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FILED MAR 9 1982

SENATE FILE 2251

BY COMMITTEE ON WAYS AND MEANS

(FORMERLY SSB 2230)

Approved (p. 654)

Passed Senate, Date April 14, 1982 (p. 1206) Passed House, Date _____
Vote: Ayes 45 Nays 0 Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to natural gas as a special fuel and providing
2 for the payment of the tax for the use thereof, requiring
3 notice of changes in motor vehicle fuel type, requiring
4 identification of vehicles using special fuels, and
5 controlling the delivery of liquefied petroleum gas.

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

SENATE FILE 2251

S-5586

- 1 Amend Senate File 2251 as follows:
- 2 1. Page 1, line 3, by striking the words "Whenever
- 3 an" and inserting in lieu thereof the word "When".
- 4 2. Page 1, line 4, by inserting after the word
- 5 "registration" the words "on or after December 1,
- 6 1982,".
- 7 3. Page 3, line 4, by inserting after the word
- 8 "Iowa" the words "on or after March 15, 1983".
- 9 4. Page 3, line 7, by inserting after the word
- 10 "tank" the words "or unless the motor vehicle is
- 11 registered under chapter 326".

S-5586 FILED & ADOPTED BY EDGAR H. HOLDEN
APRIL 14, 1982 (p. 1205)

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1 Section 1. Section 321.40, Code 1981, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. Whenever an application is made
4 for the renewal of a motor vehicle registration the person
5 in whose name the registration is recorded shall notify the
6 county treasurer of the type of fuel used by the vehicle if
7 the type of fuel used is different from that which is shown
8 on the registration receipt. If a motor vehicle registration
9 indicates that the vehicle uses or may use a special fuel
10 as defined in chapter 324 the county treasurer shall issue
11 a special fuel user identification sticker. The person who
12 owns or controls the vehicle shall affix the sticker in a
13 prominent place on the vehicle adjacent to the place where
14 the special fuel is delivered into the motor vehicle fuel
15 supply tank.

16 Sec. 2. Section 321.41, Code 1981, is amended by adding
17 the following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. When a motor vehicle is modified
19 to use a different fuel type or to use more than one fuel
20 type the person in whose name the vehicle is registered shall
21 within thirty days notify the county treasurer of the county
22 in which the registration of the vehicle is of record of the
23 new fuel type or alternative fuel types. The county treasurer
24 shall make the record of such changes available to the
25 department of revenue. If the vehicle uses or may use a
26 special fuel the county treasurer shall issue a special fuel
27 identification sticker.

28 Sec. 3. Section 324.33, subsection 2, Code 1981, is amended
29 to read as follows:

30 2. "Use" means the receipt, delivery or placing of special
31 fuels by a special fuel user into a supply fuel tank of a
32 motor vehicle while the vehicle is in this state or delivered
33 into a motor vehicle special fuel holding tank, except that
34 with respect to natural gas used as a special fuel "use" means
35 the receipt, delivery or placing of the natural gas into

1 equipment for compressing the gas for subsequent delivery
2 into the fuel supply tank of a motor vehicle.

3 Sec. 4. Section 324.33, subsection 5, Code 1981, is amended
4 to read as follows:

5 5. "Licensed special fuel user" means and includes any
6 person licensed by the department who dispenses special fuel,
7 upon which the special fuel tax has not been previously paid,
8 for highway use from bulk sources owned and controlled by
9 the person into the fuel supply tank of a motor vehicle or
10 commercial motor vehicle owned or controlled by the person.
11 A licensed special fuel user shall make bulk purchases of
12 special fuel for highway use only from a licensed special
13 fuel distributor, except that a licensed special fuel user
14 may purchase natural gas for highway use as a special fuel
15 from the piped distribution system of a public utility or
16 a pipeline company. The sale of natural gas by a public
17 utility or a pipeline company is not a sale of special fuel
18 requiring a special fuel distributor's license.

19 Sec. 5. Section 324.34, Code 1981, is amended by adding
20 the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. For natural gas used as a special
22 fuel the rate of tax that is equivalent to the motor fuel
23 tax shall be ten and one-half cents per hundred cubic feet
24 adjusted to a base temperature of sixty degrees Fahrenheit
25 and a pressure of fourteen and seventy-three hundredths pounds
26 per square inch absolute. The tax on natural gas shall attach
27 at the time of delivery into equipment for compressing the
28 gas for subsequent delivery into the fuel supply tank of a
29 motor vehicle and shall be paid over to the department of
30 revenue by the person operating the compressing equipment
31 under the applicable provisions for users or dealers. Natural
32 gas used as a special fuel shall be delivered into compressing
33 equipment through sealed meters certified for accuracy by
34 the department of agriculture.

35 Sec. 6. Section 324.34, Code 1981, is amended by adding

1 the following new unnumbered paragraph:

-2 NEW UNNUMBERED PARAGRAPH. A person shall not deliver any
3 special fuel into the fuel supply tank of a motor vehicle
4 registered in Iowa unless there is a special fuel user
5 identification sticker affixed in a prominent place on the
6 vehicle adjacent to the place where the special fuel is
7 delivered into the tank.

8 Sec. 7. Section 324.34, Code 1981, is amended by adding
9 the following new unnumbered paragraph:

10 NEW UNNUMBERED PARAGRAPH. Except for deliveries to a
11 licensed special fuel dealer or licensed special fuel user
12 or deliveries on which the special fuel tax is paid at the
13 time of delivery it is unlawful to deliver liquefied petroleum
14 gas into any tank which has a valve or other outlet capable
15 of transferring the liquefied petroleum gas into the fuel
16 supply tank of a motor vehicle unless the person making the
17 delivery receives a written statement from the recipient of
18 the fuel which states that the recipient knows that the use
19 of liquefied petroleum gas for highway purposes is unlawful.

20 EXPLANATION

21 Section 1 requires that county treasurers be notified upon
22 renewal of registration of motor vehicle fuel type. It also
23 provides for a special fuel user identification sticker to
24 be placed on the vehicle.

25 Section 2 requires that county treasurers be notified when
26 the fuel type of a motor vehicle is changed.

27 Section 3 changes the definition of the term "use" to allow
28 for the measurement of natural gas before it has been
29 compressed.

30 Section 4 changes the definition of the term "licensed
31 special fuel user" to allow for the purchase by a user of
32 natural gas from a public utility or pipeline company for
33 use as a special fuel.

34 Section 5 provides a tax rate and a method for collecting
35 the tax for natural gas used as a special fuel. There is

1 presently no rate set for fuels that are sold in a form other
2 than liquid. The rate of ten and one-half cents per hundred
3 cubic feet is the equivalent in terms of energy to the thirteen
4 cent per gallon rate for motor fuels. Refunds for sales tax
5 paid are provided for in existing law.

6 Section 6 prohibits the placing of special fuels into a
7 motor vehicle that does not bear a special fuel user
8 identification sticker.

9 Section 7 requires that liquid propane truck drivers obtain
10 a statement from customers other than license holders stating
11 that they know the fuel cannot legally be used for highway
12 purposes. This section applies only to deliveries into tanks
13 equipped to transfer the fuel to a motor vehicle.

14 The bill takes effect July 1 following enactment.

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SENATE FILE 2251
FISCAL NOTE

REQUESTED BY SENATOR CRAFT

In compliance with a written request there is hereby submitted a Fiscal Note for Senate File 2251 pursuant to Joint Rule 16.

S.F. 2251, An Act relating to natural gas as a special fuel and providing for the payment of the tax for use thereof, requiring notice of changes in motor vehicle fuel type, requiring identification of vehicles using special fuels, and controlling the delivery of liquefied petroleum gas.

The bill provides that county treasurers be notified of motor vehicle fuel type upon renewal of registration of the vehicle and if the fuel type of a motor vehicle is changed. It also provides for a special fuel user identification sticker to be placed on the vehicle and the placing of special fuels into a motor vehicle that does not bear a special fuel user identification sticker is prohibited. Liquid propane truck drivers must obtain a statement from customers other than license holders (for those deliveries into tanks equipped to transfer the fuel to a motor vehicle) stating that they know the fuel cannot be used for highway purposes.

Additionally, using specified definitions, S.F. 2251 provides a tax rate and a method for collecting the tax for natural gas used as a special fuel. The rate of 10½¢ per 100 cubic feet is the equivalent in terms of energy to the 13¢ per gallon rate for grades of gasoline other than gasohol. Refunds for sales tax paid are provided for in existing law.

The bill takes effect July 1 following enactment.

There is currently no rate set for fuels that are sold in a form other than liquid. Research indicates that only tax-exempt fleets are using natural gas as a motor fuel at the present time, thus the fiscal effect of the bill is minimal. While the fiscal effect could change with consumers changing fuel useage to natural gas, no specific fiscal estimate is possible at this time.

FILED:
MARCH 15, 1982

BY GERRY RANKIN, FISCAL DIRECTOR

1 Section 1. Section 321.40, Code 1981, is amended by adding
2 the following new unnumbered paragraph:

3 NEW UNNUMBERED PARAGRAPH. When application is made for
4 the renewal of a motor vehicle registration on or after
5 December 1, 1982, the person in whose name the registration
6 is recorded shall notify the county treasurer of the type
7 of fuel used by the vehicle if the type of fuel used is
8 different from that which is shown on the registration receipt.
9 If a motor vehicle registration indicates that the vehicle
10 uses or may use a special fuel as defined in chapter 324 the
11 county treasurer shall issue a special fuel user identification
12 sticker. The person who owns or controls the vehicle shall
13 affix the sticker in a prominent place on the vehicle adjacent
14 to the place where the special fuel is delivered into the
15 motor vehicle fuel supply tank.

16 Sec. 2. Section 321.41, Code 1981, is amended by adding
17 the following new unnumbered paragraph:

18 NEW UNNUMBERED PARAGRAPH. When a motor vehicle is modified
19 to use a different fuel type or to use more than one fuel
20 type the person in whose name the vehicle is registered shall
21 within thirty days notify the county treasurer of the county
22 in which the registration of the vehicle is of record of the
23 new fuel type or alternative fuel types. The county treasurer
24 shall make the record of such changes available to the
25 department of revenue. If the vehicle uses or may use a
26 special fuel the county treasurer shall issue a special fuel
27 identification sticker.

28 Sec. 3. Section 324.33, subsection 2, Code 1981, is amended
29 to read as follows:

30 2. "Use" means the receipt, delivery or placing of special
31 fuels by a special fuel user into a supply fuel tank of a
32 motor vehicle while the vehicle is in this state or delivered
33 into a motor vehicle special fuel holding tank, except that
34 with respect to natural gas used as a special fuel "use" means
35 the receipt, delivery or placing of the natural gas into

1 equipment for compressing the gas for subsequent delivery
2 into the fuel supply tank of a motor vehicle.

3 Sec. 4. Section 324.33, subsection 5, Code 1981, is amended
4 to read as follows:

5 5. "Licensed special fuel user" means and includes any
6 person licensed by the department who dispenses special fuel,
7 upon which the special fuel tax has not been previously paid,
8 for highway use from bulk sources owned and controlled by
9 the person into the fuel supply tank of a motor vehicle or
10 commercial motor vehicle owned or controlled by the person.
11 A licensed special fuel user shall make bulk purchases of
12 special fuel for highway use only from a licensed special
13 fuel distributor, except that a licensed special fuel user
14 may purchase natural gas for highway use as a special fuel
15 from the piped distribution system of a public utility or
16 a pipeline company. The sale of natural gas by a public
17 utility or a pipeline company is not a sale of special fuel
18 requiring a special fuel distributor's license.

19 Sec. 5. Section 324.34, Code 1981, is amended by adding
20 the following new unnumbered paragraph:

21 NEW UNNUMBERED PARAGRAPH. For natural gas used as a special
22 fuel the rate of tax that is equivalent to the motor fuel
23 tax shall be ten and one-half cents per hundred cubic feet
24 adjusted to a base temperature of sixty degrees Fahrenheit
25 and a pressure of fourteen and seventy-three hundredths pounds
26 per square inch absolute. The tax on natural gas shall attach
27 at the time of delivery into equipment for compressing the
28 gas for subsequent delivery into the fuel supply tank of a
29 motor vehicle and shall be paid over to the department of
30 revenue by the person operating the compressing equipment
31 under the applicable provisions for users or dealers. Natural
32 gas used as a special fuel shall be delivered into compressing
33 equipment through sealed meters certified for accuracy by
34 the department of agriculture.

35 Sec. 6. Section 324.34, Code 1981, is amended by adding

1 the following new unnumbered paragraph:

2 NEW UNNUMBERED PARAGRAPH. A person shall not deliver any
3 special fuel into the fuel supply tank of a motor vehicle
4 registered in Iowa on or after March 15, 1983 unless there
5 is a special fuel user identification sticker affixed in a
6 prominent place on the vehicle adjacent to the place where
7 the special fuel is delivered into the tank or unless the
8 motor vehicle is registered under chapter 326.

9 Sec. 7. Section 324.34, Code 1981, is amended by adding
10 the following new unnumbered paragraph:

11 NEW UNNUMBERED PARAGRAPH. Except for deliveries to a
12 licensed special fuel dealer or licensed special fuel user
13 or deliveries on which the special fuel tax is paid at the
14 time of delivery it is unlawful to deliver liquefied petroleum
15 gas into any tank which has a valve or other outlet capable
16 of transferring the liquefied petroleum gas into the fuel
17 supply tank of a motor vehicle unless the person making the
18 delivery receives a written statement from the recipient of
19 the fuel which states that the recipient knows that the use
20 of liquefied petroleum gas for highway purposes is unlawful.

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SENATE FILE 2251

AN ACT

RELATING TO NATURAL GAS AS A SPECIAL FUEL AND PROVIDING FOR THE PAYMENT OF THE TAX FOR THE USE THEREOF, REQUIRING NOTICE OF CHANGES IN MOTOR VEHICLE FUEL TYPE, REQUIRING IDENTIFICATION OF VEHICLES USING SPECIAL FUELS, AND CONTROLLING THE DELIVERY OF LIQUEFIED PETROLEUM GAS.

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

Section 1. Section 321.40, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. When application is made for the renewal of a motor vehicle registration on or after December 1, 1982, the person in whose name the registration is recorded shall notify the county treasurer of the type of fuel used by the vehicle if the type of fuel used is different from that which is shown on the registration receipt. If a motor vehicle registration indicates that the vehicle uses or may use a special fuel as defined in chapter 324 the county treasurer shall issue a special fuel user identification sticker. The person who owns or controls the vehicle shall affix the sticker in a prominent place on the vehicle adjacent to the place where the special fuel is delivered into the motor vehicle fuel supply tank.

Sec. 2. Section 321.41, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. When a motor vehicle is modified to use a different fuel type or to use more than one fuel type the person in whose name the vehicle is registered shall within thirty days notify the county treasurer of the county in which the registration of the vehicle is of record of the new fuel type or alternative fuel types. The county treasurer shall make the record of such changes available to the department of revenue. If the vehicle uses or may use a special fuel the county treasurer shall issue a special fuel identification sticker.

Sec. 3. Section 324.33, subsection 2, Code 1981, is amended to read as follows:

2. "Use" means the receipt, delivery or placing of special fuels by a special fuel user into a supply fuel tank of a motor vehicle while the vehicle is in this state or delivered into a motor vehicle special fuel holding tank, except that with respect to natural gas used as a special fuel "use" means the receipt, delivery or placing of the natural gas into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a motor vehicle.

Sec. 4. Section 324.33, subsection 5, Code 1981, is amended to read as follows:

5. "Licensed special fuel user" means and includes any person licensed by the department who dispenses special fuel, upon which the special fuel tax has not been previously paid, for highway use from bulk sources owned and controlled by the person into the fuel supply tank of a motor vehicle or commercial motor vehicle owned or controlled by the person. A licensed special fuel user shall make bulk purchases of special fuel for highway use only from a licensed special fuel distributor, except that a licensed special fuel user may purchase natural gas for highway use as a special fuel from the piped distribution system of a public utility or a pipeline company. The sale of natural gas by a public utility or a pipeline company is not a sale of special fuel requiring a special fuel distributor's license.

Sec. 5. Section 324.34, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. For natural gas used as a special fuel the rate of tax that is equivalent to the motor fuel tax shall be ten and one-half cents per hundred cubic feet adjusted to a base temperature of sixty degrees Fahrenheit and a pressure of fourteen and seventy-three hundredths pounds per square inch absolute. The tax on natural gas shall attach at the time of delivery into equipment for compressing the gas for subsequent delivery into the fuel supply tank of a motor vehicle and shall be paid over to the department of revenue by the person operating the compressing equipment under the applicable provisions for users or dealers. Natural gas used as a special fuel shall be delivered into compressing equipment through sealed meters certified for accuracy by the department of agriculture.

Sec. 6. Section 324.34, Code 1981, is amended by adding the following new unnumbered paragraph:

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Sec. 7. Section 324.34, Code 1981, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. Except for deliveries to a licensed special fuel dealer or licensed special fuel user or deliveries on which the special fuel tax is paid at the time of delivery it is unlawful to deliver liquefied petroleum gas into any tank which has a valve or other outlet capable of transferring the liquefied petroleum gas into the fuel supply tank of a motor vehicle unless the person making the delivery receives a written statement from the recipient of

the fuel which states that the recipient knows that the use of liquefied petroleum gas for highway purposes is unlawful.

TERRY E. BRANSTAD
President of the Senate

DELWYN STROMER
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2251, Sixty-ninth General Assembly.

K. MARIE THAYER
Secretary of the Senate

Approved May 12, 1982

ROBERT D. RAY
Governor