
LEGAL UPDATE

Legal Services Division



Ground Floor, State Capitol Building

Des Moines, Iowa 50319

515.281.3566

FUEL DISTRIBUTION PERCENTAGE FORMULA REVIEW COMMITTEE MEETING — SEPTEMBER 20, 2019

Purpose. *Legal updates are prepared by the nonpartisan Legal Services Division of the Legislative Services Agency. A legal update is intended to provide legislators, legislative staff, and other persons interested in legislative matters with summaries of recent meetings, court decisions, Attorney General Opinions, regulatory actions, federal actions, and other occurrences of a legal nature that may be pertinent to the General Assembly's consideration of a topic. Although an update may identify issues for consideration by the General Assembly, it should not be interpreted as advocating any particular course of action.*

Co-chairperson: Senator Tim L. Kapucian

Co-chairperson: Representative David E. Maxwell

Background. The Fuel Distribution Percentage Formula Review Committee was established as a permanent statutory committee pursuant to Iowa Code section 452A.3(1)(c). The committee is composed of six members of the General Assembly, consisting of three members from each chamber. The committee is required to conduct a review of the fuel distribution percentage formulas and submit a status report to the General Assembly no later than January 1, 2020, with additional reports due every sixth year thereafter.

Procedural Business. The meeting was called to order at 10:01 a.m. in Room 103 of the State Capitol. The committee elected Senator Kapucian and Representative Maxwell permanent Co-chairpersons and adopted procedural rules. The Co-chairpersons made opening remarks.

Presentation – Iowa Department of Transportation (DOT) and Iowa Department of Revenue (DOR). Mr. Mark Lowe, Director, DOT, Mr. Shawn Majors, Program Management Bureau, DOT, Mr. Tim Reilly, Policy Director for Sales and Excise Tax, DOR, and Mr. Scott Fitzgerald, Statistical Research Analyst, DOR, made a presentation to the committee regarding the following: the purpose, history, and fiscal impact of the variable tax rates for ethanol-blended gasoline and biodiesel fuel; significant fuel price changes over the previous six-year period; advances in technology including the use of E-15 blends and the manufacture of renewable diesel fuel; and the effect on the variable tax rates due to blending practices and the calculation of the distribution percentage based on the monthly fuel transportation reports rather than the annual retailers reports.

Public Comment. The committee received public comment from Ms. Dawn Carlson, President & CEO, Fuellowa; Mr. Nathan Hohnstein, Policy Director, Iowa Renewable Fuels Association; and Mr. Monte Shaw, Executive Director, Iowa Renewable Fuels Association. In addition, the committee received public comment through submissions in writing from the Iowa Biodiesel Board and a collection of biofuels producers and industry partners. The public comments submitted in writing will be posted on the committee's Internet site.

Committee Discussion. The committee discussed and asked questions regarding the annual retailers reports, the sunset on the variable tax rates, and the impact on the Road Use Tax Fund. The committee recommended forwarding the committee's final report to the General Assembly for further discussion. The meeting adjourned at 11:11 a.m.

LSA Staff Contacts: Nicholas Schroeder, 515.725.7323 or nicholas.schroeder@legis.iowa.gov;
Mitch O'Hara, Legal Services, 515.725.0479 or mitch.ohara@legis.iowa.gov

Internet Site: www.legis.iowa.gov/committees/committee?endYear=2019&groupID=33680

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