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SSB 1090
Natural Resources
& Environment
Succeeded By
BY (PROPOSED COMMITTEE ON PHF 400)
NATURAL RESOURCES AND
ENVIRONMENT BILL BY
CHAIRPERSON BARTZ)

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

A BILL FOR

1 An Act providing for a healthy environmental and value-added
2 energy initiative, providing for tax revenues, the allocation
3 of moneys, and making penalties applicable.

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

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1 Section 1. HEAVEN INITIATIVE. This Act shall be known and
2 may be cited as the "healthy environmental and value-added
3 energy initiative."

4 1. The general assembly finds and declares all of the
5 following:

6 a. A significant amount of this state's air pollution is
7 caused by vehicles emitting a variety of petroleum-based
8 pollutants, including benzene and other aromatics, nitrous
9 oxides, particulate matter in the forms of smoke and soot,
10 carbon monoxide, and carbon dioxide.

11 b. Motor vehicle fuel that contains three and five tenths
12 percent oxygen enhances octane levels and provides more oxygen
13 for fuel combustion resulting in reduced levels of hazardous
14 emissions such as carbon monoxide and providing citizens of
15 this state with healthier air to breathe.

16 c. The state must capture the greatest benefit from
17 opportunities created by industries manufacturing high value-
18 added products derived from abundant resources of this state,
19 which may be used to transform alternative motor vehicle fuels
20 into conventional motor vehicle fuels.

21 2. The purpose of this Act is to protect the public
22 health, preserve this state's natural environment, and
23 encourage the manufacture of compatible value-added products.

24 Sec. 2. Section 15.333, Code 1999, is amended to read as
25 follows:

26 15.333 INVESTMENT TAX CREDIT.

27 1. An eligible business may claim a corporate tax credit
28 up to a maximum of ten percent of the new investment which is
29 directly related to new jobs created by the location or
30 expansion of an eligible business under the program. Any
31 credit in excess of the tax liability for the tax year may be
32 credited to the tax liability for the following seven years or
33 until depleted, whichever occurs earlier.

34 2. a. If an eligible business provides for the processing
35 of agricultural commodities into value-added agricultural

1 products, the business may elect to fully transfer its
2 investment tax credit to other taxpayers of this state.

3 b. If the eligible business is a partnership, subchapter S
4 corporation, limited liability company, or estate or trust
5 electing to have the income taxed directly to the individual,
6 an individual may claim the tax credit allowed. The amount
7 claimed by the individual shall be based upon the pro rata
8 share of the individual's earnings of the partnership,
9 subchapter S corporation, limited liability company, or estate
10 or trust.

11 3. For purposes of this section, "new investment directly
12 related to new jobs created by the location or expansion of an
13 eligible business under the program" means the cost of
14 machinery and equipment, as defined in section 427A.1,
15 subsection 1, paragraphs "e" and "j", purchased for use in the
16 operation of the eligible business, the purchase price of
17 which has been depreciated in accordance with generally
18 accepted accounting principles, and the cost of improvements
19 made to real property which is used in the operation of the
20 eligible business and which receives a partial property tax
21 exemption for the actual value added under section 15.332.

22 Sec. 3. Section 214A.1, Code 1999, is amended to read as
23 follows:

24 214A.1 DEFINITIONS.

25 The following definitions shall apply to the various terms
26 used in this chapter:

27 1. "A.S.T.M." means the American society for testing and
28 materials.

29 ~~2.--"Motor-vehicle-fuel"--means-a-substance-or-combination~~
30 ~~of-substances-which-is-intended-to-be-or-is-capable-of-being~~
31 ~~used-for-the-purpose-of-propelling-or-running-by-combustion~~
32 ~~any-internal-combustion-engine-and-is-kept-for-sale-or-sold~~
33 ~~for-that-purpose.--The-products-commonly-known-as-kerosene-and~~
34 ~~distillate-or-petroleum-products-of-lower-gravity-(Baume~~
35 ~~scale)-,when-not-used-to-propel-a-motor-vehicle-or-for~~

1 ~~compounding or combining with a motor vehicle fuel, are exempt~~
2 ~~from this chapter except as provided in section 214A.2A.~~

3 2. "Dealer" means a retail dealer or a wholesale dealer.

4 3. "Dispense" means to do any of the following:

5 a. Sell motor vehicle fuel on a retail basis.

6 b. Place motor vehicle fuel in the fuel tank of a motor
7 vehicle or small engine for the operation of that motor
8 vehicle or small engine.

9 c. Place motor vehicle fuel in or remove motor vehicle
10 fuel from a motor vehicle fuel container, including for
11 storage in a motor vehicle fuel storage tank or transfer by
12 motor vehicle storage tank piping.

13 4. "Fiberglass motor vehicle fuel storage tank" or
14 "fiberglass storage tank" means a motor vehicle fuel storage
15 tank that is fiberglass or fiberglass lined when manufactured.

16 5. "Gasoline" means a motor vehicle fuel which is not any
17 of the following:

18 a. Diesel fuel.

19 b. Aviation gasoline or special fuel as defined in section
20 452A.2.

21 6. "Gasoline station" means the location of a profit or
22 nonprofit business where gasoline is dispensed by a retail
23 dealer.

24 7. "Motor vehicle" means a self-propelled vehicle that
25 operates using gasoline, including but not limited to any of
26 the following:

27 a. An automobile as defined in section 321.1.

28 b. A motor truck as defined in section 321.1.

29 c. A motor bus as used in section 452A.57.

30 d. A motorcycle as defined in section 321.1.

31 e. A watercraft as defined in section 462A.2.

32 f. An off-road vehicle which is a snowmobile or an all-
33 terrain vehicle as defined in section 321G.1.

34 8. "Motor vehicle fuel" means the same as defined in
35 section 214.1.

1 9. "Motor vehicle fuel container" means a container used
2 for the temporary storage of motor vehicle fuel by the
3 consumer of that motor vehicle fuel.

4 10. "Motor vehicle fuel pump" or "pump" means the same as
5 defined in section 214.1.

6 11. "Motor vehicle fuel storage tank equipment" or
7 "storage tank equipment" means a motor vehicle fuel storage
8 tank and motor vehicle fuel storage tank piping.

9 12. "Motor vehicle fuel storage tank" or "storage tank"
10 means a tank that is a fixture on the surface or underground
11 on the premises of a gasoline station, if the tank and piping
12 are used to store and dispense gasoline to customers on a
13 retail basis.

14 13. "Motor vehicle fuel storage tank piping" or "storage
15 tank piping" means any rigid or flexible piping used to
16 transport motor vehicle fuel from a motor vehicle fuel storage
17 tank to a motor vehicle storage tank pump.

18 ~~3-~~ 14. "Oxygenate octane enhancer" means oxygen-containing
19 compounds, including but not limited to alcohols, ethers, or
20 ethanol.

21 15. "Oxygenated gasoline" means gasoline that contains an
22 oxygenate octane enhancer as provided in section 214A.2.

23 16. "Qualified motor vehicle" means a motor vehicle that
24 is any of the following:

- 25 a. A watercraft.
- 26 b. A motorcycle.
- 27 c. An antique vehicle registered under section 321.115.
- 28 d. An off-road vehicle that is a snowmobile or an all-
29 terrain vehicle.

30 17. "Raceway" means an enclosed area in which there is
31 located a public or private road used for racing.

32 ~~4-~~ 18. "Retail dealer" shall-mean-and-include-any means a
33 person, firm, partnership, association, or corporation who
34 operates, maintains, or conducts, either in person, or by any
35 agent, employee, or servant, any place of business, filling

1 station, pump station, or tank wagon, from which any motor
2 vehicle fuel, as defined herein, is sold or offered for sale,
3 at retail, or to the final or ultimate consumer.

4 5. 19. "Wholesale dealer" shall mean and include any means
5 a person, firm, partnership, association, or corporation,
6 other than a retail dealers as defined in subsection 3 of this
7 section, who sells, keeps, or holds, for sale, or purchase
8 provides motor vehicle fuel for the purpose of sale within
9 this state, any motor vehicle fuel.

10 20. "Unoxygenated gasoline" means gasoline other than
11 oxygenated gasoline.

12 Sec. 4. Section 214A.2, subsection 1, Code 1999, is
13 amended to read as follows:

14 1. a. The secretary department shall adopt rules pursuant
15 to chapter 17A for carrying out this chapter. The rules may
16 shall include, but are not limited to, establishing
17 specifications relating to motor vehicle fuel or oxygenate
18 octane enhancers.

19 b. In the interest of uniformity, the secretary department
20 shall adopt rules, by reference or otherwise, to establish
21 specifications relating to tests and standards for motor
22 vehicle fuel or oxygenate octane enhancers, established. The
23 specifications shall be based on those established by the
24 American society for testing and materials (A.S.T.M.), unless
25 the secretary department determines that those specifications
26 are inconsistent with this chapter or are not appropriate to
27 the conditions which exist in this state.

28 c. The department shall not use Reid vapor pressure tests
29 more frequently to test oxygenated gasoline than customarily
30 required to test unoxygenated gasoline.

31 Sec. 5. Section 214A.2, Code 1999, is amended by adding
32 the following new subsection:

33 NEW SUBSECTION. 1A. An oxygenated gasoline must contain
34 at least three and five-tenths percent oxygen by weight.

35 Sec. 6. Section 214A.2A, Code 1999, is amended to read as

1 follows:

2 214A.2A KEROSENE LABELING AND LOW GRAVITY PETROLEUM
3 PRODUCTS.

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

10 2. Kerosene and distillate or petroleum products of lower
11 gravity (Baume scale), when not used to propel a motor vehicle
12 or compounded or combined with a motor vehicle fuel, are
13 exempt from this chapter.

14 Sec. 7. Section 214A.16, Code 1999, is amended to read as
15 follows:

16 214A.16 NOTICE OF BLENDED FUEL---DECAL ON MOTOR VEHICLE
17 FUEL PUMPS.

18 1. ~~All motor vehicle fuel kept, offered, or exposed for~~
19 ~~sale, or sold at retail containing over~~ A retail dealer shall
20 place a decal on the motor vehicle fuel pump that dispenses
21 motor vehicle fuel identifying the fuel as follows:

22 a. If the motor vehicle fuel is gasoline containing more
23 than one percent ethanol, methanol, or any combination of
24 oxygenate octane enhancers shall be identified as "with"
25 either the decal shall identify the gasoline as containing
26 "ethanol", "methanol", "ethanol/methanol", or similar wording
27 on a decal.

28 b. If the motor vehicle fuel is unoxygenated gasoline, the
29 decal shall state the following: "Nonoxygenated gasoline only
30 for use in antique vehicles, off-road vehicles, motorcycles,
31 watercraft, or small engines."

32 c. ~~All~~ If the motor vehicle fuel is diesel fuel kept
33 ~~offered, or exposed for sale, or sold at retail~~ containing
34 over more than one percent soybean oil by volume the decal
35 shall be identified shall identify the diesel fuel as "with

1 soydiesel" or similar wording on a decal.

2 2. The design and location of the decals shall be
3 prescribed by rules adopted by the department. The department
4 shall adopt the rules to be effective by January 1, 1995 2000.
5 A decal identifying a renewable fuel shall be consistent with
6 standards adopted pursuant to section 159A.6. ~~Until the~~
7 ~~department-establishes-standards-for-decals, the wording shall~~
8 ~~be-on-a-white-adhesive-decal-with-black-letters-at-least-one-~~
9 ~~half-inch-high-and-at-least-one-quarter-inch-wide-placed~~
10 ~~between-thirty-and-forty-inches-above-the-driveway-level-on~~
11 ~~the-front-sides-of-any-container-or-pump-from-which-the-motor~~
12 ~~fuel-is-sold.~~ The department may approve an application to
13 place a decal in a special location on a pump or container or
14 use a decal with special lettering or colors, if the decal
15 appears clear and conspicuous to the consumer. The
16 application shall be made in writing pursuant to procedures
17 adopted by the department. Designs for a decal identifying a
18 renewable fuel shall be consistent with standards adopted
19 pursuant to section 159A.6.

20 Sec. 8. Section 214A.4, Code 1999, is amended to read as
21 follows:

22 214A.4 INTRASTATE SHIPMENTS.

23 A ~~wholesale dealer or retail dealer~~ shall not receive or
24 sell or hold for sale, within this state, any motor vehicle
25 fuel or an oxygenate octane enhancer ~~for which specifications~~
26 ~~are-prescribed-in-this-chapter, unless the~~ all of the
27 following apply:

28 1. The motor vehicle fuel is subject to specifications
29 required in this chapter, other than standards relating to the
30 oxygen content of oxygenated gasoline as provided pursuant to
31 section 214A.2A.

32 2. The dealer first-secures receives from the refiner or
33 producer of the motor vehicle fuel or oxygenate octane
34 enhancer, a certified statement, verified-by-the-oath-of by a
35 competent chemist qualified according to requirements of the

1 department, who is employed by or representing represents the
 2 refiner or producer, showing. The statement shall certify
 3 that the true-standards-and-tests-of-the motor vehicle fuel or
 4 oxygenate octane enhancer, obtained-by-the-methods-referred-to
 5 satisfies specifications for the motor vehicle fuel as
 6 required by the department pursuant to section 214A.2. The
 7 statement shall be based on tests and standards approved by
 8 the department as provided in section 214A.2. The verified
 9 tests-are-required-and statement must accompany the bill of
 10 lading or shipping documents representing the shipment of the
 11 motor vehicle fuel or oxygenate octane enhancer into this
 12 state before the shipment can be received and unloaded, and
 13 shall be included with any cargo documents required pursuant
 14 to section 452A.12.

15 Sec. 9. NEW SECTION. 214A.21 GENERAL REQUIREMENTS.

16 1. Except as provided in this section, a person shall not
 17 dispense gasoline other than oxygenated gasoline in this
 18 state.

19 2. This section shall not apply to gasoline used to
 20 operate any of the following:

- 21 a. An aircraft as defined in section 328.1.
- 22 b. A motor vehicle used exclusively for motor sports,
 23 including a raceway, if the motor vehicle cannot operate on a
 24 highway as provided in chapter 321 or rules adopted by the
 25 state department of transportation.

26 3. A person may dispense unoxygenated gasoline only as
 27 provided in this subsection. All unoxygenated gasoline
 28 dispensed in this state shall be premium grade unleaded
 29 gasoline as provided in section 214A.2. The unoxygenated
 30 gasoline shall only be dispensed for one of the following
 31 purposes:

- 32 a. The operation of a qualified motor vehicle or a small
 33 engine.
- 34 b. The temporary storage of unoxygenated gasoline in a
 35 small motor vehicle fuel container. The small motor vehicle

1 fuel container shall meet all of the following requirements:

2 (1) It shall comply with the standards set forth in
3 section 214A.15, or rules adopted by the department.

4 (2) It shall have a capacity of not more than six gallons.

5 c. A retail dealer shall only dispense unoxygenated
6 gasoline at a gasoline station. A gas station that is a
7 marina, mooring facility, or resort shall only dispense
8 unoxygenated gasoline for use by a watercraft.

9 Sec. 10. NEW SECTION. 214A.22 MOTOR VEHICLE FUEL STORAGE
10 TANK -- EQUIPMENT.

11 1. A retail dealer shall not install storage tank
12 equipment used to store or dispense gasoline, unless the
13 storage tank equipment is compatible with the storage and
14 dispensing of oxygenated gasoline.

15 2. Except as provided in this section, a retail dealer
16 shall not use more than one motor fuel vehicle storage tank
17 located on the premises of a retail gasoline station for
18 dispensing nonoxygenated gasoline as provided in section
19 214A.21. However, a retail dealer may use more than one
20 storage tank located on the premises of a retail gasoline
21 station for dispensing nonoxygenated gasoline, if the storage
22 tank is a fiberglass motor vehicle fuel storage tank that is
23 incompatible with the storage or dispensing of oxygenated
24 gasoline, as certified by the department pursuant to this
25 section.

26 3. The department shall grant an exemption certificate
27 upon application by the retail dealer in a manner and
28 according to procedures approved by the department. The
29 application shall contain all information required by the
30 department and shall at least include all of the following:

31 a. The name of the retail dealer and the address of the
32 gasoline station.

33 b. A detailed description of the fiberglass storage tank,
34 including all of the following:

35 (1) The location of the fiberglass storage tank on the

1 premises of the gasoline station.

2 (2) The date that the fiberglass storage tank was
3 installed on the premises of the gasoline station.

4 (3) The model number of the fiberglass storage tank, if
5 available.

6 (4) A statement certified by the retail dealer that the
7 conversion necessary to store oxygenated fuel in the
8 fiberglass storage tank has not begun or been completed since
9 the date of installation.

10 c. A statement certified by the manufacturer of the
11 fiberglass storage tank verifying that the fiberglass storage
12 tank is not warranted for the storage of oxygenated fuel.

13 4. The exemption certificate shall expire upon the earlier
14 of the following:

15 a. The date that the fiberglass storage tank is replaced
16 or converted with modifications necessary to store oxygenated
17 fuel in the storage tank. The retail dealer shall immediately
18 notify the department in writing of the date that the
19 exemption certificate expires under this paragraph.

20 b. The twenty-year anniversary date of the installation of
21 the fiberglass storage tank.

22 5. The department shall extend an exemption certificate
23 upon application by the retail dealer in a manner and
24 according to procedures approved by the department. The
25 application shall contain all information required in order to
26 grant a certificate.

27 a. The retail dealer may apply for an extension within one
28 hundred eighty days from the certificate's expiration date.

29 b. The retail dealer may apply for any number of
30 additional extensions within one hundred eighty days from the
31 last extended certificate's expiration date. The department
32 shall grant the extension if the application meets all
33 requirements for granting an original certificate.

34 c. An extended exemption certificate shall expire upon the
35 earlier of the following:

1 (1) The date that the fiberglass storage tank is replaced
2 or converted with modifications necessary to store oxygenated
3 fuel in the storage tank. The retail dealer shall immediately
4 notify the department in writing of the date that the
5 exemption certificate expires under this paragraph.

6 (2) The ten-year anniversary date of the expiration of the
7 original or an extended certificate.

8 Sec. 11. Section 452A.3, subsection 2, Code 1999, is
9 amended to read as follows:

10 2. a. For the privilege of operating aircraft in this
11 state an excise tax of eight cents per gallon is imposed on
12 the use of all aviation gasoline.

13 ~~b. For the privilege of operating motor vehicles in this~~
14 ~~state, an excise tax of nineteen cents per gallon until June~~
15 ~~30, 2007, is imposed upon the use of motor fuel containing at~~
16 ~~least ten percent alcohol distilled from cereal grains grown~~
17 ~~in the United States and used for any purpose except as~~
18 ~~otherwise provided in this division.~~

19 Sec. 12. Section 452A.12, Code 1999, is amended to read as
20 follows:

21 452A.12 LOADING AND DELIVERY EVIDENCE ON TRANSPORTATION
22 EQUIPMENT.

23 1. As used in this section, unless the context otherwise
24 requires:

25 a. "Cargo document" means a manifest or loading and
26 delivery evidence as provided in this section.

27 b. "Gasoline" means the same as defined in section 214A.1.

28 c. "Oxygenated gasoline" means the same as defined in
29 section 214A.1.

30 d. "Oxygenate octane enhancer" means the same as defined
31 in section 214A.1.

32 e. "Premium grade unleaded gasoline" means a gasoline that
33 complies with the requirements of section 214A.2.

34 2. A cargo document shall describe any transportation of
35 motor fuel as required in this section.

1 2A. a. A serially-numbered-manifest cargo document shall
 2 be carried on every vehicle, except small tank wagons, while
 3 in use in transportation service~~7-on-which-shall-be-entered~~
 4 ~~the-following.~~ The cargo document shall be a serially
 5 numbered manifest. The manifest shall include information as
 6 to about the cargo of motor fuel or special fuel being moved
 7 in the vehicle as required by the department, including all of
 8 the following:

9 (1) The date and place of loading7 and the place to-be
 10 unloaded7-the of unloading the cargo.

11 (2) The person for whom it the cargo is to be delivered7
 12 the.

13 (3) The nature and kind of product7-the being delivered.
 14 The manifest shall state whether the motor fuel is gasoline or
 15 another type of motor fuel.

16 (4) The amount of product, and-other-information-required
 17 by-the-department including the number of gallons of motor
 18 fuel being delivered.

19 (5) If the motor fuel is gasoline, the manifest shall
 20 include provisions required in subsection 4.

21 b. The manifest for small tank wagons shall be retained at
 22 the home office. The manifest covering each load transported,
 23 upon consummation of the delivery, shall be completed by
 24 showing the date and place of actual delivery and the person
 25 to whom actually delivered and shall be kept as a permanent
 26 record for a period of three years. ~~However7-the~~ The record
 27 of the manifest of past cargoes need is not required to be
 28 carried on the conveyance but shall be preserved by the
 29 carrier for inspection by the department. A carrier subject
 30 to this subsection when distributing for a licensee may with
 31 the approval of the department substitute the loading and
 32 delivery evidence required in subsection 2-~~for~~ in lieu of the
 33 manifest.

34 2- 3. A person while transporting motor fuel or undyed
 35 special fuel from a refinery or marine or pipeline terminal in

1 this state or from a point outside this state over the
2 highways of this state in service other than that under
3 subsection † 2A shall carry in the vehicle a loading-invoice
4 cargo document which shall be loading and delivery evidence
5 showing all of the following:

6 a. The name and address of the seller or consignor~~7-the.~~

7 b. The date and place of loading~~7-and-the.~~

8 c. The kind and quantity of motor fuel or special fuel
9 loaded~~7-together-with-invoices.~~ The loading and delivery
10 evidence shall state whether the motor fuel is gasoline or
11 another type of motor fuel.

12 d. Invoices showing the kind and quantity of each delivery
13 and the name and address of each purchaser or consignee. If
14 the motor fuel is gasoline, the invoice shall state the number
15 of gallons of gasoline being delivered. The loading invoice
16 shall include provisions required in subsection 4.

17 4. a. Except as provided in paragraph "b", if the cargo
18 is gasoline, the cargo document shall identify the volume
19 percentage or gallons of oxygenate octane enhancers in the
20 gasoline, and the octane number for the gasoline as provided
21 in section 214A.2. The cargo document shall include a
22 statement printed in at least ten-point boldface type. The
23 statement shall provide as follows:

24 (1) If the motor fuel is oxygenated gasoline, the
25 statement shall provide: "This motor fuel is oxygenated
26 gasoline legal for sale in this state as provided by Iowa Code
27 chapter 214A."

28 (2) If the motor fuel is not oxygenated gasoline, one the
29 of the following shall apply:

30 (a) If the unoxxygenated gasoline is a premium grade
31 unleaded gasoline, the statement shall provide: "This motor
32 fuel is nonoxxygenated unleaded premium grade gasoline legal
33 for restricted retail sale in this state as provided in Iowa
34 Code chapter 214A."

35 (b) If the unoxxygenated gasoline is not a premium grade

1 unleaded gasoline, the statement shall provide: "This motor
2 fuel is nonoxygenated gasoline and shall not be sold on a
3 retail basis in this state."

4 b. This subsection shall not apply to the transport of
5 gasoline between refineries, between terminals, or between a
6 refinery and a terminal.

7 Sec. 13. Section 455G.9, subsection 1, Code 1999, is
8 amended by adding the following new lettered paragraph:

9 NEW PARAGRAPH. j. Up to one hundred percent of the costs
10 necessary to reimburse the owner or operator for costs
11 associated with converting a fiberglass motor vehicle fuel
12 storage tank or storage tank piping used to transport
13 oxygenated gasoline from a fiberglass storage tank to a pump
14 as required pursuant to chapter 214A, pursuant to section
15 455G.23. However, the owner or operator shall not be
16 reimbursed more than ten thousand dollars for converting a
17 fiberglass storage tank or more than three thousand dollars
18 for converting storage tank piping.

19 Sec. 14. NEW SECTION. 455G.23 CONVERSION NECESSARY TO
20 STORE AND DISPENSE OXYGENATED GASOLINE.

21 1. The board shall establish a program to reimburse the
22 owner or operator of a site for costs necessary to convert a
23 fiberglass storage tank or storage tank equipment for use in
24 storing or dispensing oxygenated gasoline as required pursuant
25 to chapter 214A. The conversion may be the replacement of
26 storage tank equipment or modifications necessary for the
27 storage and dispensing of oxygenated gasoline. The owner or
28 operator shall apply to the board in a manner and according to
29 procedures required by the board.

30 2. In order to be eligible for reimbursement, all of the
31 following must apply:

32 a. The site must be located at a gasoline station as
33 defined in section 214A.1.

34 b. The site must comply with federal and state standards
35 governing new or upgraded storage tank equipment.

1 c. If a storage tank is converted, the department of
2 agriculture and land stewardship must grant an exemption
3 certificate to the owner or operator pursuant to section
4 214A.22.

5 3. A site classified as a no further action site pursuant
6 to a certificate issued by the department under section
7 455B.474 shall retain its classification following
8 modifications necessary to store and dispense oxygenated
9 gasoline, and the owner operator shall not be required to
10 perform a new site assessment unless the site causes a clear,
11 present, and impending danger to the public health or the
12 environment.

13 Sec. 15. STUDY -- ALTERNATIVE FUELS.

14 1. As used in this section, "alternative fuels" means
15 electricity, compressed natural gas, liquefied natural gas,
16 biodiesel fuels, gasoline containing a mixture of eighty-five
17 or more percent ethanol, and gasoline containing eighty-five
18 percent or more methanol.

19 2. The department of revenue and finance, in consultation
20 with the state department of transportation, shall conduct a
21 study regarding methods to tax alternative fuels, including
22 the amount of revenue raised from such methods, in order to
23 ensure that such fuels are taxed on the same basis as
24 conventional motor vehicle fuels.

25 3. The department of revenue and finance shall submit its
26 report to the general assembly not later than January 10,
27 2000.

28 EXPLANATION

29 This bill provides for the establishment of a healthy
30 environmental and value-added energy initiative.

31 The bill includes a section describing the purposes of the
32 bill, including providing for protecting the public health,
33 preserving the state's natural environment, and encouraging
34 the manufacture of compatible value-added products.

35 The bill amends Code section 15.33, which provides for tax

1 credits for eligible businesses. The bill provides that if an
2 eligible business provides for the manufacturing of
3 agricultural commodities into value-added agricultural
4 products, the business may elect to fully transfer its
5 investment tax credit to other taxpayers of this state.

6 The bill amends Code chapter 214A by prohibiting a person
7 from dispensing gasoline other than oxygenated gasoline on a
8 retail basis. According to the bill, oxygenated gasoline is
9 gasoline with an oxygen content of at least three and five-
10 tenths percent. The bill also establishes a number of
11 exceptions to this prohibition. The bill's requirement does
12 not apply to gasoline used to operate aircraft or motor
13 vehicles involved in motor sports events. The requirement
14 also does not apply to the dispensing of unoxxygenated gasoline
15 for certain limited purposes. The bill provides that all
16 unoxxygenated gasoline dispensed in this state must be premium
17 grade unleaded gasoline. In addition, the bill provides that
18 unoxxygenated gasoline must be dispensed for the operation of a
19 qualified motor vehicle or a small engine, or the temporary
20 storage of unoxxygenated gasoline in a small container. The
21 bill requires that a decal must be placed on a motor vehicle
22 fuel pump stating the restricted use of the gasoline.

23 The bill provides that the department shall not use Reid
24 vapor pressure tests more frequently to test oxygenated
25 gasoline than customarily required to test unoxxygenated
26 gasoline.

27 The bill prohibits a retail dealer from using more than one
28 motor fuel vehicle storage tank located on the premises of a
29 retail gasoline station for dispensing nonoxxygenated gasoline.
30 The bill provides an exception, if the tank is incompatible
31 with the storage of oxygenated gasoline, as certified by the
32 department of agriculture and land stewardship. The bill
33 provides that the certification expires on the twenty-year
34 anniversary date of the installation of the storage tank or
35 the date that the storage tank is replaced or modifications

1 necessary to store and dispense oxygenated fuel from the
2 storage tank are completed, whichever occurs earlier. The
3 bill allows for multiple ten-year extensions of the
4 certificate.

5 Code section 214A.11 provides that any person violating the
6 provisions of Code chapter 214A is guilty of a simple
7 misdemeanor.

8 The bill repeals a provision contained in Code section
9 452A.2 that provides an one cent reduction in the excise tax
10 on gasoline that contains ethanol.

11 The bill also amends Code section 452A.12 requiring that
12 special information be contained on cargo documents such as
13 manifests that are associated with the transportation of motor
14 vehicle fuel, including the type of motor vehicle fuel being
15 transported, the volume percentage or gallons of oxygenate
16 octane enhancers contained in the gasoline, and a notice
17 identifying any legal requirements or restrictions upon
18 dispensing the gasoline.

19 The bill amends Code chapter 455G by requiring the Iowa
20 comprehensive petroleum underground storage tank fund board to
21 establish a program to reimburse the owner or operator of a
22 site for costs necessary to store and dispense oxygenated
23 gasoline from storage tanks or tank piping. Moneys for
24 reimbursement derive from the remedial account of the Iowa
25 comprehensive petroleum underground storage tank fund. The
26 bill provides that a site classified as a no further action
27 site pursuant to a certificate issued by the department under
28 Code section 455B.474 shall retain its classification
29 following the replacement or modifications necessary to store
30 and dispense oxygenated gasoline, unless the site causes a
31 clear, present, and impending danger to the public health or
32 the environment.

33 Finally, the bill requires the department of revenue and
34 finance, in consultation with the state department of
35 transportation, to conduct a study regarding methods to tax

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1 alternative fuels, including the amount of revenue raised from
2 such methods. The department of revenue and finance must
3 submit a report, including recommendations, to the general
4 assembly not later than January 10, 2000.

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3/15/99 Referred to W.+M

FILED MAR 11 1999

SENATE FILE 400
BY COMMITTEE ON NATURAL
RESOURCES and ENVIRONMENT

(SUCCESSOR TO SSB 1090)

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

A BILL FOR

1 An Act providing for a healthy environmental and value-added
2 energy initiative, providing for tax revenues, the allocation
3 of moneys, and making penalties applicable.

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

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SF 400

1 Section 1. HEAVEN INITIATIVE. This Act shall be known and
2 may be cited as the "healthy environmental and value-added
3 energy initiative."

4 1. The general assembly finds and declares all of the
5 following:

6 a. A significant amount of this state's air pollution is
7 caused by vehicles emitting a variety of petroleum-based
8 pollutants, including benzene and other aromatics, nitrous
9 oxides, particulate matter in the forms of smoke and soot,
10 carbon monoxide, and carbon dioxide.

11 b. Motor vehicle fuel that contains three and five tenths
12 percent oxygen enhances octane levels and provides more oxygen
13 for fuel combustion resulting in reduced levels of hazardous
14 emissions such as carbon monoxide and providing citizens of
15 this state with healthier air to breathe.

16 c. The state must capture the greatest benefit from
17 opportunities created by industries manufacturing high value-
18 added products derived from abundant resources of this state,
19 which may be used to transform alternative motor vehicle fuels
20 into conventional motor vehicle fuels.

21 2. The purpose of this Act is to protect the public
22 health, preserve this state's natural environment, and
23 encourage the manufacture of compatible value-added products.

24 Sec. 2. Section 15.333, Code 1999, is amended to read as
25 follows:

26 15.333 INVESTMENT TAX CREDIT.

27 1. An eligible business may claim a corporate tax credit
28 up to a maximum of ten percent of the new investment which is
29 directly related to new jobs created by the location or
30 expansion of an eligible business under the program. Any
31 credit in excess of the tax liability for the tax year may be
32 credited to the tax liability for the following seven years or
33 until depleted, whichever occurs earlier.

34 2. a. If an eligible business provides for the processing
35 of agricultural commodities into value-added agricultural

1 products, the business may elect to fully transfer its
2 investment tax credit to another taxpayer of this state who is
3 a direct participant in the project.

4 b. If the eligible business is a partnership, subchapter S
5 corporation, limited liability company, or estate or trust
6 electing to have the income taxed directly to the individual,
7 an individual may claim the tax credit allowed. The amount
8 claimed by the individual shall be based upon the pro rata
9 share of the individual's earnings of the partnership,
10 subchapter S corporation, limited liability company, or estate
11 or trust.

12 3. For purposes of this section, "new investment directly
13 related to new jobs created by the location or expansion of an
14 eligible business under the program" means the cost of
15 machinery and equipment, as defined in section 427A.1,
16 subsection 1, paragraphs "e" and "j", purchased for use in the
17 operation of the eligible business, the purchase price of
18 which has been depreciated in accordance with generally
19 accepted accounting principles, and the cost of improvements
20 made to real property which is used in the operation of the
21 eligible business and which receives a partial property tax
22 exemption for the actual value added under section 15.332.

23 Sec. 3. Section 159A.6, subsection 2, unnumbered paragraph
24 2, Code 1999, is amended to read as follows:

25 The committee shall develop standards for ~~decals~~ a decal
26 required pursuant to section 214A.16, which shall be designed
27 to promote the advantages of using ~~renewable-fuels~~ diesel fuel
28 containing more than one percent soybean oil by volume. The
29 standards may be incorporated within a model decal adopted by
30 the committee and approved by the office.

31 Sec. 4. Section 214A.1, Code 1999, is amended to read as
32 follows:

33 214A.1 DEFINITIONS.

34 The following definitions shall apply to the various terms
35 used in this chapter:

1 1. "A.S.T.M." means the American society for testing and
2 materials.

3 ~~2. "Motor vehicle fuel" means a substance or combination~~
4 ~~of substances which is intended to be or is capable of being~~
5 ~~used for the purpose of propelling or running by combustion~~
6 ~~any internal combustion engine and is kept for sale or sold~~
7 ~~for that purpose. The products commonly known as kerosene and~~
8 ~~distillate or petroleum products of lower gravity (Baume~~
9 ~~scale), when not used to propel a motor vehicle or for~~
10 ~~compounding or combining with a motor vehicle fuel, are exempt~~
11 ~~from this chapter except as provided in section 214A.2A.~~

12 2. "Dealer" means a retail dealer or a wholesale dealer.

13 3. "Gasoline" means a motor vehicle fuel which is not any
14 of the following:

15 a. Diesel fuel.

16 b. Aviation gasoline or special fuel as defined in section
17 452A.2.

18 4. "Gasoline station" means the location of a profit or
19 nonprofit business where gasoline is offered for sale by a
20 retail dealer.

21 5. "Motor vehicle" means a self-propelled vehicle that
22 operates using gasoline, including but not limited to any of
23 the following:

24 a. An automobile as defined in section 321.1.

25 b. A motor truck as defined in section 321.1.

26 c. A motor bus as used in section 452A.57.

27 d. A motorcycle as defined in section 321.1.

28 e. A watercraft as defined in section 462A.2.

29 f. An off-road vehicle which is a snowmobile or an all-
30 terrain vehicle as defined in section 321G.1.

31 6. "Motor vehicle fuel" means the same as defined in
32 section 214.1.

33 7. "Motor vehicle fuel container" means a container used
34 for the temporary storage of motor vehicle fuel by the
35 consumer of that motor vehicle fuel.

1 8. "Motor vehicle fuel pump" or "pump" means the same as
2 defined in section 214.1.

3 9. "Offer for sale" means to make an offer to sell motor
4 vehicle fuel on a retail basis.

5 ~~3-~~ 10. "Oxygenate octane enhancer" means oxygen-containing
6 compounds, including but not limited to alcohols, ethers, or
7 ethanol.

8 11. "Oxygenated gasoline" means gasoline that contains an
9 oxygenate octane enhancer as provided in section 214A.2.

10 12. "Qualified motor vehicle" means a motor vehicle that
11 is any of the following:

12 a. A watercraft.

13 b. A motorcycle.

14 c. An antique vehicle registered under section 321.115.

15 d. An off-road vehicle that is a snowmobile or an all-
16 terrain vehicle.

17 13. "Raceway" means an enclosed area in which there is
18 located a public or private road used for racing.

19 ~~4-~~ 14. "Retail dealer" shall-mean-and-include-any means a
20 person, firm, partnership, association, or corporation who
21 operates, maintains, or conducts, either in person, or by any
22 agent, employee, or servant, any place of business, filling
23 station, pump station, or tank wagon, from which any motor
24 vehicle fuel, as defined herein, is sold or offered for sale,
25 at retail, or to the final or ultimate consumer.

26 ~~5-~~ 15. "Wholesale dealer" shall-mean-and-include-any means
27 a person, firm, partnership, association, or corporation,
28 other than a retail dealers-as-defined-in-subsection-3-of-this
29 section, who sells, keeps, or holds, for sale, or purchase
30 dealer who provides motor vehicle fuel for the-purpose-of sale
31 within this state, any motor vehicle fuel.

32 16. "Unoxygenated gasoline" means gasoline other than
33 oxygenated gasoline.

34 Sec. 5. Section 214A.2, subsection 1, Code 1999, is
35 amended to read as follows:

1 1. a. The secretary department shall adopt rules pursuant
2 to chapter 17A for carrying out this chapter. The rules may
3 shall include, but are not limited to, establishing
4 specifications relating to motor vehicle fuel or oxygenate
5 octane enhancers.

6 b. In the interest of uniformity, the secretary department
7 shall adopt rules, by reference or otherwise, to establish
8 specifications relating to tests and standards for motor
9 vehicle fuel or oxygenate octane enhancers, established. The
10 specifications shall be based on those established by the
11 American society for testing and materials (A.S.T.M.), unless
12 the secretary department determines that those specifications
13 are inconsistent with this chapter or are not appropriate to
14 the conditions which exist in this state.

15 c. The department shall not use Reid vapor pressure tests
16 more frequently to test oxygenated gasoline than customarily
17 required to test unoxxygenated gasoline.

18 Sec. 6. Section 214A.2, Code 1999, is amended by adding
19 the following new subsection:

20 NEW SUBSECTION. 1A. An oxygenated gasoline must contain
21 at least three and five-tenths percent oxygen by weight.

22 Sec. 7. Section 214A.2A, Code 1999, is amended to read as
23 follows:

24 214A.2A KEROSENE LABELING AND LOW GRAVITY PETROLEUM
25 PRODUCTS.

26 1. Except as provided in subsection 2, products commonly
27 known as kerosene and distillate or petroleum products of
28 lower gravity (Baume scale), when not used to propel a motor
29 vehicle or for compounding or combining with a motor vehicle
30 fuel, are exempt from this chapter.

31 2. Fuel which is sold or is kept, offered, or exposed for
32 sale as kerosene shall be labeled as kerosene. The label
33 shall include the word "kerosene" and a designation as either
34 "K1" or "K2", and shall indicate that the kerosene is in
35 compliance with the standard specification adopted by the

1 A.S.T.M. in specification D-3699 (1982).

2 Sec. 8. Section 214A.16, Code 1999, is amended to read as
3 follows:

4 214A.16 NOTICE OF BLENDED FUEL --- DECAL ON MOTOR VEHICLE
5 FUEL PUMPS.

6 1. All motor vehicle fuel kept, offered, or exposed for
7 sale, or sold at retail containing over one percent ethanol,
8 methanol, or any combination of oxygenate octane enhancers
9 shall be identified as "with" either "ethanol", "methanol",
10 "ethanol/methanol", or similar wording on A retail dealer
11 shall place a decal on a motor vehicle fuel pump that
12 dispenses motor vehicle fuel as required in this section. The
13 decal shall identify the motor vehicle fuel as follows:

14 a. If the motor vehicle fuel is unoxxygenated gasoline, the
15 decal shall state the following: "Nonoxxygenated gasoline only
16 for use in antique vehicles, off-road vehicles, motorcycles,
17 watercraft, or small engines."

18 b. If the motor vehicle fuel is diesel fuel kept
19 offered, or exposed for sale, or sold at retail containing
20 over more than one percent soybean oil by volume the decal
21 shall be identified identify the diesel fuel as "with
22 soydiesel" or similar wording on a decal.

23 2. The design and location of the decals shall be
24 prescribed by rules adopted by the department. The department
25 shall adopt the rules to be effective by January 1, ~~1995~~ 2001.
26 A decal identifying a renewable diesel fuel containing more
27 than one percent soybean oil by volume shall be consistent
28 with standards adopted pursuant to section 159A.6. ~~Until the~~
29 ~~department establishes standards for decals, the wording shall~~
30 ~~be on a white adhesive decal with black letters at least one~~
31 ~~half inch high and at least one quarter inch wide placed~~
32 ~~between thirty and forty inches above the driveway level on~~
33 ~~the front sides of any container or pump from which the motor~~
34 ~~fuel is sold.~~ The department may approve an application to
35 place a decal in a special location on a pump or container or

1 use a decal with special lettering or colors, if the decal
2 appears clear and conspicuous to the consumer. The
3 application shall be made in writing pursuant to procedures
4 adopted by the department. Designs for a decal identifying a
5 renewable fuel shall be consistent with standards adopted
6 pursuant to section 159A.6.

7 Sec. 9. Section 214A.4, Code 1999, is amended to read as
8 follows:

9 214A.4 INTRASTATE SHIPMENTS.

10 A ~~wholesale dealer or-retail-dealer~~ shall not receive or
11 sell or hold for sale, within this state, any motor vehicle
12 fuel or an oxygenate octane enhancer ~~for-which-specifications~~
13 ~~are-prescribed-in-this-chapter~~, unless the all of the
14 following apply:

15 1. The motor vehicle fuel is subject to specifications
16 required in this chapter, other than standards relating to the
17 oxygen content of oxygenated gasoline as provided pursuant to
18 section 214A.2A.

19 2. The dealer first-secures receives from the refiner or
20 producer of the motor vehicle fuel or oxygenate octane
21 enhancer, a certified statement, verified-by-the-oath-of by a
22 competent chemist qualified according to requirements of the
23 department, who is employed by or representing represents the
24 refiner or producer, showing. The statement shall certify
25 that the true-standards-and-tests-of-the motor vehicle fuel or
26 oxygenate octane enhancer, obtained-by-the-methods-referred-to
27 satisfies specifications for the motor vehicle fuel or
28 oxygenate octane enhancer as required by the department
29 pursuant to section 214A.2. The statement shall be based on
30 tests and standards approved by the department as provided in
31 section 214A.2. The verified-tests-are-required-and statement
32 must accompany the bill of lading or shipping documents
33 representing the shipment of the motor vehicle fuel or
34 oxygenate octane enhancer into this state before the shipment
35 can be received and unloaded, and shall be included with any

1 cargo documents required pursuant to section 452A.12.

2 Sec. 10. NEW SECTION. 214A.21 GASOLINE REQUIREMENTS.

3 1. Except as provided in this section, a person shall not
4 offer for sale gasoline other than oxygenated gasoline in this
5 state.

6 2. This section shall not apply to gasoline used to
7 operate any of the following:

8 a. An aircraft as defined in section 328.1.

9 b. A motor vehicle used exclusively for motor sports,
10 including a raceway, if the motor vehicle cannot operate on a
11 highway as provided in chapter 321 or rules adopted by the
12 state department of transportation.

13 3. A person may offer for sale unoxxygenated gasoline only
14 as provided in this subsection. All unoxxygenated gasoline
15 offered for sale in this state must be unleaded gasoline as
16 provided in section 214A.2. The unoxxygenated gasoline shall
17 only be offered for sale for one of the following purposes:

18 a. The operation of a qualified motor vehicle or a small
19 engine.

20 b. The temporary storage of unoxxygenated gasoline in a
21 small motor vehicle fuel container. The small motor vehicle
22 fuel container shall meet all of the following requirements:

23 (1) It shall comply with the standards set forth in
24 section 214A.15, or rules adopted by the department.

25 (2) It shall have a capacity of not more than six gallons.

26 c. A retail dealer shall only offer for sale unoxxygenated
27 gasoline at a gasoline station.

28 Sec. 11. Section 452A.3, subsection 2, Code 1999, is
29 amended to read as follows:

30 2. ~~a.~~ For the privilege of operating aircraft in this
31 state an excise tax of eight cents per gallon is imposed on
32 the use of all aviation gasoline.

33 ~~b.--For the privilege of operating motor vehicles in this~~
34 ~~state, an excise tax of nineteen cents per gallon until June~~
35 ~~30, 2007, is imposed upon the use of motor fuel containing at~~

1 ~~least-ten-percent-alcohol-distilled-from-cereal-grains-grown~~
2 ~~in-the-United-States-and-used-for-any-purpose-except-as~~
3 ~~otherwise-provided-in-this-division.~~

4 Sec. 12. Section 452A.12, Code 1999, is amended to read as
5 follows:

6 452A.12 LOADING AND DELIVERY EVIDENCE ON TRANSPORTATION
7 EQUIPMENT.

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

10 a. "Cargo document" means a manifest or loading and
11 delivery evidence as provided in this section.

12 b. "Gasoline" means the same as defined in section 214A.1.

13 c. "Oxygenated gasoline" means the same as defined in
14 section 214A.1.

15 d. "Oxygenate octane enhancer" means the same as defined
16 in section 214A.1.

17 2. A cargo document shall describe any transportation of
18 motor fuel as required in this section.

19 2A. a. A serially-numbered-manifest cargo document shall
20 be carried on every vehicle, except small tank wagons, while
21 in use in transportation service,--on-which-shall-be-entered
22 the-following. The cargo document shall be a serially
23 numbered manifest. The manifest shall include information as
24 to about the cargo of motor fuel or special fuel being moved
25 in the vehicle as required by the department, including all of
26 the following:

27 (1) The date and place of loading, and the place to-be
28 unloaded,--the of unloading the cargo.

29 (2) The person for whom it the cargo is to be delivered,--
30 the.

31 (3) The nature and kind of product,--the being delivered.
32 The manifest shall state whether the motor fuel is gasoline or
33 another type of motor fuel.

34 (4) The amount of product, and-other-information-required
35 by-the-department including the number of gallons of motor

1 fuel being delivered.

2 (5) If the motor fuel is gasoline, the manifest shall
3 include provisions required in subsection 4.

4 b. The manifest for small tank wagons shall be retained at
5 the home office. The manifest covering each load transported,
6 upon consummation of the delivery, shall be completed by
7 showing the date and place of actual delivery and the person
8 to whom actually delivered and shall be kept as a permanent
9 record for a period of three years. ~~However, the~~ The record
10 of the manifest of past cargoes ~~need is~~ not required to be
11 carried on the conveyance but shall be preserved by the
12 carrier for inspection by the department. A carrier subject
13 to this subsection when distributing for a licensee may with
14 the approval of the department substitute the loading and
15 delivery evidence required in subsection ~~2-~~ for in lieu of the
16 manifest.

17 ~~2-~~ 3. A person while transporting motor fuel or undyed
18 special fuel from a refinery or marine or pipeline terminal in
19 this state or from a point outside this state over the
20 highways of this state in service other than that under
21 subsection ~~±~~ 2A shall carry in the vehicle a ~~loading-invoice~~
22 cargo document which shall be loading and delivery evidence
23 showing all of the following:

24 a. The name and address of the seller or consignor, the

25 b. The date and place of loading, and the

26 c. The kind and quantity of motor fuel or special fuel
27 loaded, together with invoices. The loading and delivery
28 evidence shall state whether the motor fuel is gasoline or
29 another type of motor fuel.

30 d. Invoices showing the kind and quantity of each delivery
31 and the name and address of each purchaser or consignee. If
32 the motor fuel is gasoline, the invoice shall state the number
33 of gallons of gasoline being delivered. The loading invoice
34 shall include provisions required in subsection 4.

35 4. a. Except as provided in paragraph "b", if the cargo

1 is gasoline, the cargo document shall identify the volume
2 percentage or gallons of oxygenate octane enhancers in the
3 gasoline, and the octane number for the gasoline as provided
4 in section 214A.2. The cargo document shall include a
5 statement printed in at least ten-point boldface type. The
6 statement shall provide as follows:

7 (1) If the motor fuel is oxygenated gasoline, the
8 statement shall provide: "This motor fuel is oxygenated
9 gasoline legal for sale in this state as provided by Iowa Code
10 chapter 214A."

11 (2) If the motor fuel is not oxygenated gasoline, the
12 statement shall provide: "This motor fuel is nonoxygenated
13 gasoline legal for restricted retail sale in this state as
14 provided in Iowa Code chapter 214A."

15 b. This subsection shall not apply to the transport of
16 gasoline between refineries, between terminals, or between a
17 refinery and a terminal.

18 Sec. 13. Section 455G.9, subsection 1, Code 1999, is
19 amended by adding the following new lettered paragraph:

20 NEW PARAGRAPH. j. Up to one hundred percent of the costs
21 necessary to reimburse the owner or operator for costs
22 associated with converting a fiberglass motor vehicle fuel
23 storage tank or storage tank piping used to transport
24 oxygenated gasoline from a fiberglass storage tank to a pump
25 as required pursuant to chapter 214A, pursuant to section
26 455G.23. However, the owner or operator shall not be
27 reimbursed more than ten thousand dollars for converting a
28 fiberglass storage tank or more than three thousand dollars
29 for converting storage tank piping.

30 Sec. 14. NEW SECTION. 455G.23 CONVERSION NECESSARY TO
31 STORE AND DISPENSE OXYGENATED GASOLINE.

32 1. As used in this section:

33 a. "Fiberglass storage tank" means a storage tank that is
34 fiberglass or fiberglass-lined when manufactured.

35 b. "Oxygenated gasoline" means oxygenated gasoline as

1 defined in section 214A.1.

2 c. "Storage tank" means a storage container that is a
3 fixture on the surface or underground on the premises of a
4 gasoline station as defined in section 214A.1 that is used to
5 store and dispense gasoline to customers on a retail basis.

6 d. "Storage tank equipment" means a storage tank or
7 storage tank piping.

8 e. "Storage tank piping" means any rigid or flexible
9 piping used to transport motor fuel from a storage tank to a
10 motor vehicle fuel pump as defined in section 214A.1.

11 2. The board shall establish a program to reimburse the
12 owner or operator of a site for costs necessary to convert a
13 fiberglass storage tank or storage tank piping for use in
14 storing or dispensing oxygenated gasoline as provided pursuant
15 to chapter 214A. The conversion may be the replacement of
16 storage tank equipment or modifications necessary for the
17 storage and dispensing of oxygenated gasoline.

18 3. In order to be eligible for reimbursement, all of the
19 following must apply:

20 a. The site must be located at a gasoline station as
21 defined in section 214A.1.

22 b. The site must comply with federal and state standards
23 governing new or upgraded storage tank equipment.

24 4. The owner or operator shall apply to the board in a
25 manner and according to procedures required by the board. The
26 application shall contain all information required by the
27 board and shall at least include all of the following:

28 a. The name of the owner or operator and the address of
29 the gasoline station.

30 b. A detailed description of the storage tank equipment,
31 including all of the following:

32 (1) The location of the storage tank equipment on the
33 premises of the gasoline station.

34 (2) The date that the storage tank equipment was installed
35 on the premises of the gasoline station.

1 (3) The model number of the storage tank equipment, if
2 available.

3 (4) A statement that the conversion necessary to store
4 oxygenated fuel in the fiberglass storage tank or dispense
5 oxygenated fuel using storage tank piping has not begun or
6 been completed since the date of installation.

7 c. One of the following:

8 (1) A statement certified by the manufacturer of the
9 storage tank equipment verifying that the storage tank
10 equipment is not warranted for the storage or dispensing of
11 oxygenated fuel.

12 (2) A letter signed by an agent or representative of two
13 property and casualty insurers of petroleum equipment
14 recognized by the board. Each letter must state that the
15 storage tank equipment is not insurable for the storage or
16 dispensing of oxygenated fuel under policies customarily
17 issued by the insurer covering storage tank equipment.

18 5. A site classified as a no further action site pursuant
19 to a certificate issued by the department under section
20 455B.474 shall retain its classification following
21 modifications necessary to store and dispense oxygenated
22 gasoline, and the owner operator shall not be required to
23 perform a new site assessment unless the site causes a clear,
24 present, and impending danger to the public health or the
25 environment.

26 Sec. 15. STUDY -- ALTERNATIVE FUELS.

27 1. As used in this section, "alternative fuels" means
28 electricity, compressed natural gas, liquefied natural gas,
29 biodiesel fuels, gasoline containing a mixture of eighty-five
30 or more percent ethanol, and gasoline containing eighty-five
31 percent or more methanol.

32 2. The department of revenue and finance, in consultation
33 with the state department of transportation, shall conduct a
34 study regarding methods to tax alternative fuels, including
35 the amount of revenue raised from such methods, in order to

1 ensure that such fuels are taxed on the same basis as
2 conventional motor vehicle fuels.

3 3. The department of revenue and finance shall submit its
4 report to the general assembly not later than January 10,
5 2000.

6 Sec. 16. This Act is repealed July 1, 2007. The Code
7 editor is directed to recodify the Code provisions amended in
8 this Act, returning them to the form in which they appeared in
9 the 1999 Code.

10 Sec. 17. EFFECTIVE DATES.

11 1. Except as provided in subsection 2, this Act takes
12 effect on October 21, 2000.

13 2. a. Section 15.333, as amended by this Act, takes
14 effect on July 1, 1999.

15 b. Section 15 of this Act, regarding a study on alternate
16 fuel taxation, takes effect on July 1, 1999.

17 EXPLANATION

18 This bill provides for the establishment of a healthy
19 environmental and value-added energy initiative.

20 The bill includes a section describing the purposes of the
21 bill, including providing for protecting the public health,
22 preserving the state's natural environment, and encouraging
23 the manufacture of compatible value-added products.

24 The bill amends Code section 15.333, which provides for tax
25 credits for eligible businesses. The bill provides that if an
26 eligible business provides for the manufacturing of
27 agricultural commodities into value-added agricultural
28 products, the business may elect to fully transfer its
29 investment tax credit to another taxpayer of the state who is
30 a direct participant in the project.

31 The bill amends Code chapter 214A by prohibiting a person
32 from offering for sale gasoline other than oxygenated gasoline
33 on a retail basis. According to the bill, oxygenated gasoline
34 is gasoline with an oxygen content of at least three and five-
35 tenths percent by weight. The bill also establishes a number

1 of exceptions to this prohibition. The bill's requirement
2 does not apply to gasoline used to operate aircraft or motor
3 vehicles involved in motor sports events. The requirement
4 also does not apply to offering for sale unoxygenated gasoline
5 for certain limited purposes. In addition, the bill provides
6 that unoxygenated gasoline may be offered for sale for the
7 operation of a qualified motor vehicle or a small engine, or
8 the temporary storage of unoxygenated gasoline in a small
9 container. The bill requires that a decal must be placed on a
10 motor vehicle fuel pump stating the restricted use of the
11 gasoline.

12 The bill provides that the department shall not use Reid
13 vapor pressure tests more frequently to test oxygenated
14 gasoline than customarily required to test unoxygenated
15 gasoline.

16 Code section 214A.11 provides that any person violating the
17 provisions of Code chapter 214A is guilty of a simple
18 misdemeanor.

19 The bill repeals a provision contained in Code section
20 452A.2 that provides a one cent reduction in the excise tax on
21 gasoline that contains ethanol.

22 The bill also amends Code section 452A.12 requiring that
23 special information be contained on cargo documents such as
24 manifests that are associated with the transportation of motor
25 vehicle fuel, including the type of motor vehicle fuel being
26 transported, the volume percentage or gallons of oxygenate
27 octane enhancers contained in the gasoline, and a notice
28 identifying any legal requirements or restrictions upon
29 offering gasoline for sale.

30 The bill amends Code chapter 455G by requiring the Iowa
31 comprehensive petroleum underground storage tank fund board to
32 establish a program to reimburse the owner or operator of a
33 site for costs necessary to store and dispense oxygenated
34 gasoline from storage tanks or tank piping. Moneys for
35 reimbursement derive from the remedial account of the Iowa

1 comprehensive petroleum underground storage tank fund. The
2 bill provides that a site classified as a no further action
3 site pursuant to a certificate issued by the department under
4 Code section 455B.474 shall retain its classification
5 following the replacement or modifications necessary to store
6 and dispense oxygenated gasoline, unless the site causes a
7 clear, present, and impending danger to the public health or
8 the environment.

9 Finally, the bill requires the department of revenue and
10 finance, in consultation with the state department of
11 transportation, to conduct a study regarding methods to tax
12 alternative fuels, including the amount of revenue raised from
13 such methods. The department of revenue and finance must
14 submit a report, including recommendations, to the general
15 assembly not later than January 10, 2000.

16 Generally, provisions in the bill become effective October
17 21, 2000. Provisions of the bill sunset on July 1, 2007.

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