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SENATE FILE

2087

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

A BILL FOR

1 An Act relating to motor vehicle fuels, by providing for fuel
2 quality standards regulated by the department of agriculture
3 and land stewardship, providing for the transportation, sale,
4 and dispensing of oxygenated fuel, providing for tax revenues,
5 and making penalties applicable.

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

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SF 2087 NAT. RES. & ENVIRONMENT

1 Section 1. Section 214A.1, Code 1999, is amended to read
2 as follows:

3 214A.1 DEFINITIONS.

4 The following definitions shall apply to the various terms
5 used in this chapter:

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

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

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

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

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

20 b. Place motor vehicle fuel in the fuel tank of a motor
21 vehicle or small engine for the operation of that motor
22 vehicle or small engine.

23 c. Place motor vehicle fuel in or remove motor vehicle
24 fuel from a motor vehicle fuel container, including for
25 storage in a motor vehicle fuel storage tank or transfer by
26 motor vehicle storage tank piping.

27 4. "Fiberglass motor vehicle fuel storage tank" or
28 "fiberglass storage tank" means a motor vehicle fuel storage
29 tank that is fiberglass or fiberglass lined when manufactured.

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

32 a. Diesel fuel.

33 b. Aviation gasoline or special fuel as defined in section
34 452A.2.

35 6. "Gasoline station" means the location of a profit or

1 nonprofit business where gasoline is dispensed by a retail
2 dealer.

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

6 a. An automobile as defined in section 321.1.

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

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

9 d. A motorcycle as defined in section 321.1.

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

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

13 8. "Motor vehicle fuel" means the same as defined in
14 section 214.1.

15 9. "Motor vehicle fuel container" means a container used
16 for the temporary storage of motor vehicle fuel by the
17 consumer of that motor vehicle fuel.

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

20 11. "Motor vehicle fuel storage tank" or "storage tank"
21 means a tank that is a fixture on the surface or underground
22 on the premises of a gasoline station, if the tank and piping
23 are used to store and dispense gasoline to customers on a
24 retail basis.

25 12. "Motor vehicle fuel storage tank equipment" or
26 "storage tank equipment" means a motor vehicle fuel storage
27 tank and motor vehicle fuel storage tank piping.

28 13. "Motor vehicle fuel storage tank piping" or "storage
29 tank piping" means any rigid or flexible piping used to
30 transport motor vehicle fuel from a motor vehicle fuel storage
31 tank to a motor vehicle storage tank pump.

32 3- 14. "Oxygenate octane enhancer" means oxygen-containing
33 compounds, including but not limited to alcohols, ethers, or
34 ethanol.

35 15. "Oxygenated gasoline" means gasoline that contains an

1 oxygenate octane enhancer as provided in section 214A.2.

2 16. "Qualified motor vehicle" means a motor vehicle that
3 is any of the following:

4 a. A watercraft.

5 b. A motorcycle.

6 c. An antique vehicle registered under section 321.115.

7 d. An off-road vehicle that is a snowmobile or an all-
8 terrain vehicle.

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

11 ~~4. 18. "Retail dealer" shall mean and include any means a~~
12 ~~person, firm, partnership, association, or corporation who~~
13 ~~operates, maintains, or conducts, either in person, or by any~~
14 ~~agent, employee, or servant, any place of business, filling~~
15 ~~station, pump station, or tank wagon, from which any motor~~
16 ~~vehicle fuel, as defined herein, is sold or offered for sale,~~
17 ~~at retail, or to the final or ultimate consumer.~~

18 5. 19. "Unoxygenated gasoline" means gasoline other than
19 oxygenated gasoline.

20 20. "Wholesale dealer" shall mean and include any means a
21 person, firm, partnership, association, or corporation, other
22 than a retail dealers, as defined in subsection 3 of this
23 section, who sells, keeps, or holds, for sale, or purchase
24 dealer, who provides motor vehicle fuel for the purpose of
25 sale within this state, any motor vehicle fuel.

26 Sec. 2. Section 214A.2, subsection 1, Code Supplement
27 1999, is amended to read as follows:

28 1. a. The secretary department shall adopt rules pursuant
29 to chapter 17A for carrying out this chapter. The rules may
30 shall include, but are not limited to, establishing
31 specifications relating to motor vehicle fuel or oxygenate
32 octane enhancers.

33 b. In the interest of uniformity, the secretary department
34 shall adopt rules, by reference or otherwise, to establish
35 specifications relating to tests and standards for motor

1 vehicle fuel or oxygenate octane enhancers, established. The
2 specifications shall be based on those established by the
3 American society for testing and materials (A.S.T.M.), unless
4 the secretary department determines that those specifications
5 are inconsistent with this chapter or are not appropriate to
6 the conditions which exist in this state.

7 Sec. 3. Section 214A.2, Code Supplement 1999, is amended
8 by adding the following new subsection:

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

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

13 214A.2A KEROSENE LABELING AND LOW GRAVITY PETROLEUM
14 PRODUCTS.

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

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

25 Sec. 5. Section 214A.4, Code 1999, is amended to read as
26 follows:

27 214A.4 INTRASTATE SHIPMENTS.

28 A wholesale dealer or-retail-dealer shall not receive or
29 sell or hold for sale, within this state, any motor vehicle
30 fuel or an oxygenate octane enhancer for-which-specifications
31 are-prescribed-in-this-chapter, unless the all of the
32 following apply:

33 1. The motor vehicle fuel is subject to specifications
34 required in this chapter, other than standards relating to the
35 oxygen content of oxygenated gasoline as provided pursuant to

1 section 214A.2.

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

20 Sec. 6. Section 214A.16, Code 1999, is amended to read as
21 follows:

22 214A.16 NOTICE OF-BLENDED-FUEL----DECAL ON MOTOR VEHICLE
23 FUEL PUMPS.

24 1. All-motor-vehicle-fuel-kept, offered, or-exposed-for
25 sale, or-sold-at-retail-containing-over A retail dealer shall
26 place a decal on the motor vehicle fuel pump that dispenses
27 motor vehicle fuel identifying the fuel as follows:

28 a. If the motor vehicle fuel is gasoline containing more
29 than one percent ethanol, methanol, or any combination of
30 oxygenate octane enhancers shall-be-identified-as-"with"
31 either the decal shall identify the gasoline as containing
32 "ethanol", "methanol", "ethanol/methanol", or similar wording
33 on-a-decal.

34 b. If the motor vehicle fuel is unoxxygenated gasoline, the
35 decal shall state the following: "unoxxygenated gasoline only

1 for use in antique vehicles, off-road vehicles, motorcycles,
2 watercraft, or small engines."

3 c. All If the motor vehicle fuel is diesel fuel kept,
4 offered, or exposed for sale, or sold at retail containing
5 over more than one percent soybean oil by volume the decal
6 shall be identified identify the diesel fuel as "with
7 soydiesel" or similar wording on a decal.

8 2. The design and location of the decals shall be
9 prescribed by rules adopted by the department. The department
10 shall adopt the rules to be effective by January 1, ~~1995~~ 2001.
11 A decal identifying a renewable fuel shall be consistent with
12 standards adopted pursuant to section 159A.6. ~~Until the~~
13 ~~department establishes standards for decals, the wording shall~~
14 ~~be on a white adhesive decal with black letters at least one-~~
15 ~~half-inch-high and at least one-quarter-inch-wide placed~~
16 ~~between thirty and forty inches above the driveway level on~~
17 ~~the front sides of any container or pump from which the motor~~
18 ~~fuel is sold.~~ The department may approve an application to
19 place a decal in a special location on a pump or container or
20 use a decal with special lettering or colors, if the decal
21 appears clear and conspicuous to the consumer. The
22 application shall be made in writing pursuant to procedures
23 adopted by the department. Designs for a decal identifying a
24 renewable fuel shall be consistent with standards adopted
25 pursuant to section 159A.6.

26 Sec. 7. NEW SECTION. 214A.21 GENERAL REQUIREMENTS.

27 1. Except as provided in this section, a person shall not
28 dispense gasoline other than oxygenated gasoline in this
29 state.

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

32 a. An aircraft as defined in section 328.1.

33 b. A motor vehicle used exclusively for motor sports,
34 including a raceway, if the motor vehicle cannot operate on a
35 highway as provided in chapter 321 or rules adopted by the

1 state department of transportation.

2 3. A person may dispense unoxygenated gasoline only as
3 provided in this subsection. All unoxygenated gasoline
4 dispensed in this state shall be premium grade unleaded
5 gasoline as provided in section 214A.2. The unoxygenated
6 gasoline shall only be dispensed for one of the following
7 purposes:

8 a. The operation of a qualified motor vehicle or a small
9 engine.

10 b. The temporary storage of unoxygenated gasoline in a
11 small motor vehicle fuel container. The small motor vehicle
12 fuel container shall meet all of the following requirements:

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

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

16 c. A retail dealer shall only dispense unoxygenated
17 gasoline at a gasoline station. A gas station that is a
18 marina, mooring facility, or resort shall only dispense
19 unoxygenated gasoline for use by a watercraft.

20 Sec. 8. NEW SECTION. 214A.22 MOTOR VEHICLE FUEL STORAGE
21 TANK -- EQUIPMENT.

22 1. A retail dealer shall not install storage tank
23 equipment used to store or dispense gasoline, unless the
24 storage tank equipment is compatible with the storage and
25 dispensing of oxygenated gasoline.

26 2. a. Except as provided in this section, a retail dealer
27 shall not use more than one motor vehicle fuel storage tank
28 and connecting motor vehicle fuel storage tank piping located
29 on the premises of a retail gasoline station for dispensing
30 nonoxygenated gasoline as provided in section 214A.21.

31 b. A retail dealer may use storage tank equipment located
32 on the premises of a retail gasoline station for storing and
33 dispensing nonoxygenated gasoline, if the storage tank
34 equipment is certified as exempt by the department pursuant to
35 this section.

1 c. In order to receive an exemption certificate, the motor
2 vehicle storage tank equipment must be incompatible with the
3 storage or dispensing of oxygenated gasoline according to
4 manufacturer specifications. If the storage tank equipment is
5 a motor vehicle fuel storage tank, it must be a fiberglass
6 motor vehicle fuel storage tank.

7 3. The department shall grant an exemption certificate
8 upon application by the retail dealer in a manner and
9 according to procedures approved by the department. The
10 application shall contain all information required by the
11 department and shall at least include all of the following:

12 a. The name of the retail dealer and the address of the
13 gasoline station.

14 b. A detailed description of the storage tank equipment,
15 including all of the following:

16 (1) The location of the storage tank equipment on the
17 premises of the gasoline station.

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

20 (3) The model number of the storage tank equipment, if
21 available.

22 (4) A statement certified by the retail dealer that the
23 conversion necessary to store oxygenated fuel in the
24 fiberglass storage tank or dispense oxygenated fuel using
25 storage tank piping has not begun or been completed since the
26 date of installation.

27 c. A statement certified by the manufacturer of the
28 storage tank equipment verifying that the storage tank
29 equipment is not warranted for the storage or dispensing of
30 oxygenated fuel.

31 4. The exemption certificate shall expire upon the earlier
32 of the following:

33 a. The date that the storage tank equipment is replaced or
34 converted with modifications necessary to store or dispense
35 oxygenated fuel. The retail dealer shall immediately notify

1 the department in writing of the date that the exemption
2 certificate expires under this paragraph.

3 b. The twenty-year anniversary date of the installation of
4 the storage tank equipment.

5 5. The department shall extend an exemption certificate
6 upon application by the retail dealer in a manner and
7 according to procedures approved by the department. The
8 application shall contain all information required in order to
9 grant a certificate.

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

12 b. The retail dealer may apply for any number of
13 additional extensions within one hundred eighty days from the
14 last extended certificate's expiration date. The department
15 shall grant the extension if the application meets all
16 requirements for granting an original certificate.

17 c. An extended exemption certificate shall expire upon the
18 earlier of the following:

19 (1) The date that the storage tank equipment is replaced
20 or converted with modifications necessary to store or dispense
21 oxygenated fuel. The retail dealer shall immediately notify
22 the department in writing of the date that the exemption
23 certificate expires under this paragraph.

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

26 Sec. 9. Section 452A.3, subsection 2, Code Supplement
27 1999, is amended to read as follows:

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

31 ~~b. For the privilege of operating motor vehicles in this~~
32 ~~state, an excise tax of nineteen cents per gallon until June~~
33 ~~30, 2007, is imposed upon the use of motor fuel containing at~~
34 ~~least ten percent alcohol distilled from cereal grains grown~~
35 ~~in the United States and used for any purpose except as~~

1 otherwise-provided-in-this-division-

2 Sec. 10. Section 452A.12, Code 1999, is amended to read as
3 follows:

4 452A.12 LOADING AND DELIVERY EVIDENCE ON TRANSPORTATION
5 EQUIPMENT.

6 1. As used in this section, unless the context otherwise
7 requires:

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

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

11 c. "Oxygenated gasoline" means the same as defined in
12 section 214A.1.

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

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

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

19 3. 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~~7-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~~7~~ and the place to-be
28 unloaded~~7-the~~ of unloading the cargo.

29 (2) The person for whom it the cargo is to be delivered~~7~~
30 the.

31 (3) The nature and kind of product~~7-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 the provisions required in subsection 5.

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 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 4 in lieu of
16 the manifest.

17 ~~2-~~ 4. 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 ~~1~~ 3 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 the provisions required in subsection 5.

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

1 unoxygenated gasoline dispensed in this state must be premium
2 grade unleaded gasoline. In addition, the bill provides that
3 unoxygenated gasoline must be dispensed for the operation of a
4 qualified motor vehicle or a small engine, or the temporary
5 storage of unoxygenated gasoline in a small container. The
6 bill requires that a decal must be placed on a motor vehicle
7 fuel pump stating the restricted use of the gasoline.

8 The bill prohibits a retail dealer from using more than one
9 motor fuel vehicle storage tank located on the premises of a
10 retail gasoline station for dispensing nonoxygenated gasoline.
11 The bill provides an exception, if the tank or related piping
12 is incompatible with the storage of oxygenated gasoline, as
13 certified by the department of agriculture and land
14 stewardship. The bill provides that the certification expires
15 on the twenty-year anniversary date of the installation of the
16 storage tank or the date that the storage tank equipment is
17 replaced or modifications necessary to store and dispense
18 oxygenated fuel are completed, whichever occurs earlier. The
19 bill allows for multiple ten-year extensions of the
20 certificate.

21 Code section 214A.11 provides that any person violating the
22 provisions of Code chapter 214A is guilty of a simple
23 misdemeanor.

24 The bill repeals a provision contained in Code section
25 452A.2 that provides an one cent reduction in the excise tax
26 on gasoline that contains ethanol.

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

35