfossilized decaying organic matter which is capable of
33 powering machinery, including but not limited to an engine or
34 power plant. Renewable fuel includes but is not limited to
35 ethanol blended gasoline, biodiesel, or biodiesel blended fuel

1 meeting the standards provided in section 214A.2.

2 NEW SUBSECTION. 5B. "Renewable fuel producer" means a
3 person engaged in the production of any of the following:

4 a. Ethanol for use as a distillate in ethanol blended
5 gasoline.

6 b. Biodiesel for use as a motor fuel or as a distillate in
7 biodiesel blended fuel.

8 NEW SUBSECTION. 7A. "Service station" means each
9 geographic location in this state where a retail dealer sells
10 and dispenses motor fuel on a retail basis.

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 who operates a place of
27 business where motor fuel is stored and dispensed from a motor
28 fuel pump for sale on a retail basis, including a service
29 station or mobile location.

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

34 Sec. 4. NEW SECTION. 214A.1A PRODUCTION STANDARDS --
35 ACCREDITATION.

1 A quality standards program for renewable fuel producers is
2 established. A renewable fuel producer shall not sell
3 biodiesel or biodiesel blended fuel in this state, and a
4 dealer shall not purchase biodiesel or biodiesel blended fuel
5 from a renewable fuel manufacturer, unless the renewable fuel
6 producer is accredited as required under the program. The
7 department, in consultation with the committee, shall certify
8 an accreditation service to administer the program. The
9 accreditation service shall perform a formal review and audit
10 of the capacity and commitment of the renewable fuel producer
11 to produce or market biodiesel or biodiesel blended fuel in a
12 manner and according to procedures that meet the program
13 standards for quality, including A.S.T.M. international
14 specifications and requirements for the storage, sampling,
15 testing, blending, shipping, and distribution of biodiesel and
16 biodiesel blended fuel as established by the accreditation
17 service.

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

20 1. The secretary department shall adopt rules pursuant to
21 chapter 17A for carrying out this chapter. The rules may
22 include, but are not limited to, specifications relating to
23 motor fuel or-oxygenate-octane-enhancers, including but not
24 limited to renewable fuel such as ethanol blended gasoline,
25 biodiesel, biodiesel blended fuel, and motor fuel components
26 such as an oxygenate or other additive. In the interest of
27 uniformity, the secretary department shall adopt by reference
28 or otherwise other specifications relating to tests and
29 standards for motor fuel or-oxygenate-octane-enhancers
30 including renewable fuel and motor fuel components,
31 established by the United States environmental protection
32 agency or A.S.T.M. (American-society-for-testing-and
33 materials) international, ~~unless the secretary determines~~
34 ~~those specifications are inconsistent with this chapter or are~~
35 ~~not appropriate to the conditions which exist in this state.~~

1 In adopting standards for a renewable fuel, the department
2 shall consult with the committee.

3 Sec. 6. Section 214A.2, Code 2005, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 2A. a. For motor fuel advertised for
6 sale or sold as gasoline by a dealer, the motor fuel must meet
7 registration requirements for that type of motor fuel and its
8 additives established by the United States environmental
9 protection agency including as provided under 42 U.S.C. §
10 7545.

11 b. If the motor fuel is advertised for sale or sold as
12 ethanol blended gasoline, the motor fuel must comply with
13 departmental standards which to every extent feasible shall
14 comply with specifications for ethanol blended gasoline
15 adopted by A.S.T.M. international. For ethanol blended
16 gasoline all of the following shall apply:

17 (1) For ethanol blended gasoline other than E-85 gasoline,
18 at least ten percent of the gasoline by volume must be
19 ethanol.

20 (2) For E-85 gasoline all of the following must apply:

21 (a) From the first day of April until the last day of
22 October, at least eighty-five percent of the gasoline by
23 volume must be ethanol.

24 (b) From the first day of November until the last day of
25 March, at least seventy-five percent of the gasoline by volume
26 must be ethanol.

27 (3) In calculating the percentage of ethanol required for
28 the formulation of ethanol blended gasoline fuel, a percentage
29 of a denaturant or contaminants permitted in the ethanol
30 blended gasoline may be excluded as provided by rules adopted
31 by the department.

32 Sec. 7. Section 214A.2, subsection 3, Code 2005, is
33 amended by striking the subsection and inserting in lieu
34 thereof the following:

35 3. a. For motor fuel advertised for sale or sold as

1 biodiesel or biodiesel blended fuel by a dealer, the motor
2 fuel must meet registration requirements for that type of
3 motor fuel and its additives established by the United States
4 environmental protection agency including as provided under 42
5 U.S.C. § 7545.

6 b. Biodiesel shall be produced by a renewable fuel
7 producer accredited pursuant to the quality standards program
8 for renewable fuel producers as provided in section 214A.1A.

9 c. The motor fuel must comply with departmental standards
10 which to every extent feasible shall comply with
11 specifications adopted by A.S.T.M. international for biodiesel
12 or biodiesel blended fuel.

13 (1) The department shall adopt standards for biodiesel
14 blended fuel, including B-2 biodiesel blended fuel, B-5
15 biodiesel blended fuel, and B-20 biodiesel blended fuel. At
16 least two percent of biodiesel blended fuel by volume must be
17 biodiesel.

18 (2) In calculating the percentage of biodiesel required
19 for the formulation of biodiesel blended fuel, a percentage of
20 a denaturant or contaminants permitted in the biodiesel
21 blended fuel may be excluded as provided by rules adopted by
22 the department.

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

25 214A.2A KEROSENE LABELING.

26 1. Fuel which is sold or is kept, offered, or exposed for
27 sale as kerosene shall be labeled as kerosene. The label
28 shall include the word "kerosene" and a designation as either
29 "K1" or "K2", and shall indicate that the kerosene is in
30 compliance with the standard specification adopted by the
31 A.S.T.M. in international specification D-3699 (1982).

32 2. A product commonly known as kerosene and distillate or
33 a petroleum product of lower gravity (Baume scale), when not
34 used to propel a motor vehicle or for compounding or combining
35 with a motor fuel, are exempt from this chapter except as

1 provided in this section.

2 Sec. 9. Section 214A.3, Code 2005, is amended to read as
3 follows:

4 214A.3 FALSE-REPRESENTATIONS ADVERTISING.

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

7 1. Falsely advertise the quality or kind of any motor
8 vehicle fuel or an oxygenate octane-enhancer-or-add which may
9 be added to motor fuel.

10 2. Falsely advertise that a motor fuel is a renewable
11 fuel.

12 a. The person shall not advertise the sale of motor fuel
13 using the letter "E" followed by a number, such as "E-10" or
14 "E-85", or use the term "ethanol", "ethanol blend", or use any
15 derivative, plural, or compound of any such term unless the
16 motor fuel meets the standards provided in section 214A.2.

17 b. The person shall not advertise the sale of motor fuel
18 using the letter "B" followed by a number, such as "B-2", "B-
19 5", or "B-20", or use the term "biodiesel", "biodiesel blend",
20 or use any derivative, plural, or compound of any such term
21 unless the motor fuel meets the standards provided in section
22 214A.2.

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

25 DIVISION II

26 PETROLEUM REPLACEMENT

27 Sec. 10. Section 15G.110, Code Supplement 2005, is amended
28 to read as follows:

29 15G.110 GENERAL FUND APPROPRIATION -- GROW IOWA VALUES
30 FUND.

31 1. For the fiscal period year beginning July 1, 2005, and
32 ending June 30, 2015 2006, there is appropriated to the
33 department of economic development each-fiscal-year fifty
34 million dollars from the general fund of the state for deposit
35 in the grow Iowa values fund.

1 2. For the fiscal period beginning July 1, 2006, and
2 ending June 30, 2015, there is appropriated to the department
3 of economic development each fiscal year forty-five million
4 dollars from the general fund of the state for deposit in the
5 grow Iowa values fund.

6 Sec. 11. Section 15G.111, subsection 1, paragraph a, Code
7 Supplement 2005, is amended to read as follows:

8 a. For the fiscal period beginning July 1, 2005, and
9 ending June 30, 2015, there is appropriated each fiscal year
10 from the grow Iowa values fund created in section 15G.108, ~~to~~
11 the following amounts for the purposes designated:

12 (1) For the fiscal year beginning July 1, 2005, and ending
13 June 30, 2006, to the department of economic development
14 thirty-five million dollars for programs administered by the
15 department of economic development as provided in this
16 section.

17 (2) For the remainder of the fiscal period, to the
18 department of economic development thirty million dollars for
19 programs administered by the department of economic
20 development as provided in this section.

21 Sec. 12. Section 452A.2, subsection 2, Code Supplement
22 2005, is amended by striking the subsection and inserting in
23 lieu thereof the following:

24 2. "Biodiesel" and "biodiesel blended fuel" mean the same
25 as defined in section 214A.1.

26 Sec. 13. Section 452A.2, subsection 3, Code Supplement
27 2005, is amended to read as follows:

28 3. "Blender" means a person who owns and blends ~~alcohol~~
29 ethanol with gasoline to produce ethanol blended gasoline and
30 blends the product at a nonterminal location. The ~~blender~~
31 person is not restricted to blending ~~alcohol~~ ethanol with
32 gasoline. Products blended with gasoline other than ~~grain~~
33 ~~alcohol~~ ethanol are taxed as gasoline. "Blender" also means a
34 person blending two or more special fuel products at a
35 nonterminal location where the tax has not been paid on all of

1 the products blended. This blend is taxed as a special fuel.

2 Sec. 14. Section 452A.2, Code Supplement 2005, is amended
3 by adding the following new subsections:

4 NEW SUBSECTION. 9A. "E-85 gasoline" means the same as
5 defined in section 214A.1.

6 NEW SUBSECTION. 13A. "Gasoline" means the same as defined
7 in section 214A.1.

8 NEW SUBSECTION. 19A. "Motor fuel pump" means the same as
9 defined in section 214.1.

10 NEW SUBSECTION. 19B. "Motor fuel storage and dispensing
11 infrastructure" or "infrastructure" means a motor fuel storage
12 tank and motor fuel pumps necessary to keep and dispense motor
13 fuel at a service station, including but not limited to all
14 associated equipment, dispensers, pumps, pipes, hoses, tubes,
15 lines, fittings, valves, filters, seals, and covers.

16 NEW SUBSECTION. 19C. "Motor fuel storage tank" or "tank"
17 means an underground storage container or a combination of
18 such containers which are designed and used to keep an
19 accumulation of gasoline at a service station.

20 NEW SUBSECTION. 24A. "Retail dealer" means the same as
21 defined in section 214A.1.

22 NEW SUBSECTION. 24B. "Service station" means the same as
23 defined in section 214A.1.

24 Sec. 15. Section 452A.2, subsection 11, Code Supplement
25 2005, is amended to read as follows:

26 11. "Ethanol blended gasoline" means ~~motor-fuel-containing~~
27 ~~at-least-ten-percent-alcohol-distilled-from-cereal-grains~~ the
28 same as defined in section 214A.1.

29 Sec. 16. Section 452A.2, subsection 19, unnumbered
30 paragraph 1, Code Supplement 2005, is amended to read as
31 follows:

32 "Motor fuel" means both motor fuel as defined in section
33 214A.1 and includes all of the following:

34 Sec. 17. Section 452A.2, subsection 21, Code Supplement
35 2005, is amended to read as follows:

1 21. "Nonterminal storage facility" means a facility where
2 motor fuel or special fuel, other than liquefied petroleum
3 gas, is stored that is not supplied by a pipeline or a marine
4 vessel. "Nonterminal storage facility" includes a facility
5 that manufactures products such as ~~alcohol~~ ethanol as defined
6 in section 214A.1, biofuel, blend stocks, or additives which
7 may be used as motor fuel or special fuel, other than
8 liquefied petroleum gas, for operating motor vehicles or
9 aircraft.

10 DIVISION II

11 PETROLEUM REPLACEMENT INITIATIVE

12 PART A

13 STATE PETROLEUM REPLACEMENT GOALS

14 Sec. 18. NEW SECTION. 452A.31 RENEWABLE FUELS SOLD AND
15 DISPENSED DURING A DETERMINATION PERIOD.

16 1. For each determination period beginning January 1 and
17 ending December 31, the department shall obtain information
18 for ethanol blended gasoline which has been distributed in
19 this state, including information required to calculate all of
20 the following:

21 a. The total number of gallons of ethanol which is sold
22 and dispensed as a formulation of ethanol blended gasoline
23 from motor fuel pumps located at all service stations in this
24 state. The department shall include in its calculation all of
25 the following:

26 (1) The distribution percentage which is the number of
27 gallons of ethanol blended gasoline that is sold and dispensed
28 from motor fuel pumps located at all service stations in this
29 state as expressed as a percentage of the total number of
30 gallons of gasoline sold and dispensed from motor pumps
31 located at all service stations in this state, including for
32 use in determining the excise tax rate for gasoline as
33 provided in section 452A.3.

34 (2) The aggregate distribution percentage which is the
35 total number of gallons of ethanol which is sold and dispensed

1 as a formulation of ethanol blended gasoline from motor fuel
2 pumps located at all service stations in this state as
3 expressed as a percentage of the total number of gallons of
4 gasoline sold and dispensed from all motor fuel pumps in this
5 state for use in determining whether the state has met a
6 petroleum replacement goal pursuant to section 452A.32.

7 (3) The total number of gallons of E-85 gasoline which is
8 sold and dispensed from motor fuel pumps located at all
9 service stations in this state.

10 b. The total number of gallons of ethanol which is sold
11 and dispensed as a formulation of ethanol blended gasoline
12 from motor fuel pumps owned or operated by each retail dealer
13 in this state including for purposes of determining the
14 ethanol blended gasoline tax credit as provided in section
15 422.11C or 422.33.

16 c. The total number of gallons of E-85 gasoline which is
17 sold and dispensed from motor fuel pumps owned or operated by
18 each retail dealer in this state. The calculation shall
19 include the total number of gallons of E-85 gasoline which is
20 sold and dispensed from motor fuel pumps at each service
21 station which is owned by a retail dealer in this state
22 including for purposes of determining the E-85 gasoline tax
23 credit as provided in sections 422.11M and 422.33.

24 2. For each determination period beginning January 1 and
25 ending December 31, the department shall obtain information
26 for biodiesel blended fuel which has been distributed in this
27 state, including information required to calculate all of the
28 following:

29 a. The total number of gallons of biodiesel which is sold
30 and dispensed as a formulation of biodiesel blended fuel from
31 motor fuel pumps located at all service stations in this
32 state.

33 b. The total number of gallons of biodiesel which is sold
34 and dispensed as a formulation of biodiesel blended fuel from
35 motor fuel pumps owned or operated by each retail dealer in

1 this state including for purposes of determining the biodiesel
2 blended fuel tax credit as provided in section 422.11N or
3 422.33. The calculation shall include the total number of
4 gallons of biodiesel blended fuel which is sold and dispensed
5 from motor fuel pumps at each service station which is owned
6 by a retail dealer in this state.

7 Sec. 19. NEW SECTION. 452A.32 PETROLEUM REPLACEMENT
8 GOALS.

9 1. Petroleum replacement goals are established based on
10 aggregate distribution percentages calculated by the
11 department pursuant to section 452A.31.

12 a. On January 1, 2010, the petroleum replacement goal is
13 ten percent.

14 b. On January 1, 2015, the petroleum replacement goal is
15 fifteen percent.

16 c. On January 1, 2020, the petroleum replacement goal is
17 twenty percent.

18 2. The department of revenue and the department of
19 agriculture and land stewardship, in cooperation with the
20 renewable fuels and coproducts advisory committee shall
21 monitor the state's progress in meeting the petroleum
22 replacement goals.

23 Sec. 20. NEW SECTION. 452A.33 RENEWABLE FUELS SOLD AND
24 DISPENSED DURING A DETERMINATION PERIOD -- REPORT.

25 On or before February 1 following a determination period as
26 provided in section 452A.31, the department shall prepare a
27 report which compiles the information as provided in section
28 452A.31 to the governor, the department of agriculture and
29 land stewardship, and the fiscal services division of the
30 legislative services agency. The report shall project the
31 total number of gallons of ethanol which will be sold and
32 dispensed as a formulation of ethanol blended gasoline from
33 motor fuel pumps located at all service stations in this state
34 for each future determination period until the applicable
35 petroleum replacement goal is met as provided in section

1 452A.32. The report shall predict when whether the applicable
2 petroleum replacement goal will be met and the amount of
3 additional ethanol required to be sold and dispensed from all
4 motor fuel pumps located at all service stations in this state
5 in order to meet the petroleum replacement goal.

6 PART B

7 E-85 GASOLINE INFRASTRUCTURE

8 Sec. 21. NEW SECTION. 452A.41 E-85 GASOLINE
9 INFRASTRUCTURE FUND -- GENERAL FUND APPROPRIATION.

10 For the fiscal period beginning July 1, 2006, and ending
11 June 30, 2015, there is appropriated to the department each
12 fiscal year from the general fund of the state five million
13 dollars for deposit in the E-85 gasoline infrastructure fund
14 as provided in section 452A.42.

15 Sec. 22. NEW SECTION. 452A.42 E-85 GASOLINE
16 INFRASTRUCTURE FUND.

17 1. An E-85 gasoline infrastructure fund is created in the
18 state treasury under the control of the department. The fund
19 is separate from the general fund of the state.

20 2. Moneys in the E-85 gasoline infrastructure fund are
21 appropriated to the department exclusively to support the E-
22 85 gasoline infrastructure program as provided in section
23 452A.43. Moneys in the fund shall not be transferred, used,
24 obligated, appropriated, or otherwise encumbered except as to
25 award grants under the program.

26 3. a. The recapture of moneys awarded pursuant to the
27 program and the payment of any monetary penalty shall be
28 deposited in the E-85 gasoline infrastructure fund.

29 b. Notwithstanding section 8.33, any unexpended balance in
30 the fund at the end of the fiscal year shall be retained in
31 the fund.

32 c. Notwithstanding section 12C.7, subsection 2, interest,
33 earnings on investments, or time deposits of the moneys in the
34 fund shall be credited to the fund.

35 Sec. 23. NEW SECTION. 452A.43 E-85 GASOLINE

1 INFRASTRUCTURE PROGRAM.

2 The department shall establish and administer an E-85
3 gasoline infrastructure program as follows:

4 1. The purpose of the program is to improve a service
5 station by installing, replacing, or converting motor fuel
6 storage and dispensing infrastructure. The infrastructure
7 must be designed and shall be used exclusively to store and
8 dispense E-85 gasoline on the premises of service stations
9 operated by retail dealers.

10 2. The department shall award financial incentives to a
11 person participating in the program. In order to be eligible
12 to participate in the program all of the following must apply:

13 a. The person must be an owner or operator of the service
14 station.

15 b. The person must apply to the department in a manner and
16 according to procedures required by the department. The
17 application must contain all information required by the
18 department and shall at least include all of the following:

19 (1) The name of the participating person and the address
20 of the service station to be improved.

21 (2) A detailed description of the infrastructure that is
22 installed, replaced, or converted, including but not limited
23 to the model number of each installed, replaced, or converted
24 motor fuel storage tank if available.

25 (3) A statement describing how the service station was
26 improved, the total estimated cost of the planned improvement,
27 and the date when the infrastructure was or will be first used
28 to store and dispense E-85 gasoline.

29 (4) A statement by the installer of the infrastructure
30 certifying that the service station has been improved, and the
31 total costs of the improvements.

32 (5) A statement by the participating person certifying
33 that the infrastructure shall not be used to store or dispense
34 motor fuel other than E-85 gasoline, unless granted a waiver
35 by the department pursuant to this section.

1 3. A service station which is improved using financial
2 incentives must comply with federal and state standards
3 governing new or upgraded motor fuel storage tanks used to
4 store and dispense E-85 gasoline. A site classified as a no
5 further action site pursuant to a certificate issued by the
6 department under section 455B.474 shall retain its
7 classification following modifications necessary to store and
8 dispense E-85 gasoline and the owner or operator shall not be
9 required to perform a new site assessment unless the site
10 causes a clear, present, and impending danger to the public
11 health or the environment.

12 4. The department shall award financial incentives to a
13 participating person pursuant to an agreement executed by the
14 department and the participating person based on the person's
15 application and in compliance with this section and rules
16 adopted by the department, in a manner and according to
17 procedures required by the department.

18 a. The financial incentives shall be in the form of a
19 grant as provided in an agreement executed by the
20 participating person and the department. The department shall
21 immediately make the award unless the department has cause to
22 believe that the application is improper. The department
23 shall not award more than twenty-five thousand dollars to
24 improve a service station as provided in this section. The
25 department may make multiple awards to install, replace, or
26 convert infrastructure at the service station so long as the
27 total amount of the awards in all years for the improvements
28 is not more than twenty-five thousand dollars.

29 b. This section does not prohibit the department from
30 awarding financial incentives to a participating person who
31 does any of the following:

32 (1) Uses the financial incentives to improve multiple
33 service stations.

34 (2) Installs, replaces, or converts infrastructure
35 associated with more than one motor fuel storage tank or motor

1 fuel pump at the same service station.

2 c. A participating person shall not use the infrastructure
3 to store or dispense motor fuel other than E-85 gasoline,
4 unless one of the following applies:

5 (1) The participating person is granted a waiver by the
6 department. The participating person shall store or dispense
7 the motor fuel according to the terms and conditions of the
8 waiver.

9 (2) The department is immediately repaid the total amount
10 of moneys awarded to the participating person together with a
11 monetary penalty equal to twenty-five percent of that awarded
12 amount.

13 d. A participating person who acts in violation of an
14 agreement executed with the department pursuant to this
15 section is subject to a civil penalty of not more than one
16 thousand dollars a day for each day of the violation. The
17 civil penalty shall be deposited into the general fund of the
18 state.

19 DIVISION III

20 RENEWABLE FUEL TAX CREDIT FOR RETAIL DEALERS

21 Sec. 24. Section 422.11C, subsection 1, paragraphs a
22 through g, Code 2005, are amended by striking the paragraphs
23 and inserting in lieu thereof the following:

24 a. "E-85 gasoline", "ethanol blended gasoline",
25 "gasoline", "retail dealer", and "service station" mean the
26 same as defined in section 214A.1.

27 b. "Motor fuel pump" means the same as motor vehicle fuel
28 pump as defined in section 214.1.

29 c. "Sell" means to sell on a retail basis.

30 d. "Tax credit" means the designated ethanol blended
31 gasoline tax credit as provided in this section.

32 Sec. 25. Section 422.11C, subsection 2, paragraph b, Code
33 2005, is amended to read as follows:

34 b. The taxpayer operates at least one service station at
35 which more than sixty percent of the total gallons of gasoline

1 sold and dispensed through one or more metered motor fuel
2 pumps by the taxpayer in the tax year is ethanol blended
3 gasoline.

4 Sec. 26. Section 422.11C, subsection 3, Code 2005, is
5 amended to read as follows:

6 3. a. The tax credit shall be calculated separately for
7 each service station site operated by the taxpayer.

8 b. The amount of the tax credit for each eligible service
9 station is two and one-half cents multiplied by the total
10 number of gallons of ethanol blended gasoline sold and
11 dispensed through all metered motor fuel pumps located at that
12 service station during the tax year in excess of sixty percent
13 of all gasoline sold and dispensed through metered motor fuel
14 pumps at that service station during the tax year.

15 c. The tax credit is not allowed for a gallon of E-85
16 gasoline sold and distributed through a motor fuel pump
17 located at a service station if the taxpayer claims an E-85
18 gasoline tax credit for that same gallon of E-85 gasoline as
19 provided in section 422.11M in the same tax year.

20 Sec. 27. NEW SECTION. 422.11M E-85 GASOLINE TAX CREDIT.

21 1. As used in this section, unless the context otherwise
22 requires:

23 a. "E-85 gasoline", "retail dealer", and "service station"
24 mean the same as defined in section 214A.1.

25 b. "Motor fuel pump" means the same as defined in section
26 214A.1.

27 c. "Sell" means to sell on a retail basis.

28 d. "Tax credit" means an E-85 gasoline tax credit as
29 provided in this section.

30 2. The taxes imposed under this division, less the credits
31 allowed under sections 422.12 and 422.12B, shall be reduced by
32 the amount of the E-85 gasoline tax credit for each tax year
33 that the taxpayer is eligible to claim under this section.

34 a. In order to be eligible, all of the following must
35 apply:

1 (1) The taxpayer is a retail dealer who owns or operates
2 at least one service station at which E-85 gasoline is sold
3 and dispensed through a motor fuel pump in the tax year in
4 which the tax credit is claimed.

5 (2) The taxpayer complies with requirements of the
6 department established to administer this section.

7 b. The tax credit shall be calculated for each service
8 station owned or operated by the taxpayer in the tax year in
9 which the tax credit is claimed. The amount of the tax credit
10 is calculated by multiplying a rate of ten cents by the total
11 number of gallons of E-85 gasoline sold and dispensed through
12 all motor fuel pumps located at that service station during
13 the tax year.

14 3. Any credit in excess of the taxpayer's tax liability
15 shall be refunded. In lieu of claiming a refund, the taxpayer
16 may elect to have the overpayment shown on the taxpayer's
17 final, completed return credited to the tax liability for the
18 following tax year.

19 4. An individual may claim the tax credit allowed a
20 partnership, limited liability company, S corporation, estate,
21 or trust electing to have the income taxed directly to the
22 individual. The amount claimed by the individual shall be
23 based upon the pro rata share of the individual's earnings of
24 the partnership, limited liability company, S corporation,
25 estate, or trust.

26 5. This section is repealed January 1, 2016.

27 Sec. 28. NEW SECTION. 422.11N BIODIESEL BLENDED FUEL TAX
28 CREDIT.

29 1. As used in this section, unless the context otherwise
30 requires:

31 a. "Biodiesel blended fuel", "diesel fuel", "retail
32 dealer", and "service station" mean the same as defined in
33 section 214A.1.

34 b. "Motor fuel pump" means the same as defined in section
35 214.1.

1 c. "Sell" means to sell on a retail basis.

2 d. "Tax credit" means a biodiesel blended fuel tax credit
3 as provided in this section.

4 2. The taxes imposed under this division, less the credits
5 allowed under sections 422.12 and 422.12B, shall be reduced by
6 the amount of the biodiesel blended fuel tax credit for each
7 tax year that the taxpayer is eligible to claim under this
8 subsection.

9 a. In order to be eligible, all of the following must
10 apply:

11 (1) The taxpayer is a retail dealer who owns or operates
12 at least one service station at which biodiesel blended fuel
13 is sold and dispensed through a motor fuel pump in the tax
14 year in which the tax credit is claimed.

15 (2) The taxpayer complies with requirements of the
16 department established to administer this section.

17 b. The tax credit shall be calculated for each service
18 station owned or operated by the taxpayer in the tax year in
19 which the tax credit is claimed. The tax credit shall apply
20 to biodiesel blended fuel formulated with a minimum percentage
21 of two percent by volume of biodiesel, if the formulation
22 meets the standards provided in section 214A.2. The amount of
23 the tax credit is calculated by multiplying a designated rate
24 by the total number of gallons of biodiesel blended fuel sold
25 and dispensed through all motor fuel pumps located at that
26 service station during the tax year. The designated rate is
27 as follows:

28 (1) Three cents per gallon of biodiesel for all gallons of
29 biodiesel blended fuel which is fifty percent or more but less
30 than sixty percent of all diesel fuel sold and dispensed
31 through the motor fuel pumps at the service station.

32 (2) Four cents per gallon of biodiesel for all gallons of
33 biodiesel blended fuel which is sixty percent or more but less
34 than seventy percent of all diesel fuel sold and dispensed
35 through the motor fuel pumps at the service station.

1 (3) Five cents per gallon of biodiesel for all gallons of
2 biodiesel blended fuel which is seventy percent or more of all
3 diesel fuel sold and dispensed through the motor fuel pumps at
4 the service station.

5 3. Any credit in excess of the taxpayer's tax liability
6 shall be refunded. In lieu of claiming a refund, the taxpayer
7 may elect to have the overpayment shown on the taxpayer's
8 final, completed return credited to the tax liability for the
9 following tax year.

10 4. An individual may claim the tax credit allowed a
11 partnership, limited liability company, S corporation, estate,
12 or trust electing to have the income taxed directly to the
13 individual. The amount claimed by the individual shall be
14 based upon the pro rata share of the individual's earnings of
15 the partnership, limited liability company, S corporation,
16 estate, or trust.

17 5. This section is repealed January 1, 2012.

18 Sec. 29. Section 422.33, subsection 11, paragraph a,
19 subparagraph (1), Code Supplement 2005, is amended to read as
20 follows:

21 (1) "~~Ethanol~~ "E-85 gasoline", "ethanol blended gasoline",
22 "gasoline", "metered-pump", "motor fuel pump", "retail
23 dealer", "sell", and "service station" mean the same as
24 defined in section 422.11C.

25 Sec. 30. Section 422.33, subsection 11, paragraph b,
26 subparagraph (2), Code Supplement 2005, is amended to read as
27 follows:

28 (2) The taxpayer operates at least one service station at
29 which more than sixty percent of the total gallons of gasoline
30 sold and dispensed through one or more metered motor fuel
31 pumps by the taxpayer is ethanol blended gasoline.

32 Sec. 31. Section 422.33, subsection 11, paragraph c, Code
33 Supplement 2005, is amended to read as follows:

34 c. (1) The tax credit shall be calculated separately for
35 each service station site operated by the taxpayer.

1 (2) The amount of the tax credit for each eligible service
2 station is two and one-half cents multiplied by the total
3 number of gallons of ethanol blended gasoline sold and
4 dispensed through all metered motor fuel pumps located at that
5 service station during the tax year in excess of sixty percent
6 of all gasoline sold and dispensed through metered motor fuel
7 pumps at that service station during the tax year.

8 (3) The tax credit is not allowed for a gallon of E-85
9 gasoline sold and distributed through a motor fuel pump
10 located at a service station if the taxpayer claims an E-85
11 gasoline tax credit for that same gallon of E-85 gasoline as
12 provided in this section in the same tax year.

13 Sec. 32. Section 422.33, Code Supplement 2005, is amended
14 by adding the following new subsection:

15 NEW SUBSECTION. 11A. The taxes imposed under this
16 division shall be reduced by an E-85 gasoline tax credit for
17 each tax year that the taxpayer is eligible to claim the tax
18 credit under this subsection.

19 a. The taxpayer may claim the E-85 gasoline tax credit
20 according to the same requirements, for the same amount, and
21 calculated in the same manner, as provided for the E-85
22 gasoline tax credit pursuant to section 422.11M.

23 b. Any E-85 gasoline tax credit which is in excess of the
24 taxpayer's tax liability shall be refunded or may be shown on
25 the taxpayer's final, completed return credited to the tax
26 liability for the following tax year in the same manner as
27 provided in section 422.11M.

28 c. This subsection is repealed January 1, 2016.

29 Sec. 33. Section 422.33, Code Supplement 2005, is amended
30 by adding the following new subsection:

31 NEW SUBSECTION. 11B. The taxes imposed under this
32 division shall be reduced by a biodiesel blended fuel tax
33 credit for each tax year that the taxpayer is eligible to
34 claim the tax credit under this subsection.

35 a. The taxpayer may claim the biodiesel blended fuel tax

1 credit according to the same requirements, for the same
2 amount, and calculated in the same manner, as provided for the
3 biodiesel blended fuel tax credit pursuant to section 422.11N.

4 b. Any biodiesel blended fuel tax credit which is in
5 excess of the taxpayer's tax liability shall be refunded or
6 may be shown on the taxpayer's final, completed return
7 credited to the tax liability for the following tax year in
8 the same manner as provided in section 422.11N.

9 c. This subsection is repealed January 1, 2012.

10 Sec. 34. APPLICABILITY DATE. Sections 422.11M and
11 422.11N, as enacted in this Act, and section 422.33,
12 subsections 11A and 11B, as enacted in this Act, apply to tax
13 years beginning on or after January 1, 2007.

14 DIVISION IV

15 GOVERNMENT VEHICLES

16 Sec. 35. Section 8A.101, Code 2005, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 3A. "E-85 gasoline", "gasoline", and
19 "motor vehicle fuel" mean the same as defined in section
20 214A.1.

21 Sec. 36. Section 8A.362, subsection 3, Code 2005, is
22 amended to read as follows:

23 3. The director shall provide for a record system for the
24 keeping of records of the total number of miles state-owned
25 motor vehicles are driven and the per-mile cost of operation
26 of each motor vehicle. Every state officer or employee shall
27 keep a record book to be furnished by the director in which
28 the officer or employee shall enter all purchases of gasoline,
29 lubricating oil, grease, and other incidental expense in the
30 operation of the motor vehicle assigned to the officer or
31 employee, giving the quantity and price of each purchase,
32 including the cost and nature of all repairs on the motor
33 vehicle. Each operator of a state-owned motor vehicle shall
34 promptly prepare a report at the end of each month on forms
35 furnished by the director and forwarded to the director,

1 giving the information the director may request in the report.
2 Each month the director shall compile the costs and mileage of
3 state-owned motor vehicles from the reports and keep a cost
4 history for each motor vehicle and the costs shall be reduced
5 to a cost-per-mile basis for each motor vehicle. The director
6 shall call to the attention of an elected official or the head
7 of any state agency to which a motor vehicle has been assigned
8 any evidence of the mishandling or misuse of a state-owned
9 motor vehicle which is called to the director's attention.

10 ~~A motor vehicle operated under this subsection shall not~~
11 ~~operate on gasoline other than gasoline blended with at least~~
12 ~~ten percent ethanol, unless under emergency circumstances.--A~~
13 ~~state-issued credit card used to purchase gasoline shall not~~
14 ~~be valid to purchase gasoline other than gasoline blended with~~
15 ~~at least ten percent ethanol, if commercially available.--The~~
16 ~~motor vehicle shall also be affixed with a brightly visible~~
17 ~~sticker which notifies the traveling public that the motor~~
18 ~~vehicle is being operated on gasoline blended with ethanol.~~
19 ~~However, the sticker is not required to be affixed to an~~
20 ~~unmarked vehicle used for purposes of providing law~~
21 ~~enforcement or security.~~

22 Sec. 37. Section 8A.362, subsection 4, paragraphs a and b,
23 Code 2005, are amended to read as follows:

24 a. The director shall provide for the purchase of all
25 motor vehicles for all branches of the state government as
26 part of the state fleet, except the department for the blind
27 pursuant to section 216B.3, the state department of
28 transportation pursuant to section 307.21, institutions under
29 the control of the state board of regents pursuant to section
30 262.25A, ~~the department for the blind, and the department of~~
31 corrections pursuant to section 904.312A, or any other state
32 agency exempted by law.

33 (1) The director shall purchase new motor vehicles in
34 accordance with competitive bidding procedures for items or
35 services as provided in this subchapter.

1 (2) The director may purchase used or preowned motor
2 vehicles at governmental or dealer auctions if the purchase is
3 determined to be in the best interests of the state. In
4 purchasing a used or preowned motor vehicle which is a
5 gasoline powered passenger motor vehicle or light pickup
6 truck, the director shall provide a preference for the
7 purchase of a flexible fuel motor vehicle which is equipped
8 with an engine which operates using E-85 gasoline as defined
9 in section 214A.1.

10 b. The director department, and any other state agency,
11 which for purposes of this subsection includes but is not
12 limited to community colleges and institutions under the
13 control of the state board of regents, or local governmental
14 subdivisions purchasing new motor vehicles, shall purchase new
15 passenger motor vehicles and light pickup trucks so that the
16 average fuel efficiency for the fleet of new passenger motor
17 vehicles and light pickup trucks purchased in that year equals
18 or exceeds the average fuel economy standard for the motor
19 vehicles' model year as established by the United States
20 secretary of transportation under 15 U.S.C. § 2002. This
21 paragraph "b" does not apply to motor vehicles purchased for
22 law enforcement purposes or used for off-road maintenance
23 work, or work vehicles used to pull loaded trailers.

24 Sec. 38. Section 8A.362, Code 2005, is amended by adding
25 the following new subsection:

26 NEW SUBSECTION. 4A. For gasoline powered motor vehicles
27 which are part of the state fleet purchased by the director
28 pursuant to this section, all of the following shall apply:

29 a. Each new passenger motor vehicle or light pickup truck
30 purchased by the director shall be a flexible fuel motor
31 vehicle which is equipped with an engine which operates using
32 E-85 gasoline as defined in section 214A.1.

33 b. The following shall apply to a motor vehicle which is a
34 passenger motor vehicle or light pickup truck:

35 (1) Except as provided in subparagraph (2), the motor

1 vehicle shall only operate using ethanol blended gasoline,
2 unless under emergency circumstances. A state-issued credit
3 card used to purchase gasoline required to operate the motor
4 vehicle shall not be valid to purchase gasoline other than
5 ethanol blended gasoline, unless under emergency
6 circumstances.

7 (2) If the motor vehicle is a flexible fuel motor vehicle
8 equipped with an engine which operates using E-85 gasoline,
9 the motor vehicle shall only operate using E-85 gasoline,
10 unless under emergency circumstances or if E-85 gasoline is
11 not reasonably available. In that case, the motor vehicle
12 shall only operate using ethanol blended gasoline other than
13 E-85 gasoline as provided in subparagraph (1). A state-
14 issued credit card used to purchase gasoline required to
15 operate the motor vehicle shall not be valid to purchase
16 gasoline other than E-85 gasoline, unless under emergency
17 circumstances or if E-85 gasoline is not reasonably available.
18 In that case, a state-issued credit card used to purchase
19 gasoline required to operate the motor vehicle shall not be
20 valid to purchase gasoline other than as provided in
21 subparagraph (1).

22 c. (1) Except as provided in subparagraph (2), each motor
23 vehicle shall be affixed with a brightly visible sticker which
24 notifies the traveling public that the motor vehicle is being
25 operated using ethanol blended gasoline. If the motor vehicle
26 is a flexible fuel motor vehicle which is equipped with an
27 engine which operates using E-85 gasoline, the motor vehicle
28 shall be affixed with a brightly visible sticker notifying the
29 traveling public that the motor vehicle is being operated
30 using E-85 gasoline.

31 (2) A sticker as provided in subparagraph (1) is not
32 required to be affixed to an unmarked motor vehicle used for
33 purposes of providing law enforcement or security.

34 Sec. 39. Section 8A.362, subsection 5, Code 2005, is
35 amended to read as follows:

1 5. ~~Of~~ For motor vehicles which are part of the state fleet
2 purchased by the director pursuant to this section, all of the
3 following shall apply:

4 a. Except as provided in paragraph "b", of all of the new
5 passenger motor vehicles and light pickup trucks which are
6 part of the state fleet purchased by the director pursuant to
7 this section, a minimum of ten percent of all such vehicles
8 ~~and-trucks-purchased~~ motor vehicles shall be equipped with
9 engines which utilize alternative methods of propulsion
10 including but not limited to any of the following:

11 ~~a.---A-flexible-fuel, which is any of the following:~~

12 ~~(1)---A-fuel-blended-with-not-more-than-fifteen-percent~~
13 ~~gasoline-and-at-least-eighty-five-percent-ethanol.~~

14 ~~(2) (1) A-fuel-which-is-a-mixture-of-diesel-fuel-and~~
15 ~~processed-soybean-oil.---At Flexible fuel motor vehicles which~~
16 ~~are equipped with engines which operate using biodiesel or a~~
17 ~~biodiesel blended fuel. A biodiesel blended fuel must be~~
18 ~~formulated with at least twenty percent of-the-mixed-fuel~~
19 ~~biodiesel by volume must-be-processed-soybean-oil according to~~
20 ~~standards required pursuant to section 214A.2.~~

21 ~~(3) (2) A renewable fuel other than ethanol blended~~
22 ~~gasoline, approved by the office of renewable fuels and~~
23 ~~coproducts pursuant to section 159A.3.~~

24 ~~b. (3) Compressed or liquefied natural gas.~~

25 ~~c. (4) Propane gas.~~

26 ~~d. (5) Solar energy.~~

27 ~~e. (6) Electricity.~~

28 b. This-subsection-does The requirements provided in
29 paragraph "a" do not apply to vehicles-and-trucks motor
30 vehicles purchased and directly used for law enforcement or
31 purchased and used for off-road maintenance work or to pull
32 loaded trailers.

33 Sec. 40. Section 216B.3, subsection 16, Code 2005, is
34 amended by striking the subsection and inserting in lieu
35 thereof the following:

1 16. The commission shall purchase motor vehicles for the
2 department, and those motor vehicles shall be operated using
3 ethanol blended gasoline including E-85 gasoline or
4 alternative methods of propulsion according to the same
5 requirements and exceptions as provided in section 8A.362,
6 including but not limited to all of the following:

7 a. The commission's purchase of used or preowned motor
8 vehicles or new motor vehicles.

9 b. For the operation of gasoline powered motor vehicles,
10 all of the following:

11 (1) The use of ethanol blended gasoline, including E-85
12 gasoline.

13 (2) The purchase of ethanol blended gasoline including E-
14 85 gasoline by state-issued credit card.

15 (3) Affixing a brightly visible sticker to the motor
16 vehicle notifying the traveling public that the motor vehicle
17 is being operated using ethanol blended gasoline including E-
18 85 gasoline.

19 Sec. 41. Section 260C.19A, Code 2005, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 260C.19A MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
23 REQUIREMENTS.

24 The board of directors shall purchase motor vehicles for
25 its own use or for use under its direction to provide services
26 to a merged area, and those motor vehicles shall be operated
27 using ethanol blended gasoline including E-85 gasoline or
28 alternative methods of propulsion according to the same
29 requirements and exceptions as provided in section 8A.362,
30 including but not limited to all of the following:

31 1. The board's purchase of used or preowned motor vehicles
32 or new motor vehicles.

33 2. For the operation of gasoline powered motor vehicles,
34 all of the following:

35 a. The use of ethanol blended gasoline, including E-85

1 gasoline.

2 b. Affixing a brightly visible sticker to the motor
3 vehicle notifying the traveling public that the motor vehicle
4 is being operated using ethanol blended gasoline, including E-
5 85 gasoline.

6 Sec. 42. Section 262.25A, subsection 2, Code 2005, is
7 amended by striking the section and inserting in lieu thereof
8 the following:

9 2. An institution under the control of the state board of
10 regents shall purchase motor vehicles, and those motor
11 vehicles shall be operated using ethanol blended gasoline
12 including E-85 gasoline or alternative methods of propulsion
13 according to the same requirements and exceptions as provided
14 in section 8A.362, including but not limited to all of the
15 following:

16 a. The institution's purchase of used or preowned motor
17 vehicles or new motor vehicles.

18 b. For the operation of gasoline powered motor vehicles,
19 all of the following:

20 (1) The use of ethanol blended gasoline, including E-85
21 gasoline.

22 (2) The purchase of ethanol blended gasoline including E-
23 85 gasoline by state-issued credit card.

24 (3) Affixing a brightly visible sticker to the motor
25 vehicle notifying the traveling public that the motor vehicle
26 is being operated using ethanol blended gasoline, including E-
27 85 gasoline.

28 Sec. 43. Section 279.34, Code 2005, is amended by striking
29 the section and inserting in lieu thereof the following:

30 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL
31 BLENDED GASOLINE.

32 The board of directors shall purchase motor vehicles for
33 its own use or for use under its direction to provide services
34 to a school corporation, and those motor vehicles shall be
35 operated using ethanol blended gasoline including E-85

1 gasoline according to the same requirements and exceptions as
2 provided in section 8A.362, including but not limited to all
3 of the following:

4 1. The board's purchase of used or preowned motor vehicles
5 or new motor vehicles.

6 2. For the operation of motor vehicles, all of the
7 following:

8 a. The use of ethanol blended gasoline, including E-85
9 gasoline.

10 b. Affixing a brightly visible sticker to the motor
11 vehicle notifying the traveling public that the motor vehicle
12 is being operated using ethanol blended gasoline, including E-
13 85 gasoline.

14 Sec. 44. Section 307.21, subsection 4, paragraph d, Code
15 2005, is amended by striking the paragraph.

16 Sec. 45. Section 307.21, subsection 5, Code 2005, is
17 amended by striking the subsection.

18 Sec. 46. NEW SECTION. 307.21A MOTOR VEHICLE PURCHASES --
19 ALTERNATIVE FUEL REQUIREMENTS.

20 The department's administrator of administrative services
21 shall purchase motor vehicles for the department, and those
22 motor vehicles shall be operated using ethanol blended
23 gasoline, including E-85 gasoline or alternative methods of
24 propulsion, according to the same requirements and exceptions
25 as provided in section 8A.362, including but not limited to
26 all of the following:

27 1. The administrator's purchase of used or preowned motor
28 vehicles or new motor vehicles.

29 2. For the operation of gasoline powered motor vehicles,
30 all of the following:

31 a. The use of ethanol blended gasoline, including E-85
32 gasoline.

33 b. Affixing a brightly visible sticker to the motor
34 vehicle notifying the traveling public that the motor vehicle
35 is being operated using ethanol blended gasoline, including E-

1 85 gasoline.

2 Sec. 47. Section 331.908, Code 2005, is amended by
3 striking the section and inserting in lieu thereof the
4 following:

5 331.908 MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
6 REQUIREMENTS.

7 A county government, including the county board of
8 supervisors or an administrative unit of county government
9 under the direction of the board, may purchase motor vehicles
10 for the county, and those motor vehicles shall be operated
11 using ethanol blended gasoline, including E-85 gasoline,
12 according to the same requirements and exceptions as provided
13 in section 8A.362, including but not limited to all of the
14 following:

15 1. The county government's purchase of used or preowned
16 motor vehicles or new motor vehicles.

17 2. For the operation of motor vehicles, all of the
18 following:

19 a. The use of ethanol blended gasoline, including E-85
20 gasoline.

21 b. Affixing a brightly visible sticker to the motor
22 vehicle notifying the traveling public that the motor vehicle
23 is being operated using ethanol blended gasoline, including E-
24 85 gasoline.

25 Sec. 48. Section 364.20, Code 2005, is amended by striking
26 the section and inserting in lieu thereof the following:

27 364.20 MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
28 REQUIREMENTS.

29 A city government may purchase motor vehicles for the city,
30 and those motor vehicles shall be operated using ethanol
31 blended gasoline, including E-85 gasoline, according to the
32 same requirements and exceptions as provided in section
33 8A.362, including but not limited to all of the following:

34 1. The city government's purchase of used or preowned
35 motor vehicles or new motor vehicles.

1 2. For the operation of motor vehicles, all of the
2 following:

3 a. The use of ethanol blended gasoline, including E-85
4 gasoline.

5 b. Affixing a brightly visible sticker to the motor
6 vehicle notifying the traveling public that the motor vehicle
7 is being operated using ethanol blended gasoline, including E-
8 85 gasoline.

9 Sec. 49. Section 904.312A, Code 2005, is amended by
10 striking the section and inserting in lieu thereof the
11 following:

12 904.312A MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
13 REQUIREMENTS.

14 The director shall purchase motor vehicles for the
15 department, and those motor vehicles shall be operated using
16 ethanol blended gasoline, including E-85 gasoline or
17 alternative methods of propulsion, according to the same
18 requirements and exceptions as provided in section 8A.362,
19 including but not limited to all of the following:

20 1. The director's purchase of used or preowned motor
21 vehicles or new motor vehicles.

22 2. For the operation of gasoline powered motor vehicles,
23 all of the following:

24 a. The use of ethanol blended gasoline, including E-85
25 gasoline.

26 b. Affixing a brightly visible sticker to the motor
27 vehicle notifying the traveling public that the motor vehicle
28 is being operated using ethanol blended gasoline, including E-
29 85 gasoline.

30 DIVISION V

31 NOTICE TO THE TRAVELING PUBLIC

32 Sec. 50. Section 306C.11, subsection 5, Code 2005, is
33 amended by adding the following new paragraph:

34 NEW PARAGRAPH. h. Provisions for identifying a service
35 station that sells and dispenses E-85 gasoline as defined in

1 section 214A.1, and the proximate distance in miles to that
2 service station.

3 Sec. 51. Section 307.14, Code 2005, is amended to read as
4 follows:

5 307.14 OFFICIAL IOWA MAP.

6 The department shall publish a map of the state of Iowa.

7 1. At the request of a citizen of a particular city or
8 town, the department shall add the city or town to the
9 existing map of Iowa and identify the main road leading into
10 the city or town if the city or town meets two or more of the
11 following criteria:

12 1- a. Has a zip coded post office in the city or town.

13 2- b. Has a population of twenty-five or more.

14 3- c. Has a building on the national register of historic
15 places in the city or town.

16 4- d. Has an association with a public recreation area
17 managed by the department of natural resources in the city or
18 town.

19 5- e. Has a high school, grade school, private school,
20 church, or cemetery in the city or town.

21 6- f. Has a retail business in the city or town.

22 7- g. Has an annual festival or celebration.

23 2. The department shall to every extent feasible identify
24 each proximate location where a service station sells and
25 dispenses E-85 gasoline as defined in section 214A.1.

26 DIVISION VI

27 COORDINATING PROVISIONS -- MISCELLANEOUS

28 Sec. 52. Section 15.401, Code Supplement 2005, is amended
29 to read as follows:

30 15.401 ~~E-85-BLENDED-GASOLINE~~ RENEWABLE FUELS.

31 1. As used in this section, unless the context otherwise
32 requires, "biodiesel", "biodiesel blended fuel", "E-85
33 gasoline" and "service station" mean the same as defined in
34 section 214A.1.

35 2. The department shall provide a cost-share program for

1 financial incentives for the installation or conversion of
2 infrastructure used by service stations to do all of the
3 following:

4 a. ~~sell~~ Sell and dispense E-85 blended gasoline ~~and-for~~
5 ~~the-installation-or-conversion-of.~~

6 b. Install or convert infrastructure required to establish
7 on-site and off-site terminal facilities that store biodiesel
8 or biodiesel blended fuel for distribution to service
9 stations.

10 3. The department shall provide for an addition of at
11 least thirty new or converted E-85 gasoline retail outlets and
12 four new or converted on-site or off-site terminal facilities
13 with a maximum expenditure of three hundred twenty-five
14 thousand dollars per year for the fiscal period beginning July
15 1, 2005, and ending June 30, 2008. The department may provide
16 for the marketing of these products in conjunction with this
17 infrastructure program.

18 Sec. 53. Section 159A.2, Code 2005, is amended by adding
19 the following new subsections:

20 NEW SUBSECTION. 0A. "Biodiesel" and "biodiesel blended
21 fuel" mean the same as defined in section 214A.1.

22 NEW SUBSECTION. 3A. "Department" means the department of
23 agriculture and land stewardship.

24 NEW SUBSECTION. 3B. "Ethanol blended gasoline" means the
25 same as defined in section 214A.1.

26 Sec. 54. Section 159A.2, subsection 6, Code 2005, is
27 amended by striking the subsection and inserting in lieu
28 thereof the following:

29 6. "Renewable fuel" means the same as defined in section
30 214A.1.

31 Sec. 55. Section 159A.2, subsection 8, Code 2005, is
32 amended by striking the subsection.

33 Sec. 56. Section 159A.3, subsection 3, Code 2005, is
34 amended to read as follows:

35 3. a. A chief purpose of the office is to further the

1 production and consumption of ethanol ~~fuel~~ blended gasoline in
2 this state. The office shall be the primary state agency
3 charged with the responsibility to promote public consumption
4 of ethanol ~~fuel~~ blended gasoline.

5 b. The office shall promote the production and consumption
6 of ~~soydiesel-fuel~~ biodiesel and biodiesel blended fuel in this
7 state.

8 Sec. 57. Section 214A.19, subsection 1, unnumbered
9 paragraph 1, Code 2005, is amended to read as follows:

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

20 Sec. 58. Section 307.20, Code 2005, is amended to read as
21 follows:

22 307.20 BIODIESEL AND BIODIESEL BLENDED FUEL REVOLVING
23 FUND.

24 1. A biodiesel and biodiesel blended fuel revolving fund
25 is created in the state treasury. The biodiesel and biodiesel
26 blended fuel revolving fund shall be administered by the
27 department and shall consist of moneys received from the sale
28 of EPAct credits banked by the department on April 19, 2001,
29 moneys appropriated by the general assembly, and any other
30 moneys obtained or accepted by the department for deposit in
31 the fund. Moneys in the fund are appropriated to and shall be
32 used by the department for the purchase of biodiesel and
33 biodiesel blended fuel for use in department vehicles. The
34 department shall submit an annual report not later than
35 January 31 to the members of the general assembly and the

1 legislative services agency, of the expenditures made from the
2 fund during the preceding fiscal year. Section 8.33 does not
3 apply to any moneys in the fund and, notwithstanding section
4 12C.7, subsection 2, earnings or interest on moneys deposited
5 in the fund shall be credited to the fund.

6 2. A department departmental motor vehicle operating on
7 using biodiesel or biodiesel blended fuel shall be affixed
8 with a brightly visible sticker that notifies the traveling
9 public that the motor vehicle uses biodiesel blended fuel.

10 3. For purposes of this section the following definitions
11 apply:

12 a. ~~"Biodiesel"~~ "Biodiesel" and "biodiesel blended fuel"
13 ~~means-soydiesel-fuel~~ mean the same as defined in section
14 ~~159A-2~~ 214A.1.

15 b. "EPAAct credit" means a credit issued pursuant to the
16 federal Energy Policy Act (EPAAct), 42 U.S.C. § 13201 et seq.
17 Sec. 59. Section 452A.3, subsection 1B, Code Supplement
18 2005, is amended to read as follows:

19 1B. An excise tax of seventeen cents is imposed on each
20 gallon of E-85 gasoline, ~~which contains at least eighty-five~~
21 ~~percent denatured alcohol by volume from the first day of~~
22 ~~April until the last day of October or seventy percent~~
23 ~~denatured alcohol from the first day of November until the~~
24 ~~last day of March, used for the privilege of operating motor~~
25 ~~vehicles in this state~~ as defined in section 214A.1, subject
26 to the determination provided in subsection 1C.

27 Sec. 60. Section 452A.6, Code 2005, is amended to read as
28 follows:

29 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS --
30 BLENDER'S LICENSE.

31 1. a. A person other than a supplier, restrictive
32 supplier, or importer licensed under this division, who blends
33 gasoline with ~~alcohol distilled from cereal grains so that the~~
34 ~~blend contains at least ten percent alcohol distilled from~~
35 ~~cereal grains~~ ethanol as defined in section 214A.1 in order to

1 formulate ethanol blended gasoline, shall obtain a blender's
2 license.

3 b. A person who blends two or more special fuel products
4 or sells one hundred percent biofuel shall obtain a blender's
5 license.

6 2. The A blender's license shall be obtained by following
7 the procedure under section 452A.4 and the blender's license
8 is subject to the same restrictions as contained in that
9 section.

10 3. A blender required to obtain a license pursuant to this
11 section shall maintain records as required by section 452A.10
12 as to motor fuel, ~~alcohol~~ ethanol, ethanol blended gasoline,
13 and special fuels.

14 DIVISION VII

15 CHANGE OF TERMS

16 Sec. 61. CHANGE OF TERMS.

17 1. Sections 8A.362, 101.21, 159A.4, 214.1, 214.11, 214A.1,
18 214A.2, 214A.4, 214A.5, 214A.7, 214A.8, 214A.9, 214A.10,
19 214A.16, 214A.17, 214A.18, 306C.11, 312.1, 321.40, 321.56,
20 423.14, 452A.63, 452A.66, and 452A.78, Code 2005, are amended
21 by striking from the provisions the words "motor vehicle fuel"
22 and inserting the following: "motor fuel".

23 2. Sections 214.1, 214.3, 214.9, 214.11, and 214A.16, Code
24 2005, are amended by striking the words "motor vehicle fuel
25 pump" or "motor vehicle fuel pumps" and inserting the
26 following: "motor fuel pump" or "motor fuel pumps".

27 3. Sections 159A.3 and 214A.17, Code 2005, are amended by
28 striking from the provisions the words "oxygenate octane
29 enhancers" and inserting the following: "oxygenates".

30 4. Sections 214A.1, 214A.4, 214A.5, 214A.7, 214A.8, and
31 214A.10, Code 2005, are amended by striking from the
32 provisions the words "oxygenate octane enhancer" and inserting
33 the following: "oxygenate".

34 EXPLANATION

35 BACKGROUND. The general assembly has enacted a number of

1 Acts which have promoted the production and consumption of
2 ethanol blended gasoline.

3 In 1991, the general assembly enacted S.F. 545 (1991 Iowa
4 Acts, ch. 254), which requires that state and local government
5 vehicles operate using ethanol blended gasoline and provides
6 that a state-issued credit card can only be used to purchase
7 ethanol blended gasoline. The provisions state that ethanol
8 blended gasoline must contain at least 10 percent ethanol (so
9 called "E-10" gasoline). It also provides that a sticker be
10 affixed to each motor vehicle (other than a motor vehicle in
11 undercover police work) notifying the traveling public that it
12 operates using ethanol.

13 In 1994, the general assembly enacted H.F. 2337 (1994 Iowa
14 Acts, chapter 1119), which requires that of all new passenger
15 vehicles and light pickup trucks purchased by the department
16 of administrative services, other state agencies, and
17 community colleges, a minimum of 10 percent of those motor
18 vehicles must be equipped with engines which utilize
19 alternative fuels (referred to as alternative methods of
20 propulsion), including a flexible fuel (E-85 gasoline or
21 biodiesel blended gasoline), a renewable fuel approved by the
22 office of renewable fuels and coproducts pursuant to Code
23 section 159A.3, compressed or liquefied natural gas, propane
24 gas, solar energy, or electricity. The alternative fuel
25 requirements do not apply to motor vehicles purchased and
26 directly used for law enforcement or purchased and used for
27 off-road maintenance work or to pull loaded trailers.

28 In 2001, the general assembly enacted H.F. 716 (2001 Iowa
29 Acts, ch. 123), which created a tax credit for retail dealers
30 of gasoline who sell ethanol blended gasoline (containing at
31 least 10 percent alcohol). The tax credit applies to both
32 taxpayers filing as individuals under Code section 422.11C and
33 businesses under Code section 422.33. Specifically, the Act
34 provided a tax credit for a retail dealer who operates at
35 least one service station at which more than 60 percent of the

1 total gallons of gasoline sold by the retail dealer is ethanol
2 blended gasoline.

3 The Act also amended provisions in Code section 452A.3 that
4 provide for an excise tax on each gallon of motor fuel sold in
5 the state. Under the Act, until June 30, 2007, the rates for
6 unblended and blended motor fuel are adjusted each year based
7 on the number of gallons of ethanol blended gasoline that are
8 distributed in this state as expressed as a percentage of the
9 total number of gallons of motor fuel distributed in this
10 state.

11 In 2005, the general assembly enacted H.F. 868 (2005 Iowa
12 Acts, ch. 150) imposing a special rate of 17 cents on each
13 gallon of E-85 gasoline (a blend containing a minimum of
14 between 75 and 85 percent alcohol depending on the season) if
15 certain conditions were met. The Act requires the department
16 of revenue to compare the amount of moneys actually collected
17 using the special 17 cents rate with the amount of moneys that
18 would have been collected if the adjusted rate applied. If
19 the difference is equal to or greater than \$25,000, the tax
20 rate beginning the next year is at the adjusted rate.

21 DIVISION I -- ESTABLISHMENT OF RENEWABLE FUEL STANDARDS.

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

25 The division amends Code section 214A.1 by providing a
26 number of definitions for "biodiesel", "biodiesel blended
27 fuel", "ethanol", "ethanol blended gasoline", and "E-85
28 gasoline". The division establishes a quality standards
29 program for renewable fuel producers. It provides that a
30 renewable fuel producer is prohibited from selling biodiesel
31 or biodiesel blended fuel in this state, and a dealer is
32 prohibited from purchasing biodiesel or biodiesel blended fuel
33 from a renewable fuel producer, unless the renewable fuel
34 producer is accredited under the terms and conditions of the
35 program. Under the program, an accreditation service

1 appointed by the department performs a formal review and audit
2 of the capacity and commitment of the renewable fuel producer
3 to produce or market biodiesel or biodiesel blended fuel in a
4 manner and according to procedures that meet the program
5 standards for quality.

6 The division amends Code section 214A.2, which provides for
7 different types of motor fuel and establishes standards or
8 specifications for motor fuel. The division amends the
9 section to require that ethanol blended gasoline contain a
10 blend of at least 10 percent ethanol (the so called "E-10"
11 standard). It designates gasoline with a minimum seasonal
12 blend of between 75 and 85 percent or more ethanol as E-85
13 blended gasoline based on current law (see Code Supplement
14 section 452A.3).

15 The division establishes similar standards for biodiesel
16 and biodiesel blended fuel. It requires that biodiesel
17 blended fuel contain at least 2 percent biodiesel by volume.
18 It prohibits any person from falsely advertising motor fuel,
19 including renewable fuel, and specifically, ethanol blended
20 gasoline and biodiesel blended gasoline. Code section 214A.11
21 provides that any person violating the provisions of Code
22 chapter 214A is guilty of a simple misdemeanor. A simple
23 misdemeanor is punishable by confinement for no more than 30
24 days or a fine of at least \$50, but not more than \$500, or by
25 both.

26 DIVISION II -- PETROLEUM REPLACEMENT. This division amends
27 provisions in Code chapter 452A in part authorizing the
28 department of revenue to collect excise taxes imposed on each
29 gallon of motor fuel sold in this state. The division
30 establishes a new subchapter which requires that the
31 department track information regarding the sale of renewable
32 fuels in this state, including ethanol blended gasoline and
33 biodiesel blended fuel. The division requires the department
34 to track information on a calendar year basis referred to as a
35 determination period. The department is currently required to

1 keep some information such as the per gallon distribution
2 percentage required to adjust the excise tax on conventional
3 and ethanol blended gasoline pursuant to Code section 452A.3.
4 The division also requires the department to track the
5 aggregate distribution percentage which is the total number of
6 gallons of ethanol which is sold and dispensed as a
7 formulation of ethanol blended gasoline from motor fuel pumps
8 located at all service stations in this state expressed as a
9 percentage of the total number of gallons of gasoline which is
10 sold and dispensed from all motor fuel pumps in this state for
11 use in determining whether the state has met a threshold.

12 The division establishes petroleum replacement goals based
13 on aggregate distribution percentages calculated by the
14 department for each determination period. For each
15 determination period, incremental goals of ethanol sales are
16 established beginning at 10 and ending at 20 percent. The
17 department is required to submit a report to the governor, the
18 department of agriculture and land stewardship, and the fiscal
19 services division of the legislative services agency. The
20 report must state whether the aggregate distribution
21 percentage for the determination period will meet the required
22 goal.

23 The division establishes a renewable fuel infrastructure
24 initiative. It appropriates moneys which would otherwise be
25 available from the grow Iowa values fund to an E-85 gasoline
26 infrastructure fund which is under the control of the
27 department of revenue. Moneys in the fund are appropriated to
28 the department exclusively to support an E-85 gasoline
29 infrastructure program as created in the division, including
30 costs necessary to administer the program.

31 The purpose of the program is to improve a service station
32 by installing, replacing, or converting motor fuel storage and
33 dispensing infrastructure which is designed and used
34 exclusively to store and dispense E-85 gasoline on a retail
35 basis. The division includes eligibility requirements for a

1 person to participate in the program. The financial
2 incentives are in the form of a grant. In order to
3 participate in the program an eligible person must execute an
4 agreement with the department. A participating person who
5 acts in violation of an agreement with the department is
6 subject to a civil penalty of not more than \$1,000 a day for
7 each day of the violation.

8 DIVISION III -- RENEWABLE FUEL TAX CREDIT FOR RETAIL
9 DEALERS. This division amends tax credit provisions in Code
10 chapter 422 to provide that a retail dealer who sells E-85
11 gasoline is eligible to receive a tax credit. The tax credit
12 applies to taxpayers filing as individuals or businesses. The
13 amount of the tax credit is a rate of 10 cents multiplied by
14 the total number of gallons of E-85 gasoline sold and
15 dispensed through all motor fuel pumps operated at each of the
16 taxpayer's service stations during the tax year.

17 The division also provides that a retail dealer who sells
18 biodiesel blended fuel is also eligible to receive a tax
19 credit with similar requirements that apply to a retail dealer
20 who sells ethanol blended gasoline. In this case, the amount
21 is based on each gallon of biodiesel sold and dispensed by the
22 retail dealer and ranges from 3 to 5 cents depending upon the
23 percentage of biodiesel blended fuel sold when compared to the
24 total amount of diesel fuel sold.

25 The provisions which provide a tax credit to retail dealers
26 selling E-85 gasoline and biodiesel blended fuel apply to tax
27 years beginning on or after January 1, 2007, and are repealed
28 January 1, 2016.

29 DIVISION IV -- GOVERNMENT VEHICLES. This division amends
30 Code section 8A.362, which authorizes the department of
31 administrative services to purchase used or new motor vehicles
32 as part of the state fleet. The division requires that in
33 purchasing a gasoline powered passenger motor vehicle or light
34 pickup truck, the department must provide a preference for the
35 purchase of a flexible fuel motor vehicle which is equipped

1 with an engine which operates using E-85 gasoline. It also
2 requires that each new passenger motor vehicle or light pickup
3 truck purchased by the department must be a flexible fuel
4 motor vehicle which is equipped with an engine which operates
5 using E-85 gasoline. The division also provides that each
6 such flexible fuel motor vehicle must operate using E-85
7 gasoline and a state-issued credit card cannot be used to
8 purchase gasoline for use in the motor vehicle other than E-85
9 gasoline. There are two exceptions. The motor vehicle may
10 operate using gasoline other than E-85 gasoline if it is not
11 reasonably available, and in that circumstance, a state-issued
12 credit card may be used to purchase the gasoline. In any
13 case, a motor vehicle must operate using ethanol (at least E-
14 10) unless under emergency circumstances. The division also
15 requires that a sticker be affixed to the motor vehicle
16 notifying the traveling public that it uses E-85 gasoline.
17 The division retains the requirement that a minimum of 10
18 percent of all such motor vehicles be equipped with engines
19 which utilize alternative fuels but no longer classifies E-85
20 gasoline as an alternative fuel.

21 Other government units with independent authority to
22 purchase motor vehicles include several state agencies (the
23 department for the blind under Code chapter 216B, the state
24 department of transportation under Code chapter 307, and
25 institutions under the control of the state board of regents
26 under Code chapter 262) and community colleges under Code
27 chapter 260C. The division provides that if those
28 governmental units purchase motor vehicles, the passenger
29 motor vehicles and light pickup trucks must be flexible fuel
30 vehicles operating using E-85 gasoline. The division retains
31 the requirement that 10 percent of their motor vehicle
32 purchases must operate using alternative fuels. The same
33 exceptions that apply to the department of administrative
34 services apply to these governmental units.

35 The division addresses three local governmental units,

1 including school districts under Code chapter 279, counties
2 under Code chapter 331, and cities under Code chapter 364.
3 Motor vehicles operated by these local governmental entities
4 must use ethanol blended gasoline (at a minimum E-10
5 gasoline), but are not required to purchase motor vehicles
6 using an alternative fuel including a flexible fuel such as E-
7 85 gasoline. The division requires that when a local
8 government purchases a used or new gasoline-powered passenger
9 motor vehicle or light pickup truck, it must purchase a
10 flexible fuel motor vehicle which is equipped with an engine
11 which operates using E-85 gasoline to the same extent as
12 pursuant to the same exceptions as applied to the department
13 of administrative services. It must also attach a sticker to
14 its motor vehicles which notifies the public that it operates
15 using E-85 gasoline. There is no new provision which requires
16 that the local government purchase motor vehicles which
17 operate using an alternative fuel as provided in the bill.

18 DIVISION V -- NOTICE TO THE TRAVELING PUBLIC. This
19 division requires the Iowa department of transportation to
20 identify each location on the map where a service station
21 sells and dispenses E-85 gasoline as defined in Code section
22 214A.1. It also provides that the department must post signs
23 on highways which identify service stations that sell E-85
24 gasoline.

25 DIVISION VI -- COORDINATING PROVISIONS -- MISCELLANEOUS. A
26 number of provisions in the Code refer to alcohol or ethanol
27 blended gasoline, including E-85 gasoline, and soydiesel or
28 biofuel. This division standardizes the language and refers
29 to common definitions as created in the division amending Code
30 section 214A.1 and related standards created in the division
31 amending Code section 214A.2.

32 DIVISION VII -- CHANGE IN TERMS. This division amends a
33 number of provisions by changing the term "oxygenate octane
34 enhancer" to "oxygenate", "motor vehicle fuel" to "motor
35 fuel", and "motor vehicle fuel pump" to "motor fuel pump" for

1 purposes of consistency in chapters throughout the Code, but
2 in particular in Code chapters 214A and 452A.

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S-5180

1 Amend Senate File 2383 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "DIVISION I

5 ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

6 Section 1. PETROLEUM REPLACEMENT GOAL. It is the
7 goal of this state that by January 1, 2025, biofuel
8 will replace twenty-five percent of all petroleum used
9 in the formulation of gasoline.

10 Sec. 2. Section 214A.1, Code 2005, is amended by
11 adding the following new subsections:

12 NEW SUBSECTION. 0A. "Advertise" means to present
13 a commercial message in any medium, including but not
14 limited to print, radio, television, sign, display,
15 label, tag, or articulation.

16 NEW SUBSECTION. 1A. "Biodiesel" means a renewable
17 fuel comprised of mono-alkyl esters of long-chain
18 fatty acids derived from vegetable oils or animal
19 fats, which meets the standards provided in section
20 214A.2.

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

26 NEW SUBSECTION. 1C. "Biofuel" means ethanol or
27 biodiesel.

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

31 NEW SUBSECTION. 1E. "Dealer" means a wholesale
32 dealer or retail dealer.

33 NEW SUBSECTION. 1F. "Diesel fuel" means any
34 liquid, other than gasoline, which is suitable for use
35 as a fuel in a diesel fuel powered engine, including
36 but not limited to a motor vehicle, equipment as
37 defined in section 322F.1, or a train. Diesel fuel
38 includes a liquid product prepared, advertised,
39 offered for sale, or sold for use as, or commonly and
40 commercially used as, motor fuel for use in an
41 internal combustion engine and ignited by pressure
42 without the presence of an electric spark. Diesel
43 fuel must meet the standards provided in section
44 214A.2.

45 NEW SUBSECTION. 1G. "E-85 gasoline" means ethanol
46 blended gasoline formulated with a minimum percentage
47 of between seventy and eighty-five percent by volume
48 of ethanol, if the formulation meets the standards
49 provided in section 214A.2.

50 NEW SUBSECTION. 1H. "Ethanol" means ethyl alcohol

S-5180

1 that is to be blended with gasoline if it meets the
2 standards provided in section 214A.2.

3 NEW SUBSECTION. 1I. "Ethanol blended gasoline"
4 means a formulation of gasoline which is a liquid
5 petroleum product blended with ethanol, if the
6 formulation meets the standards provided in section
7 214A.2.

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

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

16 NEW SUBSECTION. 5A. "Renewable fuel" means a
17 combustible liquid derived from grain starch, oilseed,
18 animal fat, or other biomass; or produced from a
19 biogas source, including any nonfossilized decaying
20 organic matter which is capable of powering machinery,
21 including but not limited to an engine or power plant.
22 Renewable fuel includes but is not limited to biofuel,
23 ethanol blended gasoline, or biodiesel blended fuel
24 meeting the standards provided in section 214A.2.

25 NEW SUBSECTION. 6A. "Retail motor fuel site"
26 means a geographic location in this state where a
27 retail dealer sells and dispenses motor fuel on a
28 retail basis.

29 Sec. 3. Section 214A.1, subsection 2, Code 2005,
30 is amended to read as follows:

31 2. "Motor ~~vehicle~~ fuel" means a substance or
32 combination of substances which is intended to be or
33 is capable of being used for the purpose ~~of propelling~~
34 ~~or running by combustion any~~ of operating an internal
35 combustion engine, including but not limited to a
36 motor vehicle, and is kept for sale or sold for that
37 purpose. ~~The products commonly known as kerosene and~~
38 ~~distillate or petroleum products of lower gravity~~
39 ~~—(Baume scale), when not used to propel a motor vehicle~~
40 ~~or for compounding or combining with a motor vehicle~~
41 ~~fuel, are exempt from this chapter except as provided~~
42 ~~in section 214A.2A.~~

43 Sec. 4. Section 214A.1, subsections 6 and 8, Code
44 2005, are amended by striking the subsections and
45 inserting in lieu thereof the following:

46 6. "Retail dealer" means a person engaged in the
47 business of storing and dispensing motor fuel from a
48 motor fuel pump for sale on a retail basis, regardless
49 of whether the motor fuel pump is located at a retail
50 motor fuel site.

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

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

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

27 Sec. 6. Section 214A.2, Code 2005, is amended by
28 adding the following new subsection:

29 NEW SUBSECTION. 2A. a. For motor fuel advertised
30 for sale or sold as gasoline by a dealer, the motor
31 fuel must meet registration requirements for that type
32 of motor fuel and its additives established by the
33 United States environmental protection agency
34 including as provided under 42 U.S.C. § 7545.

35 b. If the motor fuel is advertised for sale or
36 sold as ethanol blended gasoline, the motor fuel must
37 comply with departmental standards which shall comply
38 with specifications for ethanol blended gasoline
39 adopted by A.S.T.M. international. For ethanol
40 blended gasoline all of the following shall apply:

41 (1) Ethanol must be agriculturally derived, having
42 at least one hundred ninety proof, be denatured as
43 required by federal law including 27 C.F.R., pts. 20
44 and 21, and conform to A.S.T.M. international
45 specification D 4806-95b or a successor A.S.T.M.
46 international specification as established by rules
47 adopted by the department.

48 (2) For ethanol blended gasoline other than E-85
49 gasoline, at least ten percent of the gasoline by
50 volume must be ethanol.

1 (3) For E-85 gasoline all of the following must
2 apply:

3 (a) From the first day of April until the last day
4 of October, at least eighty-five percent of the
5 gasoline by volume must be ethanol.

6 (b) From the first day of November until the last
7 day of March, at least seventy percent of the gasoline
8 by volume must be ethanol.

9 (c) E-85 gasoline must conform to A.S.T.M.
10 international specification D 5798-99 or a successor
11 A.S.T.M. international specification as established by
12 rules adopted by the department.

13 (4) In calculating the percentage of ethanol
14 required for the formulation of ethanol blended
15 gasoline, a percentage of a denaturant or contaminants
16 permitted in the ethanol blended gasoline may be
17 excluded as provided by rules adopted by the
18 department.

19 Sec. 7. Section 214A.2, subsection 3, Code 2005,
20 is amended by striking the subsection and inserting in
21 lieu thereof the following:

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

28 b. The motor fuel must comply with departmental
29 standards which shall comply with specifications
30 adopted by A.S.T.M. international for biodiesel or
31 biodiesel blended fuel, to every extent applicable as
32 determined by rules adopted by the department.

33 (1) Biodiesel must conform to A.S.T.M.
34 international specification D 6751 or a successor
35 A.S.T.M. international specification as established by
36 rules adopted by the department. The specification
37 shall apply to biodiesel before it leaves its place of
38 manufacture.

39 (2) At least one percent of biodiesel blended fuel
40 by volume must be biodiesel.

41 (3) The biodiesel may be blended with diesel fuel
42 whose sulfur, aromatic, lubricity, and cetane levels
43 do not comply with A.S.T.M. international
44 specification D 975 grades 1-D or 2-D, low sulfur 1-D
45 or 2-D, or ultra-low sulfur grades 1-D or 2D, provided
46 that the finished biodiesel blended fuel meets
47 A.S.T.M. international specification D 975 or a
48 successor A.S.T.M. international specification as
49 established by rules adopted by the department.

50 Sec. 8. Section 214A.2A, Code 2005, is amended to

1 read as follows:

2 214A.2A KEROSENE LABELING.

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

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

16 Sec. 9. Section 214A.3, Code 2005, is amended by
17 striking the section and inserting in lieu thereof the
18 following:

19 214A.3 ADVERTISING.

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

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

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

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

29 2. For a renewable fuel, all of the following
30 applies:

31 a. A person shall not knowingly falsely advertise
32 that a motor fuel is a renewable fuel or is not a
33 renewable fuel.

34 b. (1) Ethanol blended gasoline sold by a dealer
35 shall be designated E-xx where "xx" is the volume
36 percent of ethanol in the ethanol blended gasoline. A
37 person shall not knowingly falsely advertise ethanol
38 blended gasoline by using an inaccurate designation in
39 violation of this subparagraph.

40 (2) Biodiesel blended fuel shall be designated B-
41 xx where "xx" is the volume percent of biodiesel in
42 the biodiesel blended fuel. A person shall not
43 knowingly falsely advertise biodiesel blended fuel by
44 using an inaccurate designation in violation of this
45 subparagraph.

46 Sec. 10. Section 214A.8, Code 2005, is amended to
47 read as follows:

48 214A.8 PROHIBITION.

49 A ~~retail or wholesale dealer defined in this~~
50 ~~chapter~~ shall not knowingly sell any motor vehicle

1 fuel or an oxygenate octane enhancer in the state that
2 fails to meet applicable standards and specifications
3 ~~set out in this chapter as provided in section 214A.2.~~

4 Sec. 11. Section 214A.11, Code 2005, is amended to
5 read as follows:

6 214A.11 VIOLATIONS PENALTY.

7 Any A person violating the provisions who knowingly
8 violates a provision of this chapter shall be is
9 guilty of a simple serious misdemeanor.

10 DIVISION II

11 RENEWABLE FUEL AND ENERGY

12 Sec. 12. Section 15.103, subsection 1, paragraph
13 b, subparagraph (7), Code Supplement 2005, is amended
14 to read as follows:

15 (7) Economics or alternative and renewable energy
16 including the alternative and renewable energy sectors
17 listed in section 476.42, subsection 1, paragraph "a".

18 Sec. 13. Section 15E.61, unnumbered paragraph 1,
19 Code 2005, is amended to read as follows:

20 The general assembly finds the following:

21 Fundamental changes have occurred in national and
22 international financial markets and in the financial
23 markets of this state. A critical shortage of seed
24 and venture capital resources exists in the state, and
25 such shortage is impairing the growth of commerce in
26 the state. A need exists to increase the availability
27 of venture equity capital for emerging, expanding, and
28 restructuring enterprises in Iowa, including, without
29 limitation, enterprises in the life sciences, advanced
30 manufacturing, information technology, alternative and
31 renewable energy including the alternative and
32 renewable energy sectors listed in section 476.42,
33 subsection 1, paragraph "a", and value-added
34 agriculture areas. Such investments will create jobs
35 for Iowans and will help to diversify the state's
36 economic base.

37 Sec. 14. Section 15E.223, subsection 4, Code 2005,
38 is amended to read as follows:

39 4. "Targeted industry business" means an existing
40 or proposed business entity, including an emerging
41 small business or qualified business which is operated
42 for profit and which has a primary business purpose of
43 doing business in at least one of the targeted
44 industries designated by the department which include
45 life sciences, software and information technology,
46 advanced manufacturing, value-added agriculture,
47 alternative and renewable energy including the
48 alternative and renewable energy sectors listed in
49 section 476.42, subsection 1, paragraph "a", and any
50 other industry designated as a targeted industry by

1 the department.

2 Sec. 15. Section 15E.231, subsection 1, Code
3 Supplement 2005, is amended by adding the following
4 new paragraph:

5 NEW PARAGRAPH. h. Development of the alternative
6 and renewable energy sector.

7 Sec. 16. Section 15E.351, subsection 1, Code
8 Supplement 2005, is amended to read as follows:

9 1. The department shall establish and administer a
10 business accelerator program to provide financial
11 assistance for the establishment and operation of a
12 business accelerator for technology-based, value-added
13 agricultural, information solutions, alternative and
14 renewable energy including the alternative and
15 renewable energy sectors listed in section 476.42,
16 subsection 1, paragraph "a", or advanced manufacturing
17 start-up businesses or for a satellite of an existing
18 business accelerator. The program shall be designed
19 to foster the accelerated growth of new and existing
20 businesses through the provision of technical
21 assistance. The department shall use moneys
22 appropriated to the department from the grow Iowa
23 values fund pursuant to section 15G.111, subsection 1,
24 subject to the approval of the economic development
25 board, to provide financial assistance under this
26 section.

27 Sec. 17. Section 260C.18A, subsection 2,
28 unnumbered paragraph 1, Code Supplement 2005, is
29 amended to read as follows:

30 Moneys deposited in the funds and disbursed to
31 community colleges for a fiscal year shall be expended
32 for the following purposes, provided seventy percent
33 of the moneys shall be used on projects in the areas
34 of advanced manufacturing, information technology and
35 insurance, alternative and renewable energy including
36 the alternative and renewable energy sectors listed in
37 section 476.42, subsection 1, paragraph "a", and life
38 sciences which include the areas of biotechnology,
39 health care technology, and nursing care technology:

40 Sec. 18. Section 323A.1, Code 2005, is amended by
41 adding the following new subsections:

42 NEW SUBSECTION. 0A. "E-85 gasoline" means the
43 same as defined in section 214A.1.

44 NEW SUBSECTION. 0B. "Ethanol blended gasoline"
45 means the same as defined in section 214A.1.

46 Sec. 19. Section 323A.1, subsection 4, Code 2005,
47 is amended to read as follows:

48 4. "Motor fuel" means ~~gasoline or diesel fuel~~ the
49 same as motor fuel as defined in section 214A.1, which
50 is of a type distributed for use as a fuel in self-

1 propelled vehicles designed primarily for use on
2 public streets, roads, and highways.
3 Sec. 20. Section 323A.2, subsection 1, paragraph
4 a, Code 2005, is amended to read as follows:
5 a. At least forty-eight hours prior to entering
6 into an agreement to purchase motor fuel from another
7 source, the franchisee has requested delivery of motor
8 fuel from the franchisor and the requested motor fuel
9 has not been delivered and the franchisor has given
10 the franchisee notice that the franchisor is unable to
11 provide the requested motor fuel, or prior to entering
12 into an agreement the franchisor has stated to the
13 franchisee that the requested motor fuel will not be
14 delivered. The request to the franchisor for delivery
15 shall be for a type of fuel normally provided by the
16 franchisor to the franchisee and for a quantity of
17 fuel not exceeding the average amount sold by the
18 franchisee in one week, based upon average weekly
19 sales in the three months preceding the request,
20 except that this provision shall not restrict a
21 franchisee from purchasing ethanol blended gasoline
22 from a source other than the franchisor or limit the
23 quantity to be purchased when the franchisor does not
24 normally supply the franchisee with ethanol blended
25 gasoline. A franchisee may also purchase E-85
26 gasoline as provided in section 323A.2A.

27 Sec. 21. NEW SECTION. 323A.2A PURCHASE OF E-85
28 GASOLINE FROM OTHER SOURCE.

29 1. a. When on and after the effective date of
30 this section of this Act, a franchise is entered into
31 or renewed, the franchisor shall provide for the
32 delivery of volumes of E-85 gasoline at times demanded
33 by the franchisee or shall allow the franchisee to
34 purchase those volumes of E-85 gasoline at those times
35 from another source.

36 b. If a franchise is in effect on the effective
37 date of this section of this Act and does not have an
38 expiration date, the franchisor shall provide for the
39 delivery of volumes of E-85 gasoline at times demanded
40 by the franchisee or shall allow the franchisee to
41 purchase those volumes of E-85 gasoline at those times
42 from another source.

43 2. If the franchisee sells E-85 gasoline delivered
44 from a source other than the franchisor, the
45 franchisee shall prominently post a sign disclosing
46 this fact to the public on each motor fuel pump used
47 for dispensing the E-85 gasoline. The size of the
48 sign shall not be less than eight inches by ten inches
49 and the letters on the sign shall be at least three
50 inches in height.

1 3. A franchisee who sells E-85 gasoline delivered
2 from a source other than the franchisor shall also
3 fully indemnify the franchisor against any claims
4 asserted by a user on which the claimant prevails and
5 in which the court determines that E-85 gasoline not
6 acquired from the franchisor was the proximate cause
7 of the injury.

8 4. a. A purchase of E-85 gasoline in accordance
9 with this section is not good cause for the
10 termination of a franchise.

11 b. A term of a franchise that is inconsistent with
12 this section is void and unenforceable.

13 SUBCHAPTER III

14 RENEWABLE FUEL INFRASTRUCTURE

15 Sec. 22. NEW SECTION. 455G.31 E-85 GASOLINE
16 STORAGE AND DISPENSING INFRASTRUCTURE.

17 1. As used in this section, "gasoline storage and
18 dispensing infrastructure" means any storage tank
19 located below ground or above ground and any
20 associated equipment including but not limited to a
21 pipe, hose, connection, fitting seal, or pump, which
22 is used to store, measure, and dispense gasoline by a
23 retail dealer as defined in section 214A.1.

24 2. A retail dealer may use gasoline storage and
25 dispensing infrastructure to store and dispense E-85
26 gasoline, if all of the following apply:

27 a. For gasoline storage and dispensing
28 infrastructure other than the dispenser, the
29 department must determine that it is compatible with
30 E-85 gasoline.

31 b. For a dispenser, the manufacturer must state
32 all of the following:

33 (1) That the equipment is, in the opinion of the
34 manufacturer, not incompatible with E-85 gasoline.

35 (2) The manufacturer has initiated the process of
36 applying to an independent testing laboratory for
37 listing of the equipment for use in dispensing E-85
38 gasoline.

39 A manufacturer's statement must include a written
40 statement, with reference to a particular type and
41 model of equipment, signed by a responsible official
42 on behalf of the manufacturer, provided either to the
43 retail dealer using the gasoline storage and
44 dispensing infrastructure or to the department of
45 natural resources or the department of public safety.
46 If the written statement is provided to a retail
47 dealer, the statement shall be retained in the files
48 on the premises of the retail dealer and shall be
49 available to personnel of the department of natural
50 resources or the department of public safety upon

1 request.

2 3. This section is repealed July 1, 2009.

3 Sec. 23. EFFECTIVE DATE.

4 1. The sections of this Act amending sections
5 323A.1 and 323A.2, being deemed of immediate
6 importance, take effect upon enactment.

7 2. Section 323A.2A, as enacted in this Act, being
8 deemed of immediate importance, takes effect upon
9 enactment.

10 DIVISION III

11 RENEWABLE FUEL INFRASTRUCTURE PROGRAMS

12 SUBCHAPTER II

13 RENEWABLE FUEL INFRASTRUCTURE

14 Sec. 24. NEW SECTION. 15G.114 DEFINITIONS.

15 As used in this subchapter, unless the context
16 otherwise requires:

17 1. "Biodiesel", "biodiesel blended fuel", "E-85
18 gasoline", "gasoline", "motor fuel", "motor fuel
19 pump", "retail dealer", and "retail motor fuel site"
20 mean the same as defined in section 214A.1.

21 2. "Infrastructure board" means the renewable fuel
22 infrastructure board as created in section 15G.115.

23 3. "Motor fuel storage and dispensing
24 infrastructure" or "infrastructure" means a tank and
25 motor fuel pumps necessary to keep and dispense motor
26 fuel at a retail motor fuel site, including but not
27 limited to all associated equipment, dispensers,
28 pumps, pipes, hoses, tubes, lines, fittings, valves,
29 filters, seals, and covers.

30 4. "Terminal" means a storage and distribution
31 facility for motor fuel or a blend stock such as
32 ethanol or biodiesel that is supplied to a motor
33 vehicle, pipeline, or a marine vessel and from which
34 the motor fuel or blend stock may be removed at a
35 rack. "Terminal" does not include any of the
36 following:

37 a. A retail motor fuel site.

38 b. A facility at which motor fuel or special fuel,
39 or blend stocks are used in the manufacture of
40 products other than motor fuel and from which no motor
41 fuel or special fuel is removed.

42 5. "Terminal operator" means a person who has
43 responsibility for, or physical control over, the
44 operation of a terminal, including by ownership,
45 contractual agreement, or appointment.

46 Sec. 25. NEW SECTION. 15G.115 RENEWABLE FUEL
47 INFRASTRUCTURE BOARD.

48 A renewable fuel infrastructure board is
49 established within the department.

50 1. The department shall provide the infrastructure

1 board with necessary facilities, items, and clerical
2 support. The department shall perform administrative
3 functions necessary for the management of the
4 infrastructure board, and the renewable fuel
5 infrastructure programs as provided in sections
6 15G.116 and 15G.117, all under the direction of the
7 infrastructure board.

8 2. The infrastructure board shall be composed of
9 nine members who shall be appointed by the governor as
10 follows:

11 a. One person representing insurers who is
12 knowledgeable about issues relating to underground
13 storage tanks.

14 b. Eight persons based on nominations made by the
15 titular heads of all of the following:

- 16 (1) The agribusiness association of Iowa.
- 17 (2) The Iowa corn growers association.
- 18 (3) The Iowa farm bureau federation.
- 19 (4) The Iowa motor truck association.
- 20 (5) The Iowa soybean association.
- 21 (6) The petroleum marketers and convenience stores
22 of Iowa.
- 23 (7) The Iowa petroleum equipment contractors
24 association.
- 25 (8) The Iowa renewable fuels association.

26 3. Appointments of voting members to the
27 infrastructure board are subject to the requirements
28 of sections 69.16 and 69.16A. In addition, the
29 appointments shall be geographically balanced. The
30 governor's appointees shall be confirmed by the
31 senate, pursuant to section 2.32.

32 4. The members of the infrastructure board shall
33 serve five-year terms beginning and ending as provided
34 in section 69.19. However, the governor shall appoint
35 initial members to serve for less than five years to
36 ensure members serve staggered terms. A member is
37 eligible for reappointment. A vacancy on the board
38 shall be filled for the unexpired portion of the
39 regular term in the same manner as regular
40 appointments are made.

41 5. The infrastructure board shall elect a
42 chairperson from among its members each year on a
43 rotating basis as provided by the infrastructure
44 board. The infrastructure board shall meet on a
45 regular basis and at the call of the chairperson or
46 upon the written request to the chairperson of five or
47 more members.

48 6. Members of the infrastructure board are not
49 entitled to receive compensation but shall receive
50 reimbursement of expenses from the department as

1 provided in section 7E.6.

2 7. Five members of the infrastructure board
3 constitute a quorum and the affirmative vote of a
4 majority of the members present is necessary for any
5 substantive action to be taken by the infrastructure
6 board. The majority shall not include any member who
7 has a conflict of interest and a statement by a member
8 that the member has a conflict of interest is
9 conclusive for this purpose. A vacancy in the
10 membership does not impair the duties of the
11 infrastructure board.

12 Sec. 26. NEW SECTION. 15G.116 RENEWABLE FUEL
13 INFRASTRUCTURE PROGRAM FOR RETAIL MOTOR FUEL SITES.

14 A renewable fuel infrastructure program is
15 established in the department under the direction of
16 the renewable fuel infrastructure board created
17 pursuant to section 15G.115.

18 1. The purpose of the program is to improve a
19 retail motor fuel site by installing, replacing, or
20 converting motor fuel storage and dispensing
21 infrastructure. The infrastructure must be designed
22 and shall be used exclusively to store and dispense E-
23 85 gasoline, biodiesel, or biodiesel blended fuel on
24 the premises of retail motor fuel sites operated by
25 retail dealers.

26 2. The department shall award financial incentives
27 to a person participating in the program as directed
28 by the infrastructure board on a cost-share basis. To
29 all extent practical, the program shall be
30 administered in conjunction with the programs provided
31 in section 15.401. The department shall contract with
32 a qualified organization to evaluate applications for
33 referral to the department and evaluation and approval
34 by the infrastructure board.

35 3. The infrastructure board shall approve cost-
36 share agreements executed by the department and
37 persons that the infrastructure board determines are
38 eligible as provided in this section, according to
39 terms and conditions required by the infrastructure
40 board. The infrastructure board shall determine the
41 amount of the financial incentives to be awarded to a
42 person participating in the program. In order to be
43 eligible to participate in the program all of the
44 following must apply:

45 a. The person must be an owner or operator of the
46 retail motor fuel site.

47 b. The person must apply to the department in a
48 manner and according to procedures required by the
49 infrastructure board. The application must contain
50 all information required by the infrastructure board

1 and shall at least include all of the following:

2 (1) The name of the person and the address of the
3 retail motor fuel site to be improved.

4 (2) A detailed description of the infrastructure
5 to be installed, replaced, or converted, including but
6 not limited to the model number of each installed,
7 replaced, or converted motor fuel storage tank if
8 available.

9 (3) A statement describing how the retail motor
10 fuel site is to be improved, the total estimated cost
11 of the planned improvement, and the date when the
12 infrastructure will be first used to store and
13 dispense the renewable fuel.

14 (4) A statement certifying that the infrastructure
15 shall not be used to store or dispense motor fuel
16 other than E-85 gasoline, biodiesel, or biodiesel
17 blended fuel, unless granted a waiver by the
18 infrastructure board pursuant to this section.

19 4. A retail motor fuel site which is improved
20 using financial incentives must comply with federal
21 and state standards governing new or upgraded motor
22 fuel storage tanks used to store and dispense the
23 renewable fuel. A site classified as a no further
24 action site pursuant to a certificate issued by the
25 department of natural resources under section 455B.474
26 shall retain its classification following
27 modifications necessary to store and dispense the
28 renewable fuel and the owner or operator shall not be
29 required to perform a new site assessment unless the
30 site causes a clear, present, and impending danger to
31 the public health or the environment.

32 5. a. For the period beginning July 1, 2006, and
33 ending June 30, 2009, the department upon direction of
34 the infrastructure board shall distribute financial
35 incentives to improve retail motor fuel sites located
36 within each of the six geographic regions described in
37 section 173.4A.

38 b. The infrastructure board shall not approve a
39 cost-share agreement which awards financial incentives
40 to install, replace, or convert infrastructure
41 associated with more than one motor fuel storage tank
42 or motor fuel pump located at the same retail motor
43 fuel site.

44 6. An award of financial incentives to a
45 participating person shall be in the form of a grant.

46 a. In order to participate in the program an
47 eligible person must execute a cost-share agreement
48 with the department as approved by the infrastructure
49 board in which the person contributes a percentage of
50 the total costs related to improving the retail motor

1 fuel site. The financial incentives awarded to the
2 participating person shall not exceed thirty percent
3 of the estimated cost of making the improvements or
4 thirty percent of the actual cost of making the
5 improvements, whichever is less.

6 b. The infrastructure board shall not approve an
7 award of more than thirty thousand dollars to improve
8 a retail motor fuel site. The infrastructure board
9 may approve multiple awards to make improvements to a
10 retail motor fuel site so long as the total amount of
11 the awards in all years is not more than thirty
12 thousand dollars.

13 c. A participating person shall not use the
14 infrastructure to store or dispense motor fuel other
15 than E-85 gasoline, biodiesel, or biodiesel blended
16 fuel unless one of the following applies:

17 (1) The participating person is granted a waiver
18 by the infrastructure board. The participating person
19 shall store or dispense the motor fuel according to
20 the terms and conditions of the waiver.

21 (2) The infrastructure fund is immediately repaid
22 the total amount of moneys awarded to the
23 participating person together with a monetary penalty
24 equal to twenty-five percent of that awarded amount.

25 d. A participating person who acts in violation of
26 an agreement executed with the department pursuant to
27 this section is subject to a civil penalty of not more
28 than one thousand dollars a day for each day of the
29 violation. The civil penalty shall be deposited into
30 the general fund of the state.

31 e. The infrastructure board shall submit a report
32 to the general assembly each year which provides the
33 same information as required in section 15.104,
34 subsection 9.

35 Sec. 27. NEW SECTION. 15G.117 RENEWABLE FUEL
36 INFRASTRUCTURE PROGRAM FOR BIODIESEL TERMINAL
37 FACILITIES.

38 The department, under the direction of the
39 renewable fuel infrastructure board created in section
40 15G.115, and in cooperation with the Iowa
41 comprehensive petroleum underground storage tank fund
42 board as provided in chapter 455G, shall establish and
43 administer a renewable fuel infrastructure program for
44 terminal facilities that store and dispense biodiesel
45 or biodiesel blended fuel. The infrastructure must be
46 designed and shall be used exclusively to store and
47 distribute biodiesel or biodiesel blended fuel. The
48 department as directed by the infrastructure board
49 shall provide a cost-share program for financial
50 incentives.

1 1. To all extent practical, the program shall be
2 administered in conjunction with the programs provided
3 in section 15.401. The department shall contract with
4 a qualified organization to evaluate applications for
5 referral to the department and evaluation and approval
6 by the infrastructure board.

7 2. The department shall award financial incentives
8 to a terminal operator participating in the program as
9 directed by the infrastructure board. In order to be
10 eligible to participate in the program, the terminal
11 operator must apply to the department in a manner and
12 according to procedures required by the infrastructure
13 board. The application must contain information
14 required by the infrastructure board and shall at
15 least include all of the following:

16 a. The name of the terminal operator and the
17 address of the terminal to be improved.

18 b. A detailed description of the infrastructure to
19 be installed, replaced, or converted.

20 c. A statement describing how the terminal is to
21 be improved, the total estimated cost of the planned
22 improvement, and the date when the infrastructure will
23 be first used to store and distribute biodiesel or
24 biodiesel blended fuel.

25 d. A statement certifying that the infrastructure
26 shall not be used to store or dispense motor fuel
27 other than biodiesel or biodiesel blended fuel, unless
28 granted a waiver by the infrastructure board pursuant
29 to this section.

30 3. The department's award of financial incentives
31 to a participating terminal operator shall be in the
32 form of a grant. In order to participate in the
33 program, an eligible terminal operator must execute a
34 cost-share agreement with the department in which the
35 terminal operator contributes a percentage of the
36 total costs related to improving the terminal. The
37 financial incentives awarded to the participating
38 terminal operator shall not exceed the estimated cost
39 of making the improvements or the actual cost of
40 making the improvements, whichever is less.

41 4. A participating terminal operator shall not use
42 the infrastructure to store or dispense motor fuel
43 other than biodiesel or biodiesel blended fuel, unless
44 one of the following applies:

45 a. The participating terminal operator is granted
46 a waiver by the infrastructure board. The
47 participating terminal operator shall store or
48 dispense the motor fuel according to the terms and
49 conditions of the waiver.

50 b. The infrastructure fund is immediately repaid

1 the total amount of moneys awarded to the
2 participating terminal operator together with a
3 monetary penalty equal to twenty-five percent of that
4 awarded amount.

5 c. A participating terminal operator who acts in
6 violation of an agreement executed with the department
7 pursuant to this section is subject to a civil penalty
8 of not more than one thousand dollars a day for each
9 day of the violation. The civil penalty shall be
10 deposited into the general fund of the state.

11 DIVISION IV

12 RENEWABLE FUEL INCOME TAX CREDIT PROVISIONS

13 Sec. 28. Section 422.11C, subsection 1, paragraphs
14 a through g, Code 2005, are amended by striking the
15 paragraphs and inserting in lieu thereof the
16 following:

17 a. "E-85 gasoline", "ethanol blended gasoline",
18 "gasoline", and "retail dealer" mean the same as
19 defined in section 214A.1.

20 b. "Motor fuel pump" means the same as motor
21 vehicle fuel pump as defined in section 214.1.

22 c. "Retail motor fuel site" means the same as
23 defined in section 214A.1.

24 d. "Sell" means to sell on a retail basis.

25 e. "Tax credit" means the designated ethanol
26 blended gasoline tax credit as provided in this
27 section.

28 Sec. 29. Section 422.11C, subsection 2, paragraph
29 b, Code 2005, is amended to read as follows:

30 b. The taxpayer operates at least one ~~service~~
31 ~~station~~ retail motor fuel site at which more than
32 sixty percent of the total gallons of gasoline sold
33 and dispensed through one or more ~~metered~~ motor fuel
34 pumps by the taxpayer in the tax year is ethanol
35 blended gasoline.

36 Sec. 30. Section 422.11C, subsection 3, Code 2005,
37 is amended to read as follows:

38 3. The tax credit shall be calculated separately
39 for each ~~service station~~ retail motor fuel site
40 operated by the taxpayer. The amount of the tax
41 credit for each eligible ~~service station~~ retail motor
42 fuel site is two and one-half cents multiplied by the
43 total number of gallons of ethanol blended gasoline
44 sold and dispensed through all ~~metered~~ motor fuel
45 pumps located at that ~~service station~~ retail motor
46 fuel site during the tax year in excess of sixty
47 percent of all gasoline sold and dispensed through
48 ~~metered~~ motor fuel pumps at that ~~service station~~
49 retail motor fuel site during the tax year.

50 3A. A taxpayer is not eligible to claim a

1 designated ethanol blended gasoline tax credit as
2 provided in this section, if the taxpayer claims any
3 of the following:

4 a. An ethanol promotion tax credit as provided in
5 section 422.11N or 422.33.

6 b. An E-85 gasoline promotion tax credit as
7 provided in section 422.110 or 422.33 for the same
8 gallons of ethanol blended gasoline.

9 Sec. 31. Section 422.11C, Code 2005, is amended by
10 adding the following new subsection:

11 NEW SUBSECTION. 6. This section is repealed on
12 January 1, 2007.

13 Sec. 32. NEW SECTION. 422.11N ETHANOL PROMOTION
14 TAX CREDIT.

15 1. As used in this section, unless the context
16 otherwise requires:

17 a. "E-85 gasoline", "ethanol", "ethanol blended
18 gasoline", "gasoline", "motor fuel pump", and "retail
19 dealer" mean the same as defined in section 214A.1.

20 b. "Sell" means to sell on a retail basis.

21 c. "Tax credit" means the ethanol promotion tax
22 credit as provided in this section.

23 2. The taxes imposed under this division, less the
24 credits allowed under sections 422.12 and 422.12B,
25 shall be reduced by an ethanol promotion tax credit
26 for each tax year that the taxpayer is eligible to
27 claim the tax credit under this section. In order to
28 be eligible, all of the following must apply:

29 a. The taxpayer is a retail dealer who sells and
30 dispenses ethanol blended gasoline through a motor
31 fuel pump in the tax year in which the tax credit is
32 claimed.

33 b. The retail dealer complies with requirements of
34 the department to administer this section.

35 3. In order to receive the tax credit, the retail
36 dealer must calculate all of the following:

37 a. The retail dealer's total gasoline gallonage as
38 provided in section 452A.31.

39 b. The retail dealer's total ethanol gallonage as
40 provided in section 452A.31. The retail dealer may
41 calculate the ethanol gallonage based on the schedule
42 provided in section 452A.32.

43 4. The tax credit is calculated by multiplying
44 five cents by the retail dealer's total ethanol
45 gallonage as provided in section 452A.31 as follows:

46 a. For each calendar year beginning during the
47 period commencing January 1, 2006, and ending December
48 31, 2010, the tax credit shall be five cents
49 multiplied by the retail dealer's total ethanol
50 gallonage.

1 b. For each calendar year beginning during the
2 period commencing January 1, 2011, and ending December
3 31, 2025, the tax credit shall be calculated as
4 follows:

5 (1) Take the retail dealer's total ethanol
6 gallonage which is the minuend.

7 (2) Multiply the retail dealer's total gasoline
8 gallonage by a deductible percentage and round off the
9 resulting product to the nearest whole number to
10 obtain the subtrahend. For calendar year 2011, the
11 deductible percentage is one percent. For each
12 subsequent calendar year, the deductible percentage
13 shall keep increasing by one percent.

14 (3) Subtract the subtrahend from the minuend to
15 obtain the retail dealer's resulting qualifying
16 ethanol gallonage.

17 (4) Multiply the retail dealer's resulting
18 qualifying ethanol gallonage by five cents.

19 c. If a retail dealer's tax year ends prior to
20 December 31 of a calendar year, the retail dealer may
21 continue to claim the tax credit in the retail
22 dealer's following tax year. In that case, the tax
23 credit shall be five cents multiplied by the retail
24 dealer's total ethanol gallonage for the period
25 beginning on the first day of the retail dealer's new
26 tax year until December 31. For that period, the tax
27 credit shall be calculated in the same manner as a
28 retail dealer whose tax year began on the previous
29 January 1 and who is calculating the tax credit on
30 that same December 31.

31 5. a. A retail dealer is eligible to claim an
32 ethanol promotion tax credit as provided in this
33 section even though the retail dealer claims an E-85
34 gasoline promotion tax credit pursuant to section
35 422.110 for the same tax year and for the same ethanol
36 gallonage.

37 b. A retail dealer is not eligible to claim an
38 ethanol promotion tax credit as provided in this
39 section if the retail dealer claims a designated
40 ethanol blended gasoline tax credit as provided in
41 section 422.11C.

42 6. Any credit in excess of the retail dealer's tax
43 liability shall be refunded. In lieu of claiming a
44 refund, the retail dealer may elect to have the
45 overpayment shown on the retail dealer's final,
46 completed return credited to the tax liability for the
47 following tax year.

48 7. An individual may claim the tax credit allowed
49 a partnership, limited liability company, S
50 corporation, estate, or trust electing to have the

1 income taxed directly to the individual. The amount
2 claimed by the individual shall be based upon the pro
3 rata share of the individual's earnings of a
4 partnership, limited liability company, S corporation,
5 estate, or trust.

6 8. This section is repealed on January 1, 2026.

7 Sec. 33. NEW SECTION. 422.110 E-85 GASOLINE

8 PROMOTION TAX CREDIT.

9 1. As used in this section, unless the context
10 otherwise requires:

11 a. "E-85 gasoline", "ethanol", "gasoline", "motor
12 fuel pump", and "retail dealer" mean the same as
13 defined in section 214A.1.

14 b. "Sell" means to sell on a retail basis.

15 c. "Tax credit" means the E-85 gasoline promotion
16 tax credit as provided in this section.

17 2. The taxes imposed under this division, less the
18 credits allowed under sections 422.12 and 422.12B,
19 shall be reduced by an E-85 gasoline promotion tax
20 credit for each tax year that the taxpayer is eligible
21 to claim under this subsection. In order to be
22 eligible, all of the following must apply:

23 a. The taxpayer is a retail dealer who sells and
24 dispenses E-85 gasoline through a motor fuel pump in
25 the tax year in which the tax credit is claimed.

26 b. The retail dealer complies with requirements of
27 the department to administer this section.

28 3. The amount of the tax credit for a retail
29 dealer is calculated by multiplying a designated rate
30 by the retail dealer's total E-85 gasoline gallonage
31 as provided in sections 452A.31 and 452A.32. The
32 designated rate is as follows:

33 a. For calendar year 2006 or calendar year 2007,
34 twenty-five cents.

35 b. For calendar year 2008 or calendar year 2009,
36 twenty cents.

37 c. For calendar year 2010, ten cents.

38 d. For calendar year 2011, nine cents.

39 e. For calendar year 2012, eight cents.

40 f. For calendar year 2013, seven cents.

41 g. For calendar year 2014, six cents.

42 h. For calendar year 2015, five cents.

43 i. For calendar year 2016, four cents.

44 j. For calendar year 2017, three cents.

45 k. For calendar year 2018, two cents.

46 l. For calendar year 2019, one cent.

47 4. If a retail dealer's tax year ends prior to
48 December 31 of a calendar year, the retail dealer may
49 continue to claim the tax credit in the retail
50 dealer's following tax year. In that case, the tax

1 credit shall be the designated rate multiplied by the
2 retail dealer's total E-85 gasoline gallonage for the
3 remaining period beginning on the first day of the
4 retail dealer's new tax year until the next December
5 31. For that remaining period, the tax credit shall
6 be calculated in the same manner as a retail dealer
7 whose tax year began on the previous January 1 and who
8 is calculating the tax credit on that same December
9 31.

10 5. a. A retail dealer is eligible to claim an E-
11 85 gasoline promotion tax credit as provided in this
12 section even though the retail dealer claims an
13 ethanol promotion tax credit pursuant to section
14 422.11N for the same tax year for the same ethanol
15 gallonage.

16 b. A retail dealer is not eligible to claim an E-
17 85 gasoline tax credit as provided in this section, if
18 the retail dealer claims a designated ethanol blended
19 gasoline tax credit as provided in section 422.11C.

20 6. Any credit in excess of the retail dealer's tax
21 liability shall be refunded. In lieu of claiming a
22 refund, the retail dealer may elect to have the
23 overpayment shown on the retail dealer's final,
24 completed return credited to the tax liability for the
25 following tax year.

26 7. An individual may claim the tax credit allowed
27 a partnership, limited liability company, S
28 corporation, estate, or trust electing to have the
29 income taxed directly to the individual. The amount
30 claimed by the individual shall be based upon the pro
31 rata share of the individual's earnings of a
32 partnership, limited liability company, S corporation,
33 estate, or trust.

34 8. This section is repealed on January 1, 2020.

35 Sec. 34. NEW SECTION. 422.11P BIODIESEL BLENDED
36 FUEL TAX CREDIT.

37 1. As used in this section, unless the context
38 otherwise requires:

39 a. "Biodiesel blended fuel", "diesel fuel", and
40 "retail dealer" mean the same as defined in section
41 214A.1.

42 b. "Motor fuel pump" means the same as defined in
43 section 214.1.

44 c. "Sell" means to sell on a retail basis.

45 d. "Tax credit" means a biodiesel blended fuel tax
46 credit as provided in this section.

47 2. The taxes imposed under this division, less the
48 credits allowed under sections 422.12 and 422.12B,
49 shall be reduced by the amount of the biodiesel
50 blended fuel tax credit for each tax year that the

1 taxpayer is eligible to claim a tax credit under this
2 subsection.

3 a. In order to be eligible, all of the following
4 must apply:

5 (1) The taxpayer is a retail dealer who sells and
6 dispenses biodiesel blended fuel through a motor fuel
7 pump in the tax year in which the tax credit is
8 claimed.

9 (2) Of the total gallons of diesel fuel that the
10 retail dealer sells and dispenses through all motor
11 fuel pumps during the retail dealer's tax year, fifty
12 percent or more is biodiesel blended fuel which meets
13 the requirements of this section.

14 (3) The retail dealer complies with requirements
15 of the department established to administer this
16 section.

17 b. The tax credit shall apply to biodiesel blended
18 fuel formulated with a minimum percentage of two
19 percent by volume of biodiesel, if the formulation
20 meets the standards provided in section 214A.2.

21 3. The amount of the tax credit is three cents
22 multiplied by the total number of gallons of biodiesel
23 blended fuel sold and dispensed by the retail dealer
24 through all motor fuel pumps operated by the retail
25 dealer during the retail dealer's tax year.

26 4. Any credit in excess of the retail dealer's tax
27 liability shall be refunded. In lieu of claiming a
28 refund, the retail dealer may elect to have the
29 overpayment shown on the retail dealer's final,
30 completed return credited to the tax liability for the
31 following tax year.

32 5. An individual may claim the tax credit allowed
33 a partnership, limited liability company, S
34 corporation, estate, or trust electing to have the
35 income taxed directly to the individual. The amount
36 claimed by the individual shall be based upon the pro
37 rata share of the individual's earnings of the
38 partnership, limited liability company, S corporation,
39 estate, or trust.

40 6. This section is repealed January 1, 2012.

41 Sec. 35. Section 422.33, subsection 11, paragraph
42 a, subparagraph (1), Code Supplement 2005, is amended
43 to read as follows:

44 (1) ~~"Ethanol~~ "E-85 gasoline", "ethanol blended
45 gasoline", "gasoline", ~~"metered pump", "motor fuel~~
46 pump", "retail dealer", "retail motor fuel site", and
47 "sell", ~~and "service station"~~ mean the same as defined
48 in section 422.11C.

49 Sec. 36. Section 422.33, subsection 11, paragraph
50 b, subparagraph (2), Code Supplement 2005, is amended

1 to read as follows:

2 (2) The taxpayer operates at least one ~~service~~
3 ~~station~~ retail motor fuel site at which more than
4 sixty percent of the total gallons of gasoline sold
5 and dispensed through one or more ~~metered~~ motor fuel
6 pumps by the taxpayer is ethanol blended gasoline.

7 Sec. 37. Section 422.33, subsection 11, paragraph
8 c, Code Supplement 2005, is amended to read as
9 follows:

10 c. (1) The tax credit shall be calculated
11 separately for each ~~service station~~ retail motor fuel
12 site operated by the taxpayer.

13 (2) The amount of the tax credit for each eligible
14 ~~service station~~ retail motor fuel site is two and one-
15 half cents multiplied by the total number of gallons
16 of ethanol blended gasoline sold and dispensed through
17 all ~~metered~~ motor fuel pumps located at that ~~service~~
18 ~~station~~ retail motor fuel site during the tax year in
19 excess of sixty percent of all gasoline sold and
20 dispensed through ~~metered~~ motor fuel pumps at that
21 ~~service station~~ retail motor fuel site during the tax
22 year.

23 (3) A taxpayer is not eligible to claim a
24 designated ethanol blended gasoline tax credit as
25 provided in this subsection, if the taxpayer claims
26 any of the following:

27 (a) An ethanol promotion tax credit as provided in
28 section 422.11N or this section.

29 (b) An E-85 promotion tax credit as provided in
30 section 422.110 or this section for the same gallons
31 of ethanol blended gasoline.

32 Sec. 38. Section 422.33, subsection 11, Code
33 Supplement 2005, is amended by adding the following
34 new paragraph:

35 NEW PARAGRAPH. e. This subsection is repealed on
36 January 1, 2007.

37 Sec. 39. Section 422.33, Code Supplement 2005, is
38 amended by adding the following new subsections:

39 NEW SUBSECTION. 11A. The taxes imposed under this
40 division shall be reduced by an ethanol promotion tax
41 credit for each tax year that the taxpayer is eligible
42 to claim the tax credit under this subsection.

43 a. The taxpayer shall claim the tax credit in the
44 same manner as provided in section 422.11N. The
45 taxpayer may claim the tax credit according to the
46 same requirements, for the same amount, and calculated
47 in the same manner, as provided for the ethanol
48 promotion tax credit pursuant to section 422.11N.

49 b. Any ethanol promotion tax credit which is in
50 excess of the taxpayer's tax liability shall be

1 refunded or may be shown on the taxpayer's final,
2 completed return credited to the tax liability for the
3 following tax year in the same manner as provided in
4 section 422.11N.

5 c. This subsection is repealed on January 1, 2026.
6 NEW SUBSECTION. 11B. The taxes imposed under this
7 division shall be reduced by an E-85 gasoline
8 promotion tax credit for each tax year that the
9 taxpayer is eligible to claim the tax credit under
10 this subsection.

11 a. The taxpayer shall claim the tax credit in the
12 same manner as provided in section 422.110. The
13 taxpayer may claim the tax credit according to the
14 same requirements, for the same amount, and calculated
15 in the same manner, as provided for the E-85 gasoline
16 promotion tax credit pursuant to section 422.110.

17 b. Any E-85 gasoline promotion tax credit which is
18 in excess of the taxpayer's tax liability shall be
19 refunded or may be shown on the taxpayer's final,
20 completed return credited to the tax liability for the
21 following tax year in the same manner as provided in
22 section 422.110.

23 c. This subsection is repealed on January 1, 2020.

24 Sec. 40. Section 422.33, Code Supplement 2005, is
25 amended by adding the following new subsection:

26 NEW SUBSECTION. 11C. The taxes imposed under this
27 division shall be reduced by a biodiesel blended fuel
28 tax credit for each tax year that the taxpayer is
29 eligible to claim the tax credit under this
30 subsection.

31 a. The taxpayer may claim the biodiesel blended
32 fuel tax credit according to the same requirements,
33 for the same amount, and calculated in the same
34 manner, as provided for the biodiesel blended fuel tax
35 credit pursuant to section 422.11P.

36 b. Any biodiesel blended fuel tax credit which is
37 in excess of the taxpayer's tax liability shall be
38 refunded or may be shown on the taxpayer's final,
39 completed return credited to the tax liability for the
40 following tax year in the same manner as provided in
41 section 422.11P.

42 c. This subsection is repealed on January 1, 2012.

43 Sec. 41. RETROACTIVE APPLICABILITY DATE. Sections
44 422.11N, 422.110, and 422.11P, as enacted in this Act,
45 and section 422.33, subsections 11A, 11B, and 11C, as
46 enacted in this Act, apply retroactively to tax years
47 beginning on or after January 1, 2006.

48 Sec. 42. TAX CREDIT AVAILABILITY.

49 1. For a retail dealer who may claim a designated
50 ethanol blended gasoline tax credit under section

1 422.11C or 422.33, subsection 11, as amended by this
2 Act, in calendar year 2006 and whose tax year ends
3 prior to December 31, 2006, the retail dealer may
4 continue to claim the tax credit in the retail
5 dealer's following tax year. In that case, the tax
6 credit shall be calculated in the same manner as
7 provided in section 422.11C or 422.33, subsection 11,
8 as amended by this Act, for the remaining period
9 beginning on the first day of the retail dealer's new
10 tax year until December 31, 2006. For that remaining
11 period, the tax credit shall be calculated in the same
12 manner as a retail dealer whose tax year began on the
13 previous January 1 and who is calculating the tax
14 credit on December 31, 2006.

15 2. For a retail dealer who may claim an ethanol
16 promotion tax credit under section 422.11N or 422.33,
17 subsection 11A, as enacted in this Act, in calendar
18 year 2025 and whose tax year ends prior to December
19 31, 2025, the retail dealer may continue to claim the
20 tax credit in the retail dealer's following tax year.
21 In that case, the tax credit shall be calculated in
22 the same manner as provided in section 422.11N or
23 422.33, subsection 11A, as enacted in this Act, for
24 the remaining period beginning on the first day of the
25 retail dealer's new tax year until December 31, 2025.
26 For that remaining period, the tax credit shall be
27 calculated in the same manner as a retail dealer whose
28 tax year began on the previous January 1 and who is
29 calculating the tax credit on December 31, 2025.

30 3. For a retail dealer who may claim an E-85
31 gasoline promotion tax credit under section 422.110 or
32 422.33, subsection 11B, as enacted in this Act, in
33 calendar year 2019 and whose tax year ends prior to
34 December 31, 2019, the retail dealer may continue to
35 claim the tax credit in the retail dealer's following
36 tax year. In that case, the tax credit shall be
37 calculated in the same manner as provided in section
38 422.110 or 422.33, subsection 11B, as enacted in this
39 Act, for the remaining period beginning on the first
40 day of the retail dealer's new tax year until December
41 31, 2019. For that remaining period, the tax credit
42 shall be calculated in the same manner as a retail
43 dealer whose tax year began on the previous January 1
44 and who is calculating the tax credit on December 31,
45 2019.

46 4. For a retail dealer who may claim a biodiesel
47 blended fuel tax credit under section 422.11P or
48 422.33, subsection 11C, as enacted in this Act, in
49 calendar year 2006 and whose tax year ends before
50 December 31, 2006, the retail dealer may claim the tax

1 credit during the period beginning January 1, 2006,
2 and ending on the last day of the retail dealer's tax
3 year, if of the total gallons of diesel fuel that the
4 retail dealer sells and dispenses through all motor
5 fuel pumps during that period, fifty percent or more
6 is biodiesel blended fuel which meets the requirements
7 of section 422.11P or 422.33, subsection 11C, as
8 enacted in this Act.

9 5. For a retail dealer who may claim a biodiesel
10 blended fuel tax credit under section 422.11P or
11 422.33, subsection 11C, as enacted in this Act, in
12 calendar year 2011 and whose tax year ends prior to
13 December 31, 2011, the retail dealer may continue to
14 claim the tax credit in the retail dealer's following
15 tax year. In that case, the tax credit shall be
16 calculated in the same manner as provided in section
17 422.11P or 422.33, subsection 11C, as enacted in this
18 Act, for the remaining period beginning on the first
19 day of the retail dealer's new tax year until December
20 31, 2011. For that remaining period, the tax credit
21 shall be calculated in the same manner as a retail
22 dealer whose tax year began on the previous January 1
23 and who is calculating the tax credit on December 31,
24 2011.

25 DIVISION V

26 PETROLEUM REPLACEMENT INITIATIVE

27 Sec. 43. Section 452A.2, subsection 2, Code
28 Supplement 2005, is amended by striking the subsection
29 and inserting in lieu thereof the following:

30 2. "Biofuel" means the same as defined in section
31 214A.1.

32 Sec. 44. Section 452A.2, Code Supplement 2005, is
33 amended by adding the following new subsections:

34 NEW SUBSECTION. 1A. "Biodiesel" means the same as
35 defined in section 214A.1.

36 NEW SUBSECTION. 1B. "Biodiesel blended fuel"
37 means the same as defined in section 214A.1.

38 NEW SUBSECTION. 9A. "E-85 gasoline" means the
39 same as defined in section 214A.1.

40 NEW SUBSECTION. 10A. "Ethanol" means the same as
41 defined in section 214A.1.

42 NEW SUBSECTION. 13A. "Gasoline" means the same as
43 defined in section 214A.1.

44 NEW SUBSECTION. 19A. "Motor fuel pump" means the
45 same as defined in section 214.1.

46 NEW SUBSECTION. 20A. "Nonethanol blended
47 gasoline" means gasoline other than ethanol blended
48 gasoline.

49 NEW SUBSECTION. 24A. "Retail dealer" means the
50 same as defined in section 214A.1.

1 NEW SUBSECTION. 24B. "Retail motor fuel site"
2 means the same as defined in section 214A.1.

3 Sec. 45. Section 452A.2, subsection 11, Code
4 Supplement 2005, is amended to read as follows:

5 11. "Ethanol blended gasoline" means ~~motor fuel~~
6 ~~containing at least ten percent alcohol distilled from~~
7 ~~cereal grains~~ the same as defined in section 214A.1.

8 Sec. 46. Section 452A.2, subsection 19, unnumbered
9 paragraph 1, Code Supplement 2005, is amended to read
10 as follows:

11 "Motor fuel" means ~~both~~ motor fuel as defined in
12 section 214A.1 and includes all of the following:

13 Sec. 47. Section 452A.3, subsection 1A, Code 2005,
14 is amended by striking the subsection and inserting in
15 lieu thereof the following:

16 1A. Except as otherwise provided in this section
17 and in this division, after June 30, 2007, this
18 subsection shall apply to the excise tax imposed on
19 each gallon of gasoline used for any purpose for the
20 privilege of operating motor vehicles in this state.
21 The amount of the excise tax is the applicable rate
22 multiplied by each gallon of ethanol blended gasoline
23 and nonethanol blended gasoline.

24 a. The applicable rate is the base rate of twenty
25 cents for ethanol blended gasoline and nonethanol
26 blended gasoline.

27 b. By March 1, following each key determination
28 period as provided in section 452A.31, the department
29 shall determine whether the biofuel percentage
30 threshold has been met as provided in section 452A.34.

31 (1) If the biofuel threshold percentage has been
32 met, the applicable rate of the excise tax is the base
33 rate as provided in paragraph "a".

34 (2) If the biofuel threshold percentage has not
35 been met, the applicable rate of the excise tax is a
36 special rate.

37 (a) The special rate is calculated as follows:

38 (i) Multiply the biofuel threshold disparity
39 factor for that key determination period as provided
40 in section 452A.34 by two cents to obtain the
41 resulting product.

42 (ii) Add the resulting product to the base rate as
43 if the biofuel threshold percentage had been met as
44 provided in paragraph "a" to obtain the resulting sum
45 which is the special rate.

46 (b) The special rate shall be effective as
47 follows:

48 (i) If the biofuel threshold percentage has not
49 been met during the first key determination period,
50 the special rate is effective beginning on July 1,

1 2010, and ending on June 30, 2015.

2 (ii) If the biofuel threshold percentage has not
3 been met during the second key determination period,
4 the special rate is effective beginning on July 1,
5 2015, and ending on June 30, 2020.

6 (iii) If the biofuel threshold percentage has not
7 been met during the third key determination period,
8 the special rate is effective beginning on July 1,
9 2020, and ending on June 30, 2025.

10 (iv) If the biofuel threshold percentage has not
11 been met during the fourth key determination period,
12 the special rate is effective on and after July 1,
13 2025.

14 Sec. 48. NEW SECTION. 452A.31 SPECIAL TERMS.

15 For purposes of this division, all of the following
16 shall apply:

17 1. a. A determination period is any twelve-month
18 period beginning on January 1 and ending on December
19 31.

20 b. A key determination period and key
21 determination date are as follows:

22 (1) For the first key determination period, the
23 period beginning January 1 and ending December 31,
24 2009, and for the first key determination date, March
25 1, 2010.

26 (2) For the second key determination period, the
27 period beginning January 1 and ending December 31,
28 2014, and for the second key determination date, March
29 1, 2015.

30 (3) For the third key determination period, the
31 period beginning January 1 and ending December 31,
32 2019, and for the third key determination date, March
33 1, 2020.

34 (4) For the fourth key determination period, the
35 period beginning January 1 and ending December 31,
36 2024, and for the fourth key determination date, March
37 1, 2025.

38 2. a. A retail dealer's total gasoline gallonage
39 is the total number of gallons of gasoline, which the
40 retail dealer sells and dispenses from all motor fuel
41 pumps operated by the retail dealer in this state
42 during a twelve-month period beginning January 1 and
43 ending December 31. The retail dealer's total
44 gasoline gallonage is divided into the following
45 classifications:

46 (1) The total ethanol blended gasoline gallonage
47 which is the retail dealer's total number of gallons
48 of ethanol blended gasoline and which includes all of
49 the following subclassifications:

50 (a) The total E-xx gasoline gallonage which is the

1 total number of gallons of ethanol blended gasoline
2 other than E-85 gasoline.
3 (b) The total E-85 gasoline gallonage which is the
4 total number of gallons of E-85 gasoline.

5 (2) The total nonblended gasoline gallonage which
6 is the total number of gallons of nonblended ethanol
7 gasoline.

8 b. A retail dealer's total ethanol gallonage is
9 the total number of gallons of ethanol which is a
10 component of ethanol blended gasoline which the retail
11 dealer sells and dispenses from motor fuel pumps as
12 provided in paragraph "a" during a twelve-month period
13 beginning January 1 and ending December 31.

14 3. a. A retail dealer's total diesel fuel
15 gallonage is the total number of gallons of diesel
16 fuel, which the retail dealer sells and dispenses from
17 all motor fuel pumps operated by the retail dealer in
18 this state during a twelve-month period beginning
19 January 1 and ending December 31. The retail dealer's
20 total diesel fuel gallonage is divided into the
21 following classifications:

22 (1) The total biodiesel blended fuel gallonage
23 which is the retail dealer's total number of gallons
24 of biodiesel blended fuel.

25 (2) The total nonblended diesel fuel gallonage
26 which is the total number of gallons of diesel fuel
27 which is not biodiesel or biodiesel blended fuel.

28 b. A retail dealer's total biodiesel gallonage is
29 the total number of gallons of biodiesel which may or
30 may not be a component of biodiesel blended fuel, and
31 which the retail dealer sells and dispenses from motor
32 fuel pumps as provided in paragraph "a" during a
33 twelve-month period beginning January 1 and ending
34 December 31.

35 4. a. The aggregate gasoline gallonage is the
36 total number of gallons of gasoline, which all retail
37 dealers sell and dispense from all motor fuel pumps
38 operated by the retail dealers in this state during a
39 twelve-month period beginning January 1 and ending
40 December 31. The aggregate gasoline gallonage is
41 divided into the following classifications:

42 (1) The aggregate ethanol blended gasoline
43 gallonage which is the aggregate total number of
44 gallons of ethanol blended gasoline and which includes
45 all of the following subclassifications:

46 (a) The aggregate E-xx gasoline gallonage which is
47 the aggregate total number of gallons of ethanol
48 blended gasoline other than E-85 gasoline.

49 (b) The aggregate E-85 gasoline gallonage which is
50 the aggregate total number of gallons of E-85

1 gasoline.

2 (2) The aggregate nonblended gasoline gallonage,
3 which is the aggregate number of gallons of nonblended
4 ethanol gasoline.

5 b. The aggregate ethanol gallonage is the total
6 number of gallons of ethanol which is a component of
7 ethanol blended gasoline which all retail dealers sell
8 and dispense from motor fuel pumps as provided in
9 paragraph "a" during a twelve-month period beginning
10 January 1 and ending December 31.

11 5. a. The aggregate diesel fuel gallonage is the
12 total number of gallons of diesel fuel, which all
13 retail dealers sell and dispense from all motor fuel
14 pumps operated by the retail dealers in this state
15 during a twelve-month period beginning January 1 and
16 ending December 31. The aggregate diesel fuel
17 gallonage is divided into the following
18 classifications:

19 (1) The aggregate biodiesel blended fuel gallonage
20 which is the aggregate number of gallons of biodiesel
21 blended fuel.

22 (2) The aggregate nonblended diesel fuel gallonage
23 which is the aggregate number of gallons of diesel
24 fuel which is not biodiesel or biodiesel blended fuel.

25 b. The aggregate biodiesel gallonage is the total
26 number of gallons of biodiesel which may or may not be
27 a component of biodiesel blended fuel, and which all
28 retail dealers sell and dispense from motor fuel pumps
29 as provided in paragraph "a" during a twelve-month
30 period beginning January 1 and ending December 31.

31 6. a. The aggregate ethanol distribution
32 percentage is the aggregate ethanol gallonage
33 expressed as a percentage of the aggregate gasoline
34 gallonage calculated for a twelve-month period
35 beginning January 1 and ending December 31.

36 b. The aggregate per gallon distribution
37 percentage which is the aggregate ethanol blended
38 gasoline gallonage expressed as a percentage of the
39 aggregate gasoline gallonage.

40 7. a. The aggregate biodiesel distribution
41 percentage is the aggregate biodiesel gallonage
42 expressed as a percentage of the aggregate diesel fuel
43 gallonage calculated for a twelve-month period
44 beginning January 1 and ending December 31.

45 b. The aggregate per gallon distribution
46 percentage is the aggregate biodiesel blended fuel
47 gallonage expressed as a percentage of the aggregate
48 diesel fuel gallonage.

49 8. The aggregate biofuel distribution percentage
50 is the sum of the aggregate ethanol gallonage plus the

1 aggregate biodiesel gallonage expressed as a
2 percentage of the sum of the aggregate gasoline
3 gallonage plus the aggregate diesel fuel gallonage.

4 9. a. The biofuel threshold percentage is the
5 aggregate biofuel distribution percentage required to
6 be met during a key determination period as provided
7 in section 452A.34.

8 b. The biofuel threshold percentage disparity is a
9 positive percentage difference obtained by taking the
10 minuend which is the aggregate biofuel distribution
11 percentage and subtracting from it the subtrahend
12 which is the biofuel threshold percentage, as
13 calculated for a key determination period as provided
14 in section 452A.34.

15 c. The biofuel threshold disparity factor is the
16 biofuel threshold percentage disparity expressed as a
17 positive number rounded to the nearest tenth of a
18 whole number.

19 Sec. 49. NEW SECTION. 452A.32 SCHEDULE FOR
20 AVERAGING BIOFUEL CONTENT IN MOTOR FUEL.

21 1. The department shall establish a schedule
22 listing the average amount of ethanol contained in E-
23 85 gasoline as defined in section 214A.1, for use by a
24 retail dealer in calculating the retail dealer's total
25 ethanol gallonage, as provided in section 452A.31. In
26 establishing the schedule, the department shall assume
27 that a retail dealer begins selling and dispensing E-
28 85 gasoline from a motor fuel pump on the first day of
29 a month and ceases selling and distributing E-85
30 gasoline on the last day of a month.

31 2. The department shall establish a schedule
32 listing the average amount of biodiesel contained in
33 biodiesel blended fuel as defined in section 214A.1,
34 for use by a retail dealer in calculating the retail
35 dealer's total biodiesel gallonage, as provided in
36 section 452A.31. In establishing the schedule, the
37 department shall assume that a retail dealer begins
38 selling and dispensing biodiesel blended fuel from a
39 motor fuel pump on the first day of a month and ceases
40 selling and distributing biodiesel blended fuel on the
41 last day of a month.

42 Sec. 50. NEW SECTION. 452A.33 REPORTING
43 REQUIREMENTS.

44 1. a. Each retail dealer shall report its total
45 motor fuel gallonage for a determination period as
46 follows:

47 (1) Its total gasoline gallonage and its total
48 ethanol gallonage, including for each classification
49 and subclassification as provided in section 452A.31.

50 (2) Its total diesel fuel gallonage and its total

1 biodiesel gallonage, including for each classification
2 and subclassification as provided in section 452A.31.

3 b. The retail dealer shall prepare and submit the
4 report in a manner and according to procedures
5 required by the department. The department may
6 require that retail dealers report to the department
7 on an annual, quarterly, or monthly basis.

8 c. The information included in a report submitted
9 by a retail dealer is deemed to be a trade secret,
10 protected as a confidential record pursuant to section
11 22.7.

12 2. On or before February 1 the department shall
13 deliver a report to the governor and the legislative
14 services agency. The report shall compile information
15 reported by retail dealers to the department as
16 provided in this section and shall at least include
17 all of the following:

18 a. (1) The aggregate gasoline gallonage for the
19 previous determination period, including for all
20 classifications and subclassifications as provided in
21 section 452A.31.

22 (2) The aggregate diesel fuel gallonage for the
23 previous determination period, including for all
24 classifications and subclassifications as provided in
25 section 452A.31.

26 b. (1) The aggregate ethanol distribution
27 percentage for the previous determination period.

28 (2) The aggregate biodiesel distribution
29 percentage for the previous determination period.

30 c. (1) The projected aggregate gasoline
31 gallonage, the aggregate ethanol gallonage, and the
32 projected aggregate ethanol distribution percentage,
33 for each future key determination period as provided
34 in section 452A.34.

35 (2) The projected aggregate diesel fuel gallonage,
36 the projected aggregate biodiesel gallonage, and the
37 projected aggregate biodiesel distribution percentage,
38 for each future key determination period as provided
39 in section 452A.34.

40 (3) The projected aggregate biofuel gallonage and
41 the projected aggregate biofuel distribution
42 percentage, for each future key determination period
43 as provided in section 452A.34.

44 d. The biofuel threshold percentage required for
45 the next key determination period as provided in
46 section 452A.34 and any projected biofuel threshold
47 percentage disparity, including the amount of
48 additional biofuel required to be sold and dispensed
49 from all motor fuel pumps located at all retail motor
50 fuel sites in this state in order to meet the next

1 biofuel threshold percentage.

2 e. The report shall not provide information
3 regarding motor fuel or biofuel which is sold and
4 dispensed by an individual retail dealer or at a
5 particular retail motor fuel site. The report shall
6 not include a trade secret protected as a confidential
7 record pursuant to section 22.7.

8 3. On or before February 1 of each year, the state
9 department of transportation shall deliver a report to
10 the governor and the legislative services agency
11 providing information regarding flexible fuel vehicles
12 registered in this state during the previous
13 determination period. The information shall state all
14 of the following:

15 a. The aggregate number of flexible fuel vehicles.

16 b. Of the aggregate number of flexible fuel
17 vehicles, all of the following:

18 (1) The number of flexible fuel vehicles according
19 to the year of manufacture.

20 (2) The number of passenger vehicles and the
21 number of passenger vehicles according to the year of
22 manufacture.

23 (3) The number of light pickup trucks and the
24 number of light pickup trucks according to the year of
25 manufacture.

26 Sec. 51. NEW SECTION. 452A.34 BIOFUEL THRESHOLD
27 PERCENTAGES.

28 1. The department shall determine whether a
29 biofuel threshold percentage has been met on the
30 following key determination dates:

31 a. On March 1, 2010, the department must determine
32 that the aggregate biofuel distribution percentage was
33 at least ten percent in order to meet the first
34 biofuel threshold percentage for the key determination
35 period beginning on January 1, 2009, and ending
36 December 31, 2009.

37 b. On March 1, 2015, the department must determine
38 that the aggregate biofuel distribution percentage was
39 at least fifteen percent in order to meet the second
40 biofuel threshold percentage for the key determination
41 period beginning on January 1, 2014, and ending
42 December 31, 2014.

43 c. On March 1, 2020, the department must determine
44 that the aggregate biofuel distribution percentage was
45 at least twenty percent in order to meet the third
46 biofuel threshold percentage for the key determination
47 period beginning on January 1, 2019, and ending
48 December 31, 2019.

49 d. On March 1, 2025, the department must determine
50 that the aggregate biofuel distribution percentage was

1 at least twenty-five percent in order to meet the
2 fourth biofuel threshold percentage for the key
3 determination period beginning on January 1, 2024, and
4 ending December 31, 2024.

5 2. If on a key determination date, a biofuel
6 threshold percentage has not been met, the department
7 shall calculate the biofuel threshold percentage
8 disparity and the resulting biofuel threshold
9 disparity factor as provided in section 452A.31 which
10 shall be used to determine the special rate of the
11 excise tax imposed on each gallon of nonethanol
12 blended gasoline as provided in section 452A.3.

13 DIVISION VI

14 COORDINATING PROVISIONS -- GOVERNMENT VEHICLES

15 Sec. 52. Section 8A.362, subsection 3, Code 2005,
16 is amended to read as follows:

17 3. a. The director shall provide for a record
18 system for the keeping of records of the total number
19 of miles state-owned motor vehicles are driven and the
20 per-mile cost of operation of each motor vehicle.
21 Every state officer or employee shall keep a record
22 book to be furnished by the director in which the
23 officer or employee shall enter all purchases of
24 gasoline, lubricating oil, grease, and other
25 incidental expense in the operation of the motor
26 vehicle assigned to the officer or employee, giving
27 the quantity and price of each purchase, including the
28 cost and nature of all repairs on the motor vehicle.
29 Each operator of a state-owned motor vehicle shall
30 promptly prepare a report at the end of each month on
31 forms furnished by the director and forwarded to the
32 director, giving the information the director may
33 request in the report. Each month the director shall
34 compile the costs and mileage of state-owned motor
35 vehicles from the reports and keep a cost history for
36 each motor vehicle and the costs shall be reduced to a
37 cost-per-mile basis for each motor vehicle. The
38 director shall call to the attention of an elected
39 official or the head of any state agency to which a
40 motor vehicle has been assigned any evidence of the
41 mishandling or misuse of a state-owned motor vehicle
42 which is called to the director's attention.

43 b. A motor vehicle operated under this subsection
44 shall not operate on gasoline other than ethanol
45 blended gasoline blended with at least ten percent
46 ethanol as defined in section 214A.1, unless under
47 emergency circumstances. A state-issued credit card
48 used to purchase gasoline shall not be valid to
49 purchase gasoline other than ethanol blended gasoline
50 blended with at least ten percent ethanol, if

1 commercially available. The motor vehicle shall also
2 be affixed with a brightly visible sticker which
3 notifies the traveling public that the motor vehicle
4 is being operated on ethanol blended gasoline ~~blended~~
5 ~~with ethanol~~. However, the sticker is not required to
6 be affixed to an unmarked vehicle used for purposes of
7 providing law enforcement or security.

8 Sec. 53. Section 8A.362, subsection 5, paragraph
9 a, subparagraphs (1) and (2), Code 2005, are amended
10 to read as follows:

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

14 (2) ~~A B-20 biodiesel blended fuel which is a~~
15 ~~mixture of diesel fuel and processed soybean oil as~~
16 ~~provided in section 214A.2. At least twenty percent~~
17 ~~of the mixed fuel by volume must be processed soybean~~
18 ~~oil.~~

19 Sec. 54. Section 216B.3, subsection 16, paragraph
20 a, Code 2005, is amended to read as follows:

21 a. A motor vehicle purchased by the commission
22 shall not operate on gasoline other than ethanol
23 blended gasoline ~~blended with at least ten percent~~
24 ~~ethanol as defined in section 214A.1.~~ A state issued
25 credit card used to purchase gasoline shall not be
26 valid to purchase gasoline other than ethanol blended
27 gasoline ~~blended with at least ten percent ethanol.~~
28 The motor vehicle shall also be affixed with a
29 brightly visible sticker which notifies the traveling
30 public that the motor vehicle is being operated on
31 ethanol blended gasoline ~~blended with ethanol.~~

32 However, the sticker is not required to be affixed to
33 an unmarked vehicle used for purposes of providing law
34 enforcement or security.

35 Sec. 55. Section 216B.3, subsection 16, paragraph
36 b, subparagraph (1), subparagraph subdivisions (a) and
37 (b), Code 2005, are amended to read as follows:

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

41 (b) ~~A B-20 biodiesel blended fuel which is a~~
42 ~~mixture of diesel fuel and processed soybean oil as~~
43 ~~provided in section 214A.2. At least twenty percent~~
44 ~~of the mixed fuel by volume must be processed soybean~~
45 ~~oil.~~

46 Sec. 56. Section 260C.19A, subsection 1, Code
47 2005, is amended to read as follows:

48 1. A motor vehicle purchased by or used under the
49 direction of the board of directors to provide
50 services to a merged area shall not operate on

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

10 Sec. 57. Section 260C.19A, subsection 2, paragraph
11 a, subparagraphs (1) and (2), Code 2005, are amended
12 to read as follows:

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

16 (2) ~~A B-20 biodiesel blended fuel which is a~~
17 ~~mixture of diesel fuel and processed soybean oil as~~
18 ~~provided in section 214A.2. At least twenty percent~~
19 ~~of the mixed fuel by volume must be processed soybean~~
20 ~~oil.~~

21 Sec. 58. Section 262.25A, subsection 2, Code 2005,
22 is amended to read as follows:

23 2. A motor vehicle purchased by the institutions
24 shall not operate on gasoline other than ethanol
25 blended gasoline ~~blended with at least ten percent~~
26 ~~ethanol as defined in section 214A.1, unless under~~
27 emergency circumstances. A state-issued credit card
28 used to purchase gasoline shall not be valid to
29 purchase gasoline other than ethanol blended gasoline
30 ~~blended with at least ten percent ethanol if~~
31 commercially available. The motor vehicle shall also
32 be affixed with a brightly visible sticker which
33 notifies the traveling public that the motor vehicle
34 is being operated on ethanol blended gasoline ~~blended~~
35 ~~with ethanol~~. However, the sticker is not required to
36 be affixed to an unmarked vehicle used for purposes of
37 providing law enforcement or security.

38 Sec. 59. Section 262.25A, subsection 3, paragraph
39 a, subparagraphs (1) and (2), Code 2005, are amended
40 to read as follows:

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

44 (2) ~~A B-20 biodiesel blended fuel which is a~~
45 ~~mixture of processed soybean oil and diesel fuel as~~
46 ~~provided in section 214A.2. At least twenty percent~~
47 ~~of the fuel by volume must be processed soybean oil.~~

48 Sec. 60. Section 279.34, Code 2005, is amended to
49 read as follows:

50 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON

1 ~~ETHANOL-BLENDED~~ ETHANOL BLENDED GASOLINE.

2 A motor vehicle purchased by or used under the
3 direction of the board of directors to provide
4 services to a school corporation shall not, on or
5 after January 1, 1993, operate on gasoline other than
6 ethanol blended gasoline ~~blended with at least ten~~
7 ~~percent ethanol~~ as defined in section 214A.1. The
8 motor vehicle shall also be affixed with a brightly
9 visible sticker which notifies the traveling public
10 that the motor vehicle is being operated on ethanol
11 blended gasoline ~~blended with ethanol~~. However, the
12 sticker is not required to be affixed to an unmarked
13 vehicle used for purposes of providing law enforcement
14 or security.

15 Sec. 61. Section 307.21, subsection 4, paragraph
16 d, Code 2005, is amended to read as follows:

17 d. A motor vehicle purchased by the administrator
18 shall not operate on gasoline other than ethanol
19 blended gasoline ~~blended with at least ten percent~~
20 ~~ethanol~~ as defined in section 214A.1. A state-issued
21 credit card used to purchase gasoline shall not be
22 valid to purchase gasoline other than ethanol blended
23 gasoline ~~blended with at least ten percent ethanol~~.
24 The motor vehicle shall also be affixed with a
25 brightly visible sticker which notifies the traveling
26 public that the motor vehicle is being operated on
27 ethanol blended gasoline ~~blended with ethanol~~.
28 However, the sticker is not required to be affixed to
29 an unmarked vehicle used for purposes of providing law
30 enforcement or security.

31 Sec. 62. Section 307.21, subsection 5, paragraph
32 a, subparagraphs (1) and (2), Code 2005, are amended
33 to read as follows:

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

37 (2) ~~A B-20 biodiesel blended fuel which is a~~
38 ~~mixture of processed soybean oil and diesel fuel as~~
39 ~~provided in section 214A.2. At least twenty percent~~
40 ~~of the fuel by volume must be processed soybean oil.~~

41 Sec. 63. Section 331.908, Code 2005, is amended to
42 read as follows:

43 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON
44 ~~ETHANOL-BLENDED~~ ETHANOL BLENDED GASOLINE.

45 A motor vehicle purchased or used by a county to
46 provide county services shall not, ~~on or after January~~
47 ~~1, 1993,~~ operate on gasoline other than ethanol
48 blended gasoline ~~blended with at least ten percent~~
49 ~~ethanol~~ as defined in section 214A.1. The motor
50 vehicle shall also be affixed with a brightly visible

1 sticker which notifies the traveling public that the
2 motor vehicle is being operated on ethanol blended
3 ~~gasoline blended with ethanol~~. However, the sticker
4 is not required to be affixed to an unmarked vehicle
5 used for purposes of providing law enforcement or
6 security.

7 Sec. 64. Section 364.20, Code 2005, is amended to
8 read as follows:

9 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON
10 ~~ETHANOL-BLENDED~~ ETHANOL BLENDED GASOLINE.

11 A motor vehicle purchased or used by a city to
12 provide city services shall not, ~~on or after January~~
13 ~~1, 1993,~~ operate on gasoline other than ethanol
14 blended gasoline blended with at least ten percent
15 ethanol as defined in section 214A.1. The motor
16 vehicle shall also be affixed with a brightly visible
17 sticker which notifies the traveling public that the
18 motor vehicle is being operated on ethanol blended
19 ~~gasoline blended with ethanol~~. However, the sticker
20 is not required to be affixed to an unmarked vehicle
21 used for purposes of providing law enforcement or
22 security.

23 Sec. 65. Section 904.312A, subsection 1, Code
24 2005, is amended to read as follows:

25 1. A motor vehicle purchased by the department
26 shall not operate on gasoline other than ethanol
27 blended gasoline blended with at least ten percent
28 ethanol as defined in section 214A.1. A state-issued
29 credit card used to purchase gasoline shall not be
30 valid to purchase gasoline other than ethanol blended
31 ~~gasoline blended with at least ten percent ethanol~~.
32 The motor vehicle shall also be affixed with a
33 brightly visible sticker which notifies the traveling
34 public that the motor vehicle is being operated on
35 ethanol blended gasoline blended with ethanol.
36 However, the sticker is not required to be affixed to
37 an unmarked vehicle used for purposes of providing law
38 enforcement or security.

39 Sec. 66. Section 904.312A, subsection 2, paragraph
40 a, subparagraphs (1) and (2), Code 2005, are amended
41 to read as follows:

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

45 (2) ~~A B-20 biodiesel blended fuel which is a~~
46 ~~mixture of diesel fuel and processed soybean oil as~~
47 ~~provided in section 214A.2. At least twenty percent~~
48 ~~of the mixed fuel by volume must be processed soybean~~
49 ~~oil.~~

COORDINATING PROVISIONS -- MISCELLANEOUS

1 COORDINATING PROVISIONS -- MISCELLANEOUS
2 Sec. 67. Section 15.401, Code Supplement 2005, is
3 amended to read as follows:

4 15.401 ~~E-85 BLENDED GASOLINE~~ RENEWABLE FUELS.

5 1. As used in this section, unless the context
6 otherwise requires, "biodiesel", "biodiesel blended
7 fuel", "E-85 gasoline", and "retail motor fuel site"
8 mean the same as defined in section 214A.1.

9 2. The department shall provide a cost-share
10 program for financial incentives for the installation
11 or conversion of infrastructure used by ~~service~~
12 stations retail motor fuel sites to do all of the
13 following:

14 a. ~~sell~~ Sell and dispense E-85 ~~blended~~ gasoline
15 and for the installation or conversion of.

16 b. Install or convert infrastructure required to
17 establish on-site and off-site terminal facilities
18 that store biodiesel or biodiesel blended fuel for
19 distribution to ~~service stations~~ retail motor fuel
20 sites.

21 3. The department shall provide for an addition of
22 at least thirty new or converted E-85 gasoline retail
23 outlets and four new or converted on-site or off-site
24 terminal facilities with a maximum expenditure of
25 three hundred twenty-five thousand dollars per year
26 for the fiscal period beginning July 1, 2005, and
27 ending June 30, 2008. The department may provide for
28 the marketing of these products in conjunction with
29 this infrastructure program.

30 Sec. 68. Section 159A.2, Code 2005, is amended by
31 adding the following new subsections:

32 NEW SUBSECTION. 0A. "Biodiesel" and "biodiesel
33 blended fuel" mean the same as defined in section
34 214A.1.

35 NEW SUBSECTION. 3A. "Department" means the
36 department of agriculture and land stewardship.

37 NEW SUBSECTION. 3B. "Ethanol blended gasoline"
38 means the same as defined in section 214A.1.

39 Sec. 69. Section 159A.2, subsection 6, Code 2005,
40 is amended by striking the subsection and inserting in
41 lieu thereof the following:

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

44 Sec. 70. Section 159A.2, subsection 8, Code 2005,
45 is amended by striking the subsection.

46 Sec. 71. Section 159A.3, subsection 3, Code 2005,
47 is amended to read as follows:

48 3. a. A chief purpose of the office is to further
49 the production and consumption of ethanol ~~fuel~~ blended
50 gasoline in this state. The office shall be the

1 primary state agency charged with the responsibility
2 to promote public consumption of ethanol ~~fuel~~ blended
3 gasoline.

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

7 Sec. 72. Section 214A.19, subsection 1, unnumbered
8 paragraph 1, Code 2005, is amended to read as follows:

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

21 Sec. 73. Section 307.20, Code 2005, is amended to
22 read as follows:

23 307.20 BIODIESEL AND BIODIESEL BLENDED FUEL
24 REVOLVING FUND.

25 1. A biodiesel and biodiesel blended fuel
26 revolving fund is created in the state treasury. The
27 biodiesel and biodiesel blended fuel revolving fund
28 shall be administered by the department and shall
29 consist of moneys received from the sale of EPAct
30 credits banked by the department on April 19, 2001,
31 moneys appropriated by the general assembly, and any
32 other moneys obtained or accepted by the department
33 for deposit in the fund. Moneys in the fund are
34 appropriated to and shall be used by the department
35 for the purchase of biodiesel and biodiesel blended
36 fuel for use in department vehicles. The department
37 shall submit an annual report not later than January
38 31 to the members of the general assembly and the
39 legislative services agency, of the expenditures made
40 from the fund during the preceding fiscal year.
41 Section 8.33 does not apply to any moneys in the fund
42 and, notwithstanding section 12C.7, subsection 2,
43 earnings or interest on moneys deposited in the fund
44 shall be credited to the fund.

45 2. A ~~department~~ departmental motor vehicle
46 operating ~~on~~ using biodiesel or biodiesel blended fuel
47 shall be affixed with a brightly visible sticker that
48 notifies the traveling public that the motor vehicle
49 uses biodiesel blended fuel.

50 3. For purposes of this section the following

1 definitions apply:

2 a. ~~"Biodiesel"~~ "Biodiesel" and "biodiesel blended
3 fuel" means soydiesel fuel mean the same as defined in
4 section 159A.2 214A.1.

5 b. "EPAct credit" means a credit issued pursuant
6 to the federal Energy Policy Act (EPAct), 42 U.S.C. §
7 13201 et seq.

8 Sec. 74. Section 452A.2, subsection 3, Code
9 Supplement 2005, is amended to read as follows:

10 3. "Blender" means a person who owns and blends
11 ~~alcohol~~ ethanol with gasoline to produce ethanol
12 blended gasoline and blends the product at a
13 nonterminal location. The ~~blender~~ person is not
14 restricted to blending ~~alcohol~~ ethanol with gasoline.
15 Products blended with gasoline other than ~~grain~~
16 ~~alcohol~~ ethanol are taxed as gasoline. "Blender" also
17 means a person blending two or more special fuel
18 products at a nonterminal location where the tax has
19 not been paid on all of the products blended. This
20 blend is taxed as a special fuel.

21 Sec. 75. Section 452A.2, Code Supplement 2005, is
22 amended by adding the following new subsection:

23 NEW SUBSECTION. 9A. "E-85 gasoline" means the
24 same as defined in section 214A.1.

25 Sec. 76. Section 452A.2, subsection 11, Code
26 Supplement 2005, is amended to read as follows:

27 11. "Ethanol blended gasoline" means ~~motor fuel~~
28 ~~containing at least ten percent alcohol distilled from~~
29 ~~cereal grains~~ the same as defined in section 214A.1.

30 Sec. 77. Section 452A.2, subsection 19, unnumbered
31 paragraph 1, Code Supplement 2005, is amended to read
32 as follows:

33 "Motor fuel" means ~~both~~ motor fuel as defined in
34 section 214A.1 and includes all of the following:

35 Sec. 78. Section 452A.2, subsection 21, Code
36 Supplement 2005, is amended to read as follows:

37 21. "Nonterminal storage facility" means a
38 facility where motor fuel or special fuel, other than
39 liquefied petroleum gas, is stored that is not
40 supplied by a pipeline or a marine vessel.

41 "Nonterminal storage facility" includes a facility
42 that manufactures products such as ~~alcohol~~ ethanol as
43 defined in section 214A.1, biofuel, blend stocks, or
44 additives which may be used as motor fuel or special
45 fuel, other than liquefied petroleum gas, for
46 operating motor vehicles or aircraft.

47 Sec. 79. Section 452A.3, subsection 1B, Code
48 Supplement 2005, is amended to read as follows:

49 1B. An excise tax of seventeen cents is imposed on
50 each gallon of E-85 gasoline, ~~which contains at least~~

1 ~~eighty-five percent denatured alcohol by volume from~~
2 ~~the first day of April until the last day of October~~
3 ~~or seventy percent denatured alcohol from the first~~
4 ~~day of November until the last day of March, used for~~
5 ~~the privilege of operating motor vehicles in this~~
6 ~~state as defined in section 214A.1, subject to the~~
7 ~~determination provided in subsection 1C.~~

8 Sec. 80. Section 452A.6, Code 2005, is amended to
9 read as follows:

10 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS
11 -- BLENDER'S LICENSE.

12 1. a. A person other than a supplier, restrictive
13 supplier, or importer licensed under this division,
14 who blends gasoline with ~~alcohol distilled from cereal~~
15 ~~grains so that the blend contains at least ten percent~~
16 ~~alcohol distilled from cereal grains~~ ethanol as
17 defined in section 214A.1 in order to formulate
18 ethanol blended gasoline, shall obtain a blender's
19 license.

20 b. A person who blends two or more special fuel
21 products or sells one hundred percent biofuel shall
22 obtain a blender's license.

23 2. The A blender's license shall be obtained by
24 following the procedure under section 452A.4 and the
25 blender's license is subject to the same restrictions
26 as contained in that section.

27 3. A blender required to obtain a license pursuant
28 to this section shall maintain records as required by
29 section 452A.10 as to motor fuel, ~~alcohol~~ ethanol,
30 ethanol blended gasoline, and special fuels.

31 DIVISION VIII
32 CHANGE OF TERMS

33 Sec. 81. CHANGE OF TERMS.

34 1. Sections 8A.362, 101.21, 159A.4, 214.1, 214.11,
35 214A.1, 214A.2, 214A.4, 214A.5, 214A.7, 214A.8,
36 214A.9, 214A.10, 214A.16, 214A.17, 214A.18, 306C.11,
37 312.1, 321.56, 423.14, 452A.63, 452A.66, and 452A.78,
38 Code 2005, are amended by striking from the provisions
39 the words "motor vehicle fuel" and inserting the
40 following: "motor fuel".

41 2. Sections 214.1, 214.3, 214.9, 214.11, and
42 214A.16, Code 2005, are amended by striking the words
43 "motor vehicle fuel pump" or "motor vehicle fuel
44 pumps" and inserting the following: "motor fuel pump"
45 or "motor fuel pumps".

46 3. Sections 159A.3 and 214A.17, Code 2005, are
47 amended by striking from the provisions the words
48 "oxygenate octane enhancers" and inserting the
49 following: "oxygenates".

50 4. Sections 214A.1, 214A.4, 214A.5, 214A.7,

S-5180

Page 42

1 214A.8, and 214A.10, Code 2005, are amended by
2 striking from the provisions the words "oxygenate
3 octane enhancer" and inserting the following:
4 "oxygenate".
5 2. Title page, by striking lines 1 through 7 and
6 inserting the following: "An Act relating to
7 renewable fuel and energy, providing incentives for
8 infrastructure used to store and dispense renewable
9 fuel, providing for income tax credits and excise
10 taxes, providing for penalties, and providing
11 effective and applicability dates, including
12 retroactive applicability."

By DAVID JOHNSON
THOMAS RIELLY

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