

CHAPTER 254
RENEWABLE FUEL
S.F. 545

AN ACT relating to fuel, by providing for the production and consumption of renewable fuel, and providing for the imposition of taxes upon certain fuel.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. Section 18.115, subsection 3, Code 1991, is amended to read as follows:

3. The state vehicle dispatcher shall install a record system for the keeping of records of the total number of miles state-owned motor vehicles are driven and the per-mile cost of operation of each motor vehicle. Every state officer or employee shall keep a record book to be furnished by the state vehicle dispatcher in which the officer or employee shall enter all purchases of gasoline, lubricating oil, grease, and other incidental expense in the operation of the motor vehicle assigned to the officer or employee, giving the quantity and price of each purchase, including the cost and nature of all repairs on the motor vehicle. Each operator of a state-owned motor vehicle shall promptly prepare a report at the end of each month on forms furnished by the state vehicle dispatcher and forward the same to the dispatcher at the statehouse, giving the information the state vehicle dispatcher may request in the report. The state vehicle dispatcher shall each month compile the costs and mileage of state-owned motor vehicles from the reports and keep a cost history card on each motor vehicle and the costs shall be reduced to a cost-per-mile basis for each motor vehicle. It shall be the duty of the state vehicle dispatcher to call to the attention of the head of any department to which a motor vehicle has been assigned any evidence of the mishandling or misuse of any state-owned motor vehicle which is called to the dispatcher's attention. A motor vehicle operated under this subsection shall not operate on gasoline other than gasoline blended with at least ten percent ethanol, unless under emergency circumstances. A state-issued credit card used to purchase gasoline shall not be valid to purchase gasoline other than gasoline blended with at least ten percent ethanol, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 2. Section 19A.3, Code 1991, is amended by adding the following new subsection:
NEW SUBSECTION. 22. The appointee serving as the coordinator of the office of renewable fuel, as provided in section 159A.3.

Sec. 3. Section 20.4, Code 1991, is amended by adding the following new subsection:
NEW SUBSECTION. 13. The appointee serving as the coordinator of the office of renewable fuel, as provided in section 159A.3.

Sec. 4. Section 159.20, Code 1991, is amended to read as follows:
159.20 POWERS OF DIVISION.

~~A farm commodity~~ An agricultural marketing division, hereinafter referred to as the division, is created within the Iowa department of agriculture and land stewardship. ~~It is the duty of the~~ The division to do or cause to be done those things shall perform duties designed to lead to more advantageous marketing of Iowa ~~farm~~ agricultural commodities. ~~To implement this purpose the~~ The division is authorized to may do any of the following:

1. Investigate the ~~subject of~~ marketing farm of agricultural commodities.
2. Promote ~~their sales the~~ sale, distribution, and merchandising of agricultural commodities.
3. Furnish information and assistance concerning farm agricultural commodities to the public.
4. Cooperate with the college of agriculture of the Iowa state university of science and technology in its farm encouraging agricultural marketing education and research.

5. ~~Gather~~ Accumulate and diffuse useful information concerning all phases of the marketing of Iowa farm agricultural commodities in cooperation with other public or private agencies and, in that context, persons, agencies, or the federal government. The division shall establish a farm an agricultural commodity informational data base.

6. Investigate methods and practices in ~~connection with~~ related to the processing, handling, grading, classifying, sorting, weighing, packing, transportation, storage, inspection, and or merchandising of farm agricultural commodities within this state.

7. Ascertain sources of supply of for Iowa farm agricultural commodities, and. The department shall prepare and periodically publish lists of names and addresses of producers and consignors of farm agricultural commodities, to be available upon request.

8. Perform inspection or grading, ~~or both~~, of any farm an agricultural commodity if requested by the a person engaged in the production, marketing, or processing of the farm agricultural commodity; ~~except that~~. However, the person shall must pay for the services as provided by the rules of adopted by the department.

9. Cooperate with the Iowa department of economic development to avoid duplication of efforts between the division and the agricultural marketing program operated by the Iowa department of economic development.

10. Assist the office of renewable fuel and the renewable fuel advisory committee in administering the provisions of chapter 159A.

The division shall have a division administrator appointed by the secretary of agriculture.

As used in this division of this chapter subchapter, "farm agricultural commodity" means any unprocessed agricultural product, including animals, agricultural crops, and forestry products grown, raised, produced, or fed in Iowa for sale in commercial channels. "Commercial channels" means the processes of sale of a farm commodity or unprocessed product from the farm commodity to any person, public or private, who resells the farm commodity for breeding, processing, slaughter, or distribution.

Sec. 5. Section 159.22, Code 1991, is amended to read as follows:

159.22 GRANTS AND GIFTS OF FUNDS.

The division may with the approval of the secretary of agriculture accept grants and allotments of funds from the federal government and enter into co-operative agreements with the ~~secretary of agriculture of the United States~~ department of agriculture for projects to effectuate any of the purposes of this division as a purpose described herein; ~~and to in this subchapter~~. The division may accept grants, gifts or allotments of funds from any person; firm, co-operative, corporation, or association for the purpose of carrying out the provisions of this chapter for which subchapter. If funds are accepted from a person, the director shall prepare an itemized accounting must be made by the director to the Iowa secretary of agriculture department at the end of each fiscal year.

Sec. 6. NEW SECTION. 159A.1 FINDINGS.

The general assembly finds and declares the following:

1. The production and processing of agricultural commodities and products represents the foundation of this state's economy, and the economic viability of this nation is contingent upon the production of wealth generated primarily from materials, including food and fiber, produced on this nation's family farms.

2. It is necessary to support industries using agricultural commodities to produce sources of energy in order to reduce the state's dependency upon petroleum products, and to ameliorate threats to this state's environment resulting from the atmospheric contamination of carbon monoxide.

3. This state adopts a policy of enhancing agricultural production through support of the renewable fuel industry as provided in this chapter, including rules adopted by the office of renewable fuel and the renewable fuel advisory committee.

Sec. 7. NEW SECTION. 159A.2 DEFINITIONS.

As used in this chapter, unless the context otherwise requires:

1. "Committee" means the "renewable fuel advisory committee" established pursuant to section 159A.4.
2. "Coordinator" means the administrative head of the office of renewable fuel appointed by the department as provided in section 159A.3.
3. "Fund" means the renewable fuel fund established pursuant to section 159A.7.
4. "Office" means the office of renewable fuel created pursuant to section 159A.3.
5. "Renewable fuel" means an energy source derived from an organic compound, including a photosynthate, which may be used to power an engine.
6. "Renewable fuel activities" means either of the following:
 - a. The research, development, production, promotion, marketing, or consumption of a renewable fuel.
 - b. The research, development, transfer, or use of technologies which directly or indirectly increase the supply or demand of a renewable fuel.

Sec. 8. NEW SECTION. 159A.3 OFFICE OF RENEWABLE FUEL.

1. An office of renewable fuel is created within the agricultural marketing division of the department and shall be staffed by a coordinator who shall be appointed by the division administrator. It shall be the policy of the office to further renewable fuel activities. The office shall first further renewable fuel activities based on the following considerations:
 - a. The price competitiveness of the fuel.
 - b. The production capacity and supply of the fuel.
 - c. The ease and safety of transporting and storing the fuel.
 - d. The degree to which the fuel is currently developed for ready transfer to current engine technology.
 - e. The degree to which the fuel is environmentally protective.
 - f. The degree to which the fuel provides economic development opportunities.
2. The duties of the office include, but are not limited to, the following:
 - a. Serving as advisor to the department regarding regulations, including federal and state standards, relating to oxygenate octane enhancers, as defined in section 214A.1.
 - b. Serving as advisor to the department regarding renewable fuel programs.
 - c. Serving as monitor of regulations administered in the state, in other states, or by the federal government. The office shall collect information and data prepared by state agencies related to these regulations, and provide referral and assistance to interested persons and agencies.
 - d. Cooperating with persons and agencies involved in renewable fuel activities, including other states and the federal government, to standardize regulations and coordinate programs, in order to increase administrative effectiveness and reduce administrative duplication.
 - e. Implementing policies and procedures designed to facilitate communication between persons involved in renewable fuel activities.
 - f. Assisting state or federal agencies, or assisting commercial enterprises or commodity organizations which are located in or desiring to locate in the state. The assistance may include support of public research relating to renewable fuel activities.
 - g. Conducting studies relating to the viability of producing or using a renewable fuel, and methods and schedules required to ensure a practicable transition to the use of a renewable fuel.
 - h. Preparing an annual report to the secretary regarding renewable fuel activities. The report shall include a review of research and research results, areas of study with promising potential, a summary of initiatives in other states, and an analysis of state and federal regulations and programs.
 - i. Promoting the use of by-products resulting from the production of renewable fuel.
 - j. Cooperating with the committee in carrying out the purposes of the committee as provided in section 159A.5. The office shall regularly inform the committee regarding its operations and programs administered under this chapter, including financial reports concerning the fund.
3. A chief purpose of the office is to further the production and consumption of ethanol fuel in this state. The office shall be the primary state agency charged with the responsibility to promote public consumption of ethanol fuel.

4. The office shall cooperate with the Wallace technology transfer foundation of Iowa in formulating long-range strategic plans to guide state investment in applied research, development, and commercial transfer of selected scientific and technological innovation relating to renewable fuel technology.

5. The office and state entities, including the department, the committee, the Iowa department of economic development, the state department of transportation, the department of natural resources, regents' institutions, and the Wallace technology transfer foundation of Iowa, shall cooperate to implement this section.

Sec. 9. NEW SECTION. 159A.4 ADVISORY COMMITTEE.

1. A renewable fuel advisory committee is established within the department. The committee shall be composed of the following persons:

a. The secretary, or a person designated by the secretary, representing the department of agriculture and land stewardship who shall be the chairperson of the committee.

b. The director of the Iowa department of economic development, or a person designated by the director, representing the Iowa department of economic development.

c. The director of the state department of transportation, or a person designated by the director, representing the state department of transportation.

d. A person representing retail dealers as defined in section 214A.1 who shall be actively engaged in the business of selling motor vehicle fuel on a retail basis.

e. A person representing refiners of petroleum products who shall be actively engaged in the business of refining petroleum into motor vehicle fuel for the purpose of sale within the state.

f. A person representing an organization serving livestock producers in this state.

g. A person representing the Iowa corn growers association.

h. One person actively engaged in farming, as defined in section 172C.1.

The governor shall appoint persons who shall be confirmed by the senate, pursuant to section 2.32, to serve as voting members of the committee. However, the secretary of agriculture shall appoint the person representing the department of agriculture and land stewardship, the director of the Iowa department of economic development shall appoint the person representing that department, and the director of the state department of transportation shall appoint the person representing that department. The governor may make appointments of persons representing organizations listed under paragraphs "f" and "g" of this subsection from a list of candidates which shall be provided by the organization upon request by the governor.

2. The members appointed pursuant to subsection 1, paragraphs "d" through "h", shall serve three-year terms beginning and ending as provided in section 69.19. However, the governor shall appoint initial members to serve for less than three years to ensure members serve staggered terms. A member is eligible for reappointment. A vacancy on the committee shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

3. The committee shall include four ex officio nonvoting members who shall be legislative members. The legislative members are two state senators, one appointed by the president of the senate, after consultation with the majority leader of the senate, and one appointed by the minority leader of the senate, after consultation with the president of the senate, from their respective parties; and two state representatives, one appointed by the speaker of the house of representatives, after consultation with the majority leader of the house of representatives, and one appointed by the minority leader of the house of representatives, from their respective parties.

4. The committee shall meet on a regular basis and at the call of the chairperson or upon the written request to the chairperson of two or more voting members.

5. The members other than those enumerated in subsection 1, paragraphs "a" through "c", are entitled to receive compensation as provided in section 7E.6.

6. Five voting members constitute a quorum and the affirmative vote of a majority of the voting members present is necessary for any substantive action to be taken by the committee. The majority shall not include any member who has a conflict of interest and a statement

by a member that the member has a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the duties of the committee.

7. The committee shall be staffed by the agricultural marketing division of the department. The coordinator shall serve as secretary to the committee.

Sec. 10. NEW SECTION. 159A.5 PURPOSE OF THE COMMITTEE.

1. The purpose of the committee is to provide general oversight of operations of the office and to advise the office about all aspects concerning the production and consumption of renewable fuels. However, the committee shall not control policy decisions or direct the administration of this chapter.

2. The committee shall monitor conditions, practices, policies, programs, and procedures affecting the production and consumption of renewable fuels.

3. The committee shall monitor the condition of the fund and financial reports concerning the fund submitted by the office.

4. The committee shall review the annual report to the secretary regarding ethanol fuel activities, as provided in section 159A.3. The committee may make written comments concerning the contents of the report. Upon request of the committee, the coordinator shall include the comments as part of the report.

5. The committee, in cooperation with the coordinator, shall do all of the following:

a. Review the operations of the office and shall make recommendations regarding the effectiveness of programs provided under this chapter.

b. Establish performance goals for the office and adopt recommendations relating to improving the functions of the office and furthering the purposes of this chapter.

c. Encourage full support of programs designed to inform the public or targeted groups regarding renewable fuel production and consumption.

d. Support promotional programs or marketing strategies designed to encourage public consumption of renewable fuel.

Sec. 11. NEW SECTION. 159A.6 POINT-OF-SALE PUBLIC PROMOTION PROGRAM.

The office shall establish a program to promote the advantages related to the use of renewable fuel as an alternative to nonrenewable fuel. Promotions shall be designed to inform the ultimate consumer of advantages associated with using renewable fuel, and emphasize the benefits to the natural environment. The promotion shall inform consumers at the businesses of retail dealers of the motor vehicle fuel.

The committee shall develop standards for decals required pursuant to section 214A.16, which shall be designed to promote the advantages of using renewable fuel. The standards may be incorporated within a model decal adopted by the board and approved by the office.

Sec. 12. NEW SECTION. 159A.7 RENEWABLE FUEL FUND.

1. A renewable fuel fund is created in the state treasury under the control of the office of renewable fuel. The fund is composed of moneys accepted by the office. The fund may include moneys appropriated by the general assembly, and other moneys available to and obtained or accepted by the office, including moneys from the United States, other states in the union, foreign nations, state agencies, political subdivisions, and private sources.

2. Moneys in the fund shall be used only to administer this chapter. Moneys in the fund shall be allocated at the beginning of each fiscal year as follows:

a. Up to forty percent may be dedicated to support promotion and advertising of ethanol fuel.

b. Up to thirty percent may be dedicated to support research at the university of Iowa.

c. Up to thirty percent may be dedicated to support research at Iowa state university of science and technology.

d. The remaining balance shall be used by the office to support other projects or programs developed by the office.

3. Moneys in the fund shall be subject to an annual audit by the auditor of state. The fund shall be subject to warrants by the director of revenue and finance, drawn upon the written requisition of the coordinator.

4. In administering the fund, the office may do all of the following:

a. Contract, sue and be sued, and adopt procedures necessary to administer this section. However, the office shall not in any manner, directly or indirectly, pledge the credit of the state.

b. Authorize payment from the fund, from any income received by investment of moneys in the fund, for administrative costs, commissions, attorney and accountant fees, and other reasonable expenses related to and necessary for administering the fund and administering the program.

5. Section 8.33 shall not apply to moneys in the fund.

Sec. 13. Section 185C.11, Code 1991, is amended by adding the following new subsection:
NEW SUBSECTION. 5. Promote the production and marketing of ethanol.

Sec. 14. Section 214A.16, Code 1991, is amended to read as follows:

214A.16 NOTICE OF BLENDED FUEL.

All motor vehicle fuel kept, offered, or exposed for sale, or sold at retail containing over one percent ethanol, methanol, or any combination of oxygenate octane enhancers shall be identified as "with" either "ethanol", "methanol", "ethanol/methanol", or similar wording on a white adhesive decal. The design and location of the decals may be prescribed by rules adopted by the department. A decal identifying a renewable fuel shall be consistent with standards adopted pursuant to section 159A.6. If the department does not establish standards for a decal relating to a specific oxygenate octane enhancer, the wording shall be on a white adhesive decal with black letters at least one-half inch high and at least one-quarter inch wide placed between thirty and forty inches above the driveway level on the front sides of any container or pump from which the motor fuel is sold. The department may approve an application to place a decal in a special location on a pump or container or use a decal with special lettering or colors, if the decal appears clear and conspicuous to the consumer. The application shall be made in writing pursuant to procedures adopted by the department. Designs for a decal identifying a renewable fuel shall be consistent with standards adopted pursuant to section 159A.6.

Sec. 15. Section 262.25A, Code 1991, is amended to read as follows:

262.25A PURCHASE OF FUEL EFFICIENT AUTOMOBILES.

1. Institutions under the control of the state board of regents shall purchase only new automobiles which have at least the fuel economy required for purchase of new automobiles by the state vehicle dispatcher under section 18.115, subsection 4. This section subsection does not apply to automobiles purchased for law enforcement purposes.

2. A motor vehicle purchased by the institutions shall not operate on gasoline other than gasoline blended with at least ten percent ethanol. A state issued credit card used to purchase gasoline shall not be valid to purchase gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 16. **NEW SECTION. 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-BLENDED GASOLINE.**

A motor vehicle purchased by or used under the direction of the board of directors to provide services to a school corporation shall not, on or after January 1, 1993, operate on gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 17. **NEW SECTION. 280A.19A MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-BLENDED GASOLINE.**

A motor vehicle purchased by or used under the direction of the board of directors to provide services to a merged area shall not, on or after January 1, 1993, operate on gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed

with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 18. Section 307.21, subsection 4, Code 1991, is amended by adding the following new paragraph:

NEW PARAGRAPH. d. A motor vehicle purchased by the administrator shall not operate on gasoline other than gasoline blended with at least ten percent ethanol. A state-issued credit card used to purchase gasoline shall not be valid to purchase gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 19. Section 324.3, unnumbered paragraph 1, Code 1991, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of ~~sixteen cents per gallon for the period beginning January 1, 1986, and ending March 31, 1988, and eighteen cents per gallon for the period beginning April 1, 1988, and ending December 31, 1988, and twenty cents per gallon beginning January 1, 1989,~~ is imposed upon the use of all motor fuel used for any purpose except aviation gasoline and except motor fuel containing at least ten percent alcohol distilled from cereal grains grown in the United States for the period ~~beginning July 1, 1978, and ending June 30, 1992~~ 2000, and except as otherwise provided in this division. For the privilege of operating aircraft in this state an excise tax of eight cents per gallon ~~beginning July 1, 1988,~~ is imposed on the use of all aviation gasoline.

Sec. 20. Section 324.3, unnumbered paragraph 4, Code 1991, is amended to read as follows:

For the privilege of operating motor vehicles in this state an excise tax of ~~fifteen cents per gallon for the period beginning January 1, 1986, and ending March 31, 1988, and seventeen cents per gallon for the period beginning April 1, 1988, and ending December 31, 1988, and nineteen cents per gallon beginning January 1, 1989, and ending until June 30, 1992~~ 2000, is imposed upon the use of ~~gasohol~~ motor fuel containing at least ten percent alcohol distilled from cereal grains grown in the United States and used for any purpose except as otherwise provided in this division.

Sec. 21. NEW SECTION. 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-BLENDED GASOLINE.

A motor vehicle purchased or used by a county to provide county services shall not, on or after January 1, 1993, operate on gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 22. NEW SECTION. 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-BLENDED GASOLINE.

A motor vehicle purchased or used by a city to provide city services shall not, on or after January 1, 1993, operate on gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 23. Section 601L.3, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 14. A motor vehicle purchased by the commission shall not operate on gasoline other than gasoline blended with at least ten percent ethanol. A state issued credit card used to purchase gasoline shall not be valid to purchase gasoline other than gasoline blended with at least ten percent ethanol. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 24. ETHANOL PROJECTS.

1. The office of renewable fuel, as provided in chapter 159A, shall administer or supervise the following projects:

a. A project administered by the office to demonstrate the effectiveness of producing ethanol by using biomass products derived from corn stalks and woody grasses. The project shall encourage the production of woody grasses on land dedicated to permanent grass and buffer zones as provided in section 467A.48. The soil conservation division of the department of agriculture and land stewardship together with the state soil conservation committee as provided in chapter 467A shall cooperate in encouraging the planting of such grasses which may be harvested for purposes of ethanol production.

b. A project administered by the office to encourage and support the conversion of engines in motor vehicles to operate on conventional unblended gasoline and neat ethanol.

c. A project administered by the university of Iowa to perform an economic analysis of direct and indirect costs incurred in this state by using petroleum-based fuels as compared to the projected costs incurred in the state by using ethanol blended or neat ethanol fuels. The analysis shall be performed on microeconomic and macroeconomic scales. The cost and analysis shall include short-term and long-term projections regarding cost relating to converting from petroleum to ethanol based fuels.

d. A project administered by the department of general services to test engines operating on neat ethanol fuel. The department shall purchase neat ethanol fuel for storage in at least one underground storage tank maintained by the department. The department shall convert at least five engines mounted in state-purchased vehicles to operate on neat ethanol fuel and conventional unblended gasoline. The motor vehicles shall be used by state employees. The department shall conduct a study relating to the performance and reliability of the engines. The study shall be conducted in cooperation with state employees operating the motor vehicles.

2. The office of renewable fuel may, to the extent practicable, allocate moneys to support the projects required pursuant to this section.

3. The soil conservation division, the university of Iowa, and the department of general services shall report the results of projects required to be administered under this section to the office of renewable fuel. The office shall submit the results in a report to the general assembly which shall be submitted by January 13, 1992, to the secretary of the senate, the chief clerk of the house of representatives, and to the chairpersons of the standing committees on agriculture in the senate and the house of representatives.

Approved June 10, 1991

CHAPTER 255**TOXICS POLLUTION PREVENTION PROGRAM**

H.F. 683

AN ACT relating to the establishment of a toxics pollution prevention program, establishing fees, and providing an effective date.

Be It Enacted by the General Assembly of the State of Iowa:

Section 1. FINDINGS. The general assembly finds:

1. That the state annually produces millions of pounds of pollution and expends millions of dollars controlling this pollution.

2. That there are significant opportunities for industry to reduce or prevent pollution at the source through cost-effective changes in production, operation, and raw material use. These