

House File 2754 - Enrolled

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HOUSE FILE 2754

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1 3 AN ACT
1 4 RELATING TO RENEWABLE FUEL AND ENERGY, PROVIDING INCENTIVES FOR
1 5 INFRASTRUCTURE USED TO STORE AND DISPENSE RENEWABLE FUEL,
1 6 PROVIDING FOR INCOME TAX CREDITS, PROVIDING FOR PENALTIES,
1 7 AND PROVIDING EFFECTIVE AND APPLICABILITY DATES, INCLUDING
1 8 RETROACTIVE APPLICABILITY.
1 9
1 10 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
1 11
1 12 DIVISION I
1 13 ESTABLISHMENT OF RENEWABLE FUEL STANDARDS
1 14 Section 1. PETROLEUM REPLACEMENT GOAL. It is the goal of
1 15 this state that by January 1, 2020, all biofuel will replace
1 16 twenty-five percent of all petroleum used in the formulation
1 17 of gasoline.
1 18 Sec. 2. Section 214.1, subsections 1 through 3, Code 2005,
1 19 are amended by striking the subsections and inserting in lieu
1 20 thereof the following:
1 21 1. "Commercial weighing and measuring device" or "device"
1 22 means the same as defined in section 215.26.
1 23 2. "Motor fuel" means the same as defined in section
1 24 214A.1.
1 25 3. "Motor fuel pump" means a pump, meter, or similar
1 26 commercial weighing and measuring device used to measure and
1 27 dispense motor fuel on a retail basis.
1 28 4. "Retail dealer" means the same as defined in section
1 29 214A.1.
1 30 5. "Wholesale dealer" means the same as defined in section
1 31 214A.1.
1 32 Sec. 3. Section 214A.1, Code 2005, is amended by adding
1 33 the following new subsections:
1 34 NEW SUBSECTION. 0A. "Advertise" means to present a
1 35 commercial message in any medium, including but not limited to
2 1 print, radio, television, sign, display, label, tag, or
2 2 articulation.
2 3 NEW SUBSECTION. 1A. "Biodiesel" means a renewable fuel
2 4 comprised of mono-alkyl esters of long-chain fatty acids
2 5 derived from vegetable oils or animal fats, which meets the
2 6 standards provided in section 214A.2.
2 7 NEW SUBSECTION. 1B. "Biodiesel blended fuel" means a
2 8 blend of biodiesel with petroleum-based diesel fuel which
2 9 meets the standards, including separately the standard for its
2 10 biodiesel component, provided in section 214A.2.
2 11 NEW SUBSECTION. 1C. "Biofuel" means ethanol or biodiesel.
2 12 NEW SUBSECTION. 1D. "Committee" means the renewable fuels
2 13 and coproducts advisory committee established pursuant to
2 14 section 159A.4.
2 15 NEW SUBSECTION. 1E. "Dealer" means a wholesale dealer or
2 16 retail dealer.
2 17 NEW SUBSECTION. 1F. "Diesel fuel" means any liquid, other
2 18 than gasoline, which is suitable for use as a fuel in a diesel
2 19 fuel powered engine, including but not limited to a motor
2 20 vehicle, equipment as defined in section 322F.1, or a train.
2 21 Diesel fuel includes a liquid product prepared, advertised,
2 22 offered for sale, or sold for use as, or commonly and
2 23 commercially used as, motor fuel for use in an internal
2 24 combustion engine and ignited by pressure without the presence
2 25 of an electric spark. Diesel fuel must meet the standards
2 26 provided in section 214A.2.
2 27 NEW SUBSECTION. 1G. "E=85 gasoline" means ethanol blended
2 28 gasoline formulated with a minimum percentage of between
2 29 seventy and eighty-five percent by volume of ethanol, if the
2 30 formulation meets the standards provided in section 214A.2.
2 31 NEW SUBSECTION. 1H. "Ethanol" means ethyl alcohol that is
2 32 to be blended with gasoline if it meets the standards provided
2 33 in section 214A.2.
2 34 NEW SUBSECTION. 1I. "Ethanol blended gasoline" means a
2 35 formulation of gasoline which is a liquid petroleum product
3 1 blended with ethanol, if the formulation meets the standards
3 2 provided in section 214A.2.
3 3 NEW SUBSECTION. 1J. "Gasoline" means any liquid product

3 4 prepared, advertised, offered for sale or sold for use as, or
3 5 commonly and commercially used as, motor fuel for use in a
3 6 spark-ignition, internal combustion engine, and which meets
3 7 the specifications provided in section 214A.2.

3 8 NEW SUBSECTION. 2A. "Motor fuel pump" means the same as
3 9 defined in section 214.1.

3 10 NEW SUBSECTION. 5A. "Renewable fuel" means a combustible
3 11 liquid derived from grain starch, oilseed, animal fat, or
3 12 other biomass; or produced from a biogas source, including any
3 13 nonfossilized decaying organic matter which is capable of
3 14 powering machinery, including but not limited to an engine or
3 15 power plant. Renewable fuel includes but is not limited to
3 16 biofuel, ethanol blended gasoline, or biodiesel blended fuel
3 17 meeting the standards provided in section 214A.2.

3 18 NEW SUBSECTION. 6A. "Retail motor fuel site" means a
3 19 geographic location in this state where a retail dealer sells
3 20 and dispenses motor fuel on a retail basis.

3 21 Sec. 4. Section 214A.1, subsection 2, Code 2005, is
3 22 amended to read as follows:

3 23 2. "Motor ~~vehicle~~ fuel" means a substance or combination
3 24 of substances which is intended to be or is capable of being
3 25 used for the purpose of ~~propelling or running by combustion~~
~~any of operating an internal combustion engine, including but~~
3 27 ~~not limited to a motor vehicle,~~ and is kept for sale or sold
3 28 for that purpose. ~~The products commonly known as kerosene and~~
~~distillate or petroleum products of lower gravity (Baume~~
~~scale), when not used to propel a motor vehicle or for~~
3 31 ~~compounding or combining with a motor vehicle fuel, are exempt~~
~~from this chapter except as provided in section 214A.2A.~~

3 33 Sec. 5. Section 214A.1, subsections 6 and 8, Code 2005,
3 34 are amended by striking the subsections and inserting in lieu
3 35 thereof the following:

4 1 6. "Retail dealer" means a person engaged in the business
4 2 of storing and dispensing motor fuel from a motor fuel pump
4 3 for sale on a retail basis, regardless of whether the motor
4 4 fuel pump is located at a retail motor fuel site including a
4 5 permanent or mobile location.

4 6 8. "Wholesale dealer" means a person, other than a retail
4 7 dealer, who operates a place of business where motor fuel is
4 8 stored and dispensed for sale in this state, including a
4 9 permanent or mobile location.

4 10 Sec. 6. Section 214A.2, subsection 1, Code 2005, is
4 11 amended to read as follows:

4 12 1. The ~~secretary~~ department shall adopt rules pursuant to
4 13 chapter 17A for carrying out this chapter. The rules may
4 14 include, but are not limited to, specifications relating to
4 15 motor fuel ~~or oxygenate octane enhancers, including but not~~
4 16 ~~limited to renewable fuel such as ethanol blended gasoline,~~
4 17 ~~biodiesel, biodiesel blended fuel, and motor fuel components~~
4 18 ~~such as an oxygenate.~~ In the interest of uniformity, the
4 19 ~~secretary~~ department shall adopt by reference ~~or otherwise~~
4 20 ~~other~~ specifications relating to tests and standards for motor
4 21 fuel ~~or oxygenate octane enhancers including renewable fuel~~
4 22 ~~and motor fuel components, established by the United States~~
4 23 ~~environmental protection agency and A.S.T.M. (American society~~
4 24 ~~for testing and materials) international, unless the secretary~~
4 25 ~~determines those specifications are inconsistent with this~~
4 26 ~~chapter or are not appropriate to the conditions which exist~~
4 27 ~~in this state. In adopting standards for a renewable fuel,~~
4 28 ~~the department shall consult with the committee.~~

4 29 Sec. 7. Section 214A.2, Code 2005, is amended by adding
4 30 the following new subsection:

4 31 NEW SUBSECTION. 2A. a. For motor fuel advertised for
4 32 sale or sold as gasoline by a dealer, the motor fuel must meet
4 33 requirements for that type of motor fuel and its additives
4 34 established by the United States environmental protection
4 35 agency including as provided under 42 U.S.C. } 7545.

5 1 b. If the motor fuel is advertised for sale or sold as
5 2 ethanol blended gasoline, the motor fuel must comply with
5 3 departmental standards which shall comply with specifications
5 4 for ethanol blended gasoline adopted by A.S.T.M.
5 5 international. For ethanol blended gasoline all of the
5 6 following shall apply:

5 7 (1) Ethanol must be an agriculturally derived ethyl
5 8 alcohol that meets A.S.T.M. international specification D 4806
5 9 for denatured fuel ethanol for blending with gasoline for use
5 10 as automotive spark-ignition engine fuel, or a successor
5 11 A.S.T.M. international specification, as established by rules
5 12 adopted by the department.

5 13 (2) For ethanol blended gasoline other than E-85 gasoline,
5 14 at least ten percent of the gasoline by volume must be

5 15 ethanol.

5 16 (3) E=85 gasoline must be an agriculturally derived ethyl
5 17 alcohol that meets A.S.T.M. international specification D
5 18 5798, described as a fuel blend for use in ground vehicles
5 19 with automotive spark-ignition engines, or a successor
5 20 A.S.T.M. international specification, as established by rules
5 21 adopted by the department.

5 22 (4) In calculating the percentage of ethanol required for
5 23 the formulation of ethanol blended gasoline, a percentage of a
5 24 denaturant or contaminants permitted in the ethanol blended
5 25 gasoline may be excluded as provided by rules adopted by the
5 26 department.

5 27 Sec. 8. Section 214A.2, subsection 3, Code 2005, is
5 28 amended by striking the subsection and inserting in lieu
5 29 thereof the following:

5 30 3. a. For motor fuel advertised for sale or sold as
5 31 diesel fuel by a dealer, the motor fuel must meet requirements
5 32 for that type of motor fuel and its additives established by
5 33 the United States environmental protection agency including as
5 34 provided under 42 U.S.C. } 7545.

5 35 b. If the motor fuel is advertised for sale or sold as
6 1 biodiesel or biodiesel blended fuel, the motor fuel must
6 2 comply with departmental standards which shall comply with
6 3 specifications adopted by A.S.T.M. international for biodiesel
6 4 or biodiesel blended fuel, to every extent applicable as
6 5 determined by rules adopted by the department.

6 6 (1) Biodiesel must conform to A.S.T.M. international
6 7 specification D 6751 or a successor A.S.T.M. international
6 8 specification as established by rules adopted by the
6 9 department. The specification shall apply to biodiesel before
6 10 it leaves its place of manufacture.

6 11 (2) At least one percent of biodiesel blended fuel by
6 12 volume must be biodiesel.

6 13 (3) The biodiesel may be blended with diesel fuel whose
6 14 sulfur, aromatic, lubricity, and cetane levels do not comply
6 15 with A.S.T.M. international specification D 975 grades 1=D or
6 16 2=D, low sulfur 1=D or 2=D, or ultra-low sulfur grades 1=D or
6 17 2D, provided that the finished biodiesel blended fuel meets
6 18 A.S.T.M. international specification D 975 or a successor
6 19 A.S.T.M. international specification as established by rules
6 20 adopted by the department.

6 21 Sec. 9. Section 214A.2A, Code 2005, is amended to read as
6 22 follows:

6 23 214A.2A KEROSENE LABELING.

6 24 1. Fuel which is sold or is kept, offered, or exposed for
6 25 sale as kerosene shall be labeled as kerosene. The label
6 26 shall include the word "kerosene" and a designation as either
6 27 "K1" or "K2", and shall indicate that the kerosene is in
6 28 compliance with the standard specification adopted by ~~the~~
6 29 A.S.T.M. ~~in~~ international specification D=3699 (1982).

6 30 2. A product commonly known as kerosene and a distillate
6 31 or a petroleum product of lower gravity (Baume scale), when
6 32 not used to propel a motor vehicle or for compounding or
6 33 combining with a motor fuel, are exempt from this chapter
6 34 except as provided in this section.

6 35 Sec. 10. Section 214A.3, Code 2005, is amended by striking
7 1 the section and inserting in lieu thereof the following:

7 2 214A.3 ADVERTISING.

7 3 1. For all motor fuel, a person shall not knowingly do any
7 4 of the following:

7 5 a. Advertise the sale of any motor fuel which does not
7 6 meet the standards provided in section 214A.2.

7 7 b. Falsely advertise the quality or kind of any motor fuel
7 8 or a component of motor fuel.

7 9 c. Add a coloring matter to the motor fuel which misleads
7 10 a person who is purchasing the motor fuel about the quality of
7 11 the motor fuel.

7 12 2. For a renewable fuel, all of the following applies:

7 13 a. A person shall not knowingly falsely advertise that a
7 14 motor fuel is a renewable fuel or is not a renewable fuel.

7 15 b. (1) Ethanol blended gasoline sold by a dealer shall be
7 16 designated E=xx where "xx" is the volume percent of ethanol in
7 17 the ethanol blended gasoline. However, a person advertising
7 18 E=10 gasoline may only designate it as ethanol blended
7 19 gasoline. A person shall not knowingly falsely advertise
7 20 ethanol blended gasoline by using an inaccurate designation in
7 21 violation of this subparagraph.

7 22 (2) Biodiesel blended fuel shall be designated B=xx where
7 23 "xx" is the volume percent of biodiesel in the biodiesel
7 24 blended fuel. A person shall not knowingly falsely advertise
7 25 biodiesel blended fuel by using an inaccurate designation in

7 26 violation of this subparagraph.

7 27 Sec. 11. Section 214A.5, Code 2005, is amended to read as
7 28 follows:

7 29 214A.5 SALES SLIP ON DEMAND.

7 30 ~~Each A~~ wholesale dealer or retail dealer ~~in this state~~
7 31 shall, when making a sale of motor vehicle fuel, give to ~~each~~
7 32 ~~a purchaser upon demand a sales slip, upon which must be~~
7 33 ~~printed the words "This motor vehicle fuel conforms to the~~
7 34 ~~standard of specifications required by the state of Iowa."~~

7 35 ~~Each wholesale dealer in this state shall, when making a sale~~
8 1 ~~of oxygenate octane enhancer, give to each purchaser upon~~
8 2 ~~demand a sales slip upon which must be printed the words "This~~
8 3 ~~oxygenate octane enhancer conforms to the standard~~
8 4 ~~specifications required by the state of Iowa."~~

8 5 Sec. 12. Section 214A.7, Code 2005, is amended to read as
8 6 follows:

8 7 214A.7 DEPARTMENT INSPECTION == SAMPLES TESTED.

8 8 The department, ~~its agents or employees,~~ shall, from time
8 9 to time, make or cause to be made tests of any motor vehicle
8 10 fuel or oxygenate octane enhancer which is being sold, or held
8 11 or offered for sale within this state, ~~and for such purposes~~
8 12 ~~the inspectors have the right to. An inspector may enter upon~~
8 13 ~~the premises of any wholesale dealer or retail dealer of motor~~
8 14 ~~vehicle fuel or oxygenate octane enhancer within this state,~~
8 15 ~~and to take from any container a sample of the motor vehicle~~
8 16 ~~fuel or oxygenate octane enhancer, not to exceed ~~eight sixteen~~~~
8 17 ~~fluid ounces. The sample shall be sealed and appropriately~~
8 18 ~~marked or labeled by the inspector and delivered to the~~
8 19 ~~department. The department shall make, or cause to be made,~~
8 20 ~~complete analyses or tests of the motor vehicle fuel or~~
8 21 ~~oxygenate octane enhancer by the methods specified in section~~
8 22 ~~214A.2.~~

8 23 Sec. 13. Section 214A.8, Code 2005, is amended to read as
8 24 follows:

8 25 214A.8 PROHIBITION.

8 26 A ~~retail or wholesale~~ dealer ~~defined in this chapter~~ shall
8 27 ~~not knowingly sell any motor vehicle fuel or oxygenate octane~~
8 28 ~~enhancer biofuel~~ in the state that fails to meet applicable
8 29 ~~standards and specifications set out in this chapter as~~
8 30 ~~provided in section 214A.2.~~

8 31 Sec. 14. Section 214A.11, Code 2005, is amended to read as
8 32 follows:

8 33 214A.11 VIOLATIONS PENALTIES.

8 34 ~~1. Any Except as provided in subsection 2, a person~~
8 35 ~~violating the provisions who violates a provision of this~~
9 1 ~~chapter shall be is guilty of a simple serious misdemeanor.~~
9 2 ~~Each day that a continuing violation occurs shall be~~
9 3 ~~considered a separate offense.~~

9 4 ~~2. The state may proceed against a person who violates~~
9 5 ~~this chapter by initiating an alternative civil enforcement~~
9 6 ~~action in lieu of a prosecution. The alternative civil~~
9 7 ~~enforcement action may be brought against the person as a~~
9 8 ~~contested case proceeding by the department under chapter 17A~~
9 9 ~~or as a civil judicial proceeding by the attorney general upon~~
9 10 ~~referral by the department. The department may impose,~~
9 11 ~~assess, and collect the civil penalty. The civil penalty~~
9 12 ~~shall be for at least one hundred dollars but not more than~~
9 13 ~~one thousand dollars for each violation. Each day that a~~
9 14 ~~continuing violation occurs shall be considered a separate~~
9 15 ~~offense.~~

9 16 ~~a. Except as provided in paragraph "b", the state is~~
9 17 ~~precluded from prosecuting a violation pursuant to subsection~~
9 18 ~~1, if the state is a party in the alternative civil~~
9 19 ~~enforcement action, the department has made a final decision~~
9 20 ~~in the contested case proceeding, or a court has entered a~~
9 21 ~~final judgment.~~

9 22 ~~b. If a party to an alternative civil enforcement action~~
9 23 ~~fails to pay the civil penalty to the department within thirty~~
9 24 ~~days after the party has exhausted the party's administrative~~
9 25 ~~remedies and the party has not sought judicial review in~~
9 26 ~~accordance with section 17A.19, the department may order that~~
9 27 ~~its final decision be vacated. When the department's final~~
9 28 ~~decision is vacated, the state may initiate a criminal~~
9 29 ~~prosecution, but shall be precluded from bringing an~~
9 30 ~~alternative civil enforcement action. If a party to an~~
9 31 ~~alternative civil enforcement action fails to pay the civil~~
9 32 ~~penalty within thirty days after a court has entered a final~~
9 33 ~~judgment, the department may request that the attorney general~~
9 34 ~~petition the court to vacate its final judgment. When the~~
9 35 ~~court's judgment has been vacated, the state may initiate a~~
10 1 ~~criminal prosecution, but shall be precluded from bringing an~~

10 2 alternative civil enforcement action.

10 3 DIVISION II

10 4 RENEWABLE FUEL AND ENERGY

10 5 Sec. 15. Section 15.103, subsection 1, paragraph b,
10 6 subparagraph (7), Code Supplement 2005, is amended to read as
10 7 follows:

10 8 (7) Economics or alternative and renewable energy
10 9 including the alternative and renewable energy sectors listed
10 10 in section 476.42, subsection 1, paragraph "a".

10 11 Sec. 16. Section 15E.61, unnumbered paragraph 1, Code
10 12 2005, is amended to read as follows:

10 13 The general assembly finds the following: Fundamental
10 14 changes have occurred in national and international financial
10 15 markets and in the financial markets of this state. A
10 16 critical shortage of seed and venture capital resources exists
10 17 in the state, and such shortage is impairing the growth of
10 18 commerce in the state. A need exists to increase the
10 19 availability of venture equity capital for emerging,
10 20 expanding, and restructuring enterprises in Iowa, including,
10 21 without limitation, enterprises in the life sciences, advanced
10 22 manufacturing, information technology, alternative and
10 23 renewable energy including the alternative and renewable

10 24 energy sectors listed in section 476.42, subsection 1,

10 25 paragraph "a", and value-added agriculture areas. Such
10 26 investments will create jobs for Iowans and will help to
10 27 diversify the state's economic base.

10 28 Sec. 17. Section 15E.223, subsection 4, Code 2005, is
10 29 amended to read as follows:

10 30 4. "Targeted industry business" means an existing or
10 31 proposed business entity, including an emerging small business
10 32 or qualified business which is operated for profit and which
10 33 has a primary business purpose of doing business in at least
10 34 one of the targeted industries designated by the department
10 35 which include life sciences, software and information
11 1 technology, advanced manufacturing, value-added agriculture,
11 2 alternative and renewable energy including the alternative and
11 3 renewable energy sectors listed in section 476.42, subsection
11 4 1, paragraph "a", and any other industry designated as a

11 5 targeted industry by the department.

11 6 Sec. 18. Section 15E.231, subsection 1, Code Supplement
11 7 2005, is amended by adding the following new paragraph:

11 8 NEW PARAGRAPH. h. Development of the alternative and
11 9 renewable energy sector.

11 10 Sec. 19. Section 15E.351, subsection 1, Code Supplement
11 11 2005, is amended to read as follows:

11 12 1. The department shall establish and administer a
11 13 business accelerator program to provide financial assistance
11 14 for the establishment and operation of a business accelerator
11 15 for technology-based, value-added agricultural, information
11 16 solutions, alternative and renewable energy including the
11 17 alternative and renewable energy sectors listed in section

11 18 476.42, subsection 1, paragraph "a", or advanced manufacturing
11 19 start-up businesses or for a satellite of an existing business
11 20 accelerator. The program shall be designed to foster the
11 21 accelerated growth of new and existing businesses through the
11 22 provision of technical assistance. The department shall use
11 23 moneys appropriated to the department from the grow Iowa
11 24 values fund pursuant to section 15G.111, subsection 1, subject
11 25 to the approval of the economic development board, to provide
11 26 financial assistance under this section.

11 27 Sec. 20. Section 260C.18A, subsection 2, unnumbered
11 28 paragraph 1, Code Supplement 2005, is amended to read as
11 29 follows:

11 30 Moneys deposited in the funds and disbursed to community
11 31 colleges for a fiscal year shall be expended for the following
11 32 purposes, provided seventy percent of the moneys shall be used
11 33 on projects in the areas of advanced manufacturing,
11 34 information technology and insurance, alternative and
11 35 renewable energy including the alternative and renewable

12 1 energy sectors listed in section 476.42, subsection 1,

12 2 paragraph "a", and life sciences which include the areas of
12 3 biotechnology, health care technology, and nursing care
12 4 technology:

12 5 Sec. 21. Section 323A.1, Code 2005, is amended by adding
12 6 the following new subsections:

12 7 NEW SUBSECTION. 0A. "E=85 gasoline" means the same as
12 8 defined in section 214A.1.

12 9 NEW SUBSECTION. 0B. "Ethanol blended gasoline" means the
12 10 same as defined in section 214A.1.

12 11 Sec. 22. Section 323A.1, subsection 4, Code 2005, is
12 12 amended to read as follows:

12 13 4. "Motor fuel" means ~~gasoline or diesel fuel the same as~~
12 14 ~~motor fuel as defined in section 214A.1, which is of a type~~
12 15 distributed for use as a fuel in self-propelled vehicles
12 16 designed primarily for use on public streets, roads, and
12 17 highways.

12 18 Sec. 23. Section 323A.2, subsection 1, paragraph a, Code
12 19 2005, is amended to read as follows:

12 20 a. At least forty-eight hours prior to entering into an
12 21 agreement to purchase motor fuel from another source, the
12 22 franchisee has requested delivery of motor fuel from the
12 23 franchisor and the requested motor fuel has not been delivered
12 24 and the franchisor has given the franchisee notice that the
12 25 franchisor is unable to provide the requested motor fuel, or
12 26 prior to entering into an agreement the franchisor has stated
12 27 to the franchisee that the requested motor fuel will not be
12 28 delivered. The request to the franchisor for delivery shall
12 29 be for a type of fuel normally provided by the franchisor to
12 30 the franchisee and for a quantity of fuel not exceeding the
12 31 average amount sold by the franchisee in one week, based upon
12 32 average weekly sales in the three months preceding the
12 33 request, except that this provision shall not restrict a
12 34 franchisee from purchasing ethanol blended gasoline from a
12 35 source other than the franchisor or limit the quantity to be
13 1 purchased when the franchisor does not normally supply the
13 2 franchisee with ethanol blended gasoline. A franchisee may
13 3 also purchase E-85 gasoline as provided in section 323A.2A.

13 4 Sec. 24. NEW SECTION. 323A.2A PURCHASE OF E-85 GASOLINE
13 5 FROM OTHER SOURCE.

13 6 1. a. When on and after the effective date of this
13 7 section of this Act, a franchise is entered into or renewed,
13 8 the franchisor shall provide for the delivery of volumes of E=
13 9 85 gasoline at times demanded by the franchisee or shall allow
13 10 the franchisee to purchase those volumes of E-85 gasoline at
13 11 those times from another source.

13 12 b. If a franchise is in effect on the effective date of
13 13 this section of this Act and does not have an expiration date,
13 14 the franchisor shall provide for the delivery of volumes of E=
13 15 85 gasoline at times demanded by the franchisee or shall allow
13 16 the franchisee to purchase those volumes of E-85 gasoline at
13 17 those times from another source.

13 18 2. If the franchisee sells E-85 gasoline delivered from a
13 19 source other than the franchisor, the franchisee shall
13 20 prominently post a sign disclosing this fact to the public on
13 21 each motor fuel pump used for dispensing the E-85 gasoline.
13 22 The size of the sign shall not be less than eight inches by
13 23 ten inches and the letters on the sign shall be at least three
13 24 inches in height.

13 25 3. A franchisee who sells E-85 gasoline delivered from a
13 26 source other than the franchisor shall also fully indemnify
13 27 the franchisor against any claims asserted by a user on which
13 28 the claimant prevails and in which the court determines that
13 29 E-85 gasoline not acquired from the franchisor was the
13 30 proximate cause of the injury.

13 31 4. a. A purchase of E-85 gasoline in accordance with this
13 32 section is not good cause for the termination of a franchise.

13 33 b. A term of a franchise that is inconsistent with this
13 34 section is void and unenforceable.

13 35 SUBCHAPTER III

14 1 RENEWABLE FUEL INFRASTRUCTURE

14 2 Sec. 25. NEW SECTION. 455G.31 E-85 GASOLINE STORAGE AND
14 3 DISPENSING INFRASTRUCTURE.

14 4 1. As used in this section, unless the context otherwise
14 5 requires:

14 6 a. "E-85 gasoline" and "retail dealer" mean the same as
14 7 defined in section 214A.1.

14 8 b. "Gasoline storage and dispensing infrastructure" means
14 9 any storage tank located below ground or above ground and any
14 10 associated equipment including but not limited to a pipe,
14 11 hose, connection, fitting seal, or pump, which is used to
14 12 store, measure, and dispense gasoline by a retail dealer.

14 13 2. A retail dealer may use gasoline storage and dispensing
14 14 infrastructure to store and dispense E-85 gasoline, if all of
14 15 the following apply:

14 16 a. For gasoline storage and dispensing infrastructure
14 17 other than the dispenser, the department of natural resources
14 18 under this chapter or the state fire marshal under chapter
14 19 101, division II must determine that it is compatible with E=
14 20 85 gasoline.

14 21 b. For a dispenser, the manufacturer must state all of the
14 22 following:

14 23 (1) That the dispenser is, in the opinion of the

14 24 manufacturer, not incompatible with E=85 gasoline.
14 25 (2) The manufacturer has initiated the process of applying
14 26 to an independent testing laboratory for listing of the
14 27 equipment for use in dispensing E=85 gasoline.
14 28 A manufacturer's statement must include a written
14 29 statement, with reference to a particular type and model of
14 30 equipment for use in dispensing E=85 gasoline, signed by a
14 31 responsible official on behalf of the manufacturer, provided
14 32 either to the retail dealer using the gasoline storage and
14 33 dispensing infrastructure or to the department of natural
14 34 resources or the state fire marshal. If the written statement
14 35 is provided to a retail dealer, the statement shall be
15 1 retained in the files on the premises of the retail dealer and
15 2 shall be available to personnel of the department of natural
15 3 resources or the state fire marshal upon request.

15 4 3. This section is repealed July 1, 2009.
15 5 Sec. 26. CONFLICT WITH OTHER ACT. If the Eighty-first
15 6 General Assembly enacts House File 2793 or any other Act that
15 7 amends section 214.1 in a manner that conflicts with the
15 8 amendments in this Act to section 214.1, the provisions of
15 9 this Act shall prevail.

15 10 Sec. 27. EFFECTIVE DATE.
15 11 1. The sections of this Act amending sections 323A.1 and
15 12 323A.2, being deemed of immediate importance, take effect upon
15 13 enactment.

15 14 2. Section 323A.2A, as enacted in this Act, being deemed
15 15 of immediate importance, takes effect upon enactment.

15 16 DIVISION III
15 17 RENEWABLE FUEL INFRASTRUCTURE PROGRAMS
15 18 SUBCHAPTER II
15 19 RENEWABLE FUEL INFRASTRUCTURE

15 20 Sec. 28. NEW SECTION. 15G.114 DEFINITIONS.
15 21 As used in this subchapter, unless the context otherwise
15 22 requires:

15 23 1. "Biodiesel", "biodiesel blended fuel", "E=85 gasoline",
15 24 "gasoline", "motor fuel", "motor fuel pump", "retail dealer",
15 25 and "retail motor fuel site" mean the same as defined in
15 26 section 214A.1.

15 27 2. "Department" means the Iowa department of economic
15 28 development created in section 15.105.

15 29 3. "Infrastructure board" means the renewable fuel
15 30 infrastructure board as created in section 15G.115.

15 31 4. "Motor fuel storage and dispensing infrastructure" or
15 32 "infrastructure" means a tank and motor fuel pumps necessary
15 33 to keep and dispense motor fuel at a retail motor fuel site,
15 34 including but not limited to all associated equipment,
15 35 dispensers, pumps, pipes, hoses, tubes, lines, fittings,
16 1 valves, filters, seals, and covers.

16 2 5. "Terminal" means a storage and distribution facility
16 3 for motor fuel or a blend stock such as ethanol or biodiesel
16 4 that is stored on-site or off-site in bulk and that is
16 5 supplied to a motor vehicle, pipeline, or a marine vessel and
16 6 from which storage and distribution facility the motor fuel or
16 7 blend stock may be removed at a rack. "Terminal" does not
16 8 include any of the following:

16 9 a. A retail motor fuel site.
16 10 b. A facility at which motor fuel or special fuel, or
16 11 blend stocks are used in the manufacture of products other
16 12 than motor fuel and from which no motor fuel or special fuel
16 13 is removed.

16 14 6. "Terminal operator" means a person who has
16 15 responsibility for, or physical control over, the operation of
16 16 a terminal, including by ownership, contractual agreement, or
16 17 appointment.

16 18 7. "Underground storage tank fund board" means the Iowa
16 19 comprehensive petroleum underground storage tank fund board
16 20 established pursuant to section 455G.4.

16 21 Sec. 29. NEW SECTION. 15G.115 RENEWABLE FUEL
16 22 INFRASTRUCTURE BOARD.
16 23 A renewable fuel infrastructure board is established within
16 24 the department.

16 25 1. The department shall provide the infrastructure board
16 26 with necessary facilities, items, and clerical support. The
16 27 department shall perform administrative functions necessary
16 28 for the management of the infrastructure board, and the
16 29 renewable fuel infrastructure programs as provided in sections
16 30 15G.116 and 15G.117, all under the direction of the
16 31 infrastructure board.

16 32 2. The infrastructure board shall be composed of eleven
16 33 members who shall be appointed by the governor as follows:

16 34 a. One person representing insurers who is knowledgeable

16 35 about issues relating to underground storage tanks.
17 1 b. One person representing the petroleum industry who is
17 2 knowledgeable about issues relating to petroleum refining,
17 3 terminal operations, and petroleum or motor fuel distribution.
17 4 c. Nine persons based on nominations made by the titular
17 5 heads of all of the following:
17 6 (1) The agribusiness association of Iowa.
17 7 (2) The Iowa corn growers association.
17 8 (3) The Iowa farm bureau federation.
17 9 (4) The Iowa motor truck association.
17 10 (5) The Iowa soybean association.
17 11 (6) The petroleum marketers and convenience stores of
17 12 Iowa.
17 13 (7) The Iowa petroleum equipment contractors association.
17 14 (8) The Iowa renewable fuels association.
17 15 (9) The Iowa grocery industry association.
17 16 3. Appointments of voting members to the infrastructure
17 17 board are subject to the requirements of sections 69.16 and
17 18 69.16A. In addition, the appointments shall be geographically
17 19 balanced. The governor's appointees shall be confirmed by the
17 20 senate, pursuant to section 2.32.
17 21 4. The members of the infrastructure board shall serve
17 22 five-year terms beginning and ending as provided in section
17 23 69.19. However, the governor shall appoint initial members to
17 24 serve for less than five years to ensure members serve
17 25 staggered terms. A member is eligible for reappointment. A
17 26 vacancy on the board shall be filled for the unexpired portion
17 27 of the regular term in the same manner as regular appointments
17 28 are made.
17 29 5. The infrastructure board shall elect a chairperson from
17 30 among its members each year on a rotating basis as provided by
17 31 the infrastructure board. The infrastructure board shall meet
17 32 on a regular basis and at the call of the chairperson or upon
17 33 the written request to the chairperson of six or more members.
17 34 6. The infrastructure board shall meet with three or more
17 35 members of the underground storage tank fund board who shall
18 1 represent the underground storage tank fund board. The
18 2 representatives shall be available to advise the
18 3 infrastructure board when the infrastructure board makes
18 4 decisions regarding the awarding of financial incentives to a
18 5 person under a renewable fuel infrastructure program provided
18 6 in section 15G.116 or 15G.117.
18 7 7. Members of the infrastructure board are not entitled to
18 8 receive compensation but shall receive reimbursement of
18 9 expenses from the department as provided in section 7E.6.
18 10 8. Six members of the infrastructure board constitute a
18 11 quorum and the affirmative vote of a majority of the members
18 12 present is necessary for any substantive action to be taken by
18 13 the infrastructure board. The majority shall not include any
18 14 member who has a conflict of interest and a statement by a
18 15 member that the member has a conflict of interest is
18 16 conclusive for this purpose. A vacancy in the membership does
18 17 not impair the duties of the infrastructure board.
18 18 Sec. 30. NEW SECTION. 15G.116 RENEWABLE FUEL
18 19 INFRASTRUCTURE PROGRAM FOR RETAIL MOTOR FUEL SITES.
18 20 A renewable fuel infrastructure program is established in
18 21 the department under the direction of the renewable fuel
18 22 infrastructure board created pursuant to section 15G.115.
18 23 1. The purpose of the program is to improve a retail motor
18 24 fuel site by installing, replacing, or converting motor fuel
18 25 storage and dispensing infrastructure. The infrastructure
18 26 must be designed and shall be used exclusively to store and
18 27 dispense renewable fuel which is E-85 gasoline, biodiesel, or
18 28 biodiesel blended fuel on the premises of retail motor fuel
18 29 sites operated by retail dealers.
18 30 2. A person may apply to the department to receive
18 31 financial incentives on a cost-share basis. The department
18 32 shall forward the applications to the underground storage tank
18 33 fund board as required by that board for evaluation and
18 34 recommendation. The underground storage tank fund board may
18 35 rank the applications with comments and shall forward them to
19 1 the infrastructure board for approval or disapproval. The
19 2 department shall award financial incentives on a cost-share
19 3 basis to an eligible person whose application was approved by
19 4 the infrastructure board.
19 5 3. To all extent practical, the program shall be
19 6 administered in conjunction with the programs provided in
19 7 section 15.401.
19 8 4. The infrastructure board shall approve cost-share
19 9 agreements executed by the department and persons that the
19 10 infrastructure board determines are eligible as provided in

19 11 this section, according to terms and conditions required by
19 12 the infrastructure board. The infrastructure board shall
19 13 determine the amount of the financial incentives to be awarded
19 14 to a person participating in the program. In order to be
19 15 eligible to participate in the program all of the following
19 16 must apply:

19 17 a. The person must be an owner or operator of the retail
19 18 motor fuel site.

19 19 b. The person must apply to the department in a manner and
19 20 according to procedures required by the infrastructure board.
19 21 The application must contain all information required by the
19 22 infrastructure board and shall at least include all of the
19 23 following:

19 24 (1) The name of the person and the address of the retail
19 25 motor fuel site to be improved.

19 26 (2) A detailed description of the infrastructure to be
19 27 installed, replaced, or converted, including but not limited
19 28 to the model number of each installed, replaced, or converted
19 29 motor fuel storage tank if available.

19 30 (3) A statement describing how the retail motor fuel site
19 31 is to be improved, the total estimated cost of the planned
19 32 improvement, and the date when the infrastructure will be
19 33 first used to store and dispense the renewable fuel.

19 34 (4) A statement certifying that the infrastructure shall
19 35 not be used to store or dispense motor fuel other than E-85
20 1 gasoline, biodiesel, or biodiesel blended fuel, unless granted
20 2 a waiver by the infrastructure board pursuant to this section.

20 3 5. A retail motor fuel site which is improved using
20 4 financial incentives must comply with federal and state
20 5 standards governing new or upgraded motor fuel storage tanks
20 6 used to store and dispense the renewable fuel. A site
20 7 classified as a no further action site pursuant to a
20 8 certificate issued by the department of natural resources
20 9 under section 455B.474 shall retain its classification
20 10 following modifications necessary to store and dispense the
20 11 renewable fuel and the owner or operator shall not be required
20 12 to perform a new site assessment unless a new release occurs
20 13 or if a previously unknown or unforeseen risk condition should
20 14 arise.

20 15 6. The infrastructure board shall not approve a cost=
20 16 share agreement which awards financial incentives to install,
20 17 replace, or convert infrastructure associated with more than
20 18 one motor fuel storage tank located at the same retail motor
20 19 fuel site.

20 20 7. An award of financial incentives to a participating
20 21 person shall be in the form of a grant.

20 22 In order to participate in the program an eligible person
20 23 must execute a cost=share agreement with the department as
20 24 approved by the infrastructure board in which the person
20 25 contributes a percentage of the total costs related to
20 26 improving the retail motor fuel site. The financial
20 27 incentives awarded to the participating person shall not
20 28 exceed fifty percent of the actual cost of making the
20 29 improvement or thirty thousand dollars, whichever is less.
20 30 The infrastructure board may approve multiple awards to make
20 31 improvements to a retail motor fuel site so long as the total
20 32 amount of the awards does not exceed the limitations provided
20 33 in this paragraph.

20 34 8. A participating person shall not use the infrastructure
20 35 to store and dispense motor fuel other than the type of
21 1 renewable fuel approved by the board in the cost=share
21 2 agreement, unless one of the following applies:

21 3 a. The participating person is granted a waiver by the
21 4 infrastructure board. The participating person shall store or
21 5 dispense the motor fuel according to the terms and conditions
21 6 of the waiver.

21 7 b. The renewable fuel infrastructure fund if created in
21 8 2006 Iowa Acts, House File 2759 is immediately repaid the
21 9 total amount of moneys awarded to the participating person
21 10 together with a monetary penalty equal to twenty=five percent
21 11 of that awarded amount. The amount shall be deposited in the
21 12 renewable fuel infrastructure fund if created in 2006 Iowa
21 13 Acts, House File 2759.

21 14 9. A participating person who acts in violation of an
21 15 agreement executed with the department pursuant to this
21 16 section is subject to a civil penalty of not more than one
21 17 thousand dollars a day for each day of the violation. The
21 18 civil penalty shall be deposited into the general fund of the
21 19 state.

21 20 Sec. 31. NEW SECTION. 15G.117 RENEWABLE FUEL
21 21 INFRASTRUCTURE PROGRAM FOR BIODIESEL TERMINAL FACILITIES.

21 22 The department, under the direction of the renewable fuel
21 23 infrastructure board created in section 15G.115 shall
21 24 establish and administer a renewable fuel infrastructure
21 25 program for terminal facilities that store and dispense
21 26 biodiesel or biodiesel blended fuel. The infrastructure must
21 27 be designed and shall be used exclusively to store and
21 28 distribute biodiesel or biodiesel blended fuel. The
21 29 department as directed by the infrastructure board shall
21 30 provide a cost-share program for financial incentives.

21 31 1. A person may apply to the department to receive
21 32 financial incentives on a cost-share basis. The department
21 33 shall forward the applications to the underground storage tank
21 34 fund board as required by that board for evaluation and
21 35 recommendation. The underground storage tank fund board may
22 1 rank the applications with comments and shall forward them to
22 2 the infrastructure board for approval or disapproval. The
22 3 department shall award financial incentives on a cost-share
22 4 basis to an eligible person whose application was approved by
22 5 the infrastructure board.

22 6 2. To all extent practical, the program shall be
22 7 administered in conjunction with the programs provided in
22 8 section 15.401.

22 9 3. The department shall award financial incentives to a
22 10 terminal operator participating in the program as directed by
22 11 the infrastructure board. In order to be eligible to
22 12 participate in the program, the terminal operator must apply
22 13 to the department in a manner and according to procedures
22 14 required by the infrastructure board. The application must
22 15 contain information required by the infrastructure board and
22 16 shall at least include all of the following:

22 17 a. The name of the terminal operator and the address of
22 18 the terminal to be improved.

22 19 b. A detailed description of the infrastructure to be
22 20 installed, replaced, or converted.

22 21 c. A statement describing how the terminal is to be
22 22 improved, the total estimated cost of the planned improvement,
22 23 and the date when the infrastructure will be first used to
22 24 store and distribute biodiesel or biodiesel blended fuel.

22 25 d. A statement certifying that the infrastructure shall
22 26 not be used to store or dispense motor fuel other than
22 27 biodiesel or biodiesel blended fuel, unless granted a waiver
22 28 by the infrastructure board pursuant to this section.

22 29 4. An award of financial incentives to a participating
22 30 person shall be in the form of a grant. In order to
22 31 participate in the program an eligible person must execute a
22 32 cost-share agreement with the department as approved by the
22 33 infrastructure board in which the person contributes a
22 34 percentage of the total costs related to improving the
22 35 terminal. The financial incentives awarded to the
23 1 participating person shall not exceed fifty percent of the
23 2 actual cost of making the improvements or fifty thousand
23 3 dollars, whichever is less. The infrastructure board may
23 4 approve multiple awards to make improvements to a terminal so
23 5 long as the total amount of the awards does not exceed the
23 6 limitations provided in this subsection.

23 7 5. A participating terminal operator shall not use the
23 8 infrastructure to store or dispense motor fuel other than
23 9 biodiesel or biodiesel blended fuel, unless one of the
23 10 following applies:

23 11 a. The participating terminal operator is granted a waiver
23 12 by the infrastructure board. The participating terminal
23 13 operator shall store or dispense the motor fuel according to
23 14 the terms and conditions of the waiver.

23 15 b. The renewable fuel infrastructure fund if created in
23 16 2006 Iowa Acts, House File 2759 is immediately repaid the
23 17 total amount of moneys awarded to the participating terminal
23 18 operator together with a monetary penalty equal to twenty-five
23 19 percent of that awarded amount. The amount shall be deposited
23 20 in the renewable fuel infrastructure fund if created in 2006
23 21 Iowa Acts, House File 2759.

23 22 c. A participating terminal operator who acts in violation
23 23 of an agreement executed with the department pursuant to this
23 24 section is subject to a civil penalty of not more than one
23 25 thousand dollars a day for each day of the violation. The
23 26 civil penalty shall be deposited into the general fund of the
23 27 state.

23 28 Sec. 32. NEW SECTION. 15G.120 REPORT.

23 29 1. By January 15 of each year, the renewable fuel
23 30 infrastructure board shall approve that part of the
23 31 department's report required to be submitted to the governor
23 32 and general assembly by the department regarding projects

23 33 supported from the grow Iowa values fund as provided in
23 34 section 15.104 which provides information regarding
23 35 expenditures to support renewable fuel infrastructure programs
24 1 as provided in sections 15G.116 and 15G.117. That part of the
24 2 report approved by the board shall include the same
24 3 information as required for business finance projects funded
24 4 during the previous fiscal year.

24 5 2. This section is repealed on July 1, 2012.

24 6 Sec. 33. DEPARTMENTAL STUDY == E=85 GASOLINE AVAILABILITY.

24 7 The state department of transportation and the department of
24 8 natural resources shall cooperate to conduct a study to
24 9 provide methods to inform persons of the availability of E=85
24 10 gasoline offered for sale and distribution by retail dealers
24 11 of motor fuel in this state, including the location of each
24 12 retail motor fuel site where a retail dealer offers E=85
24 13 gasoline for sale and distribution. The department's study
24 14 shall include methods for identifying those locations for the
24 15 convenience of the traveling public including but not limited
24 16 to the identification of those locations on roadside signs and
24 17 on the official Iowa map published pursuant to section 307.14.
24 18 The departments shall jointly prepare and deliver a report to
24 19 the governor and general assembly, which includes findings and
24 20 recommendations, not later than January 10, 2007.

24 21 Sec. 34. EMERGENCY RULES. The Iowa department of economic
24 22 development and the Iowa comprehensive petroleum underground
24 23 storage tank fund board shall adopt emergency rules under
24 24 section 17A.4, subsection 2, and section 17A.5, subsection 2,
24 25 paragraph "b", to implement the provisions of this division
24 26 and the rules shall be effective immediately upon filing, but
24 27 not later than June 1, 2006. Any rules adopted in accordance
24 28 with this section shall also be published as a notice of
24 29 intended action as provided in section 17A.4, subsection 1.

24 30 DIVISION IV

24 31 RENEWABLE FUEL INCOME TAX CREDIT PROVISIONS

24 32 Sec. 35. Section 422.11C, subsection 1, paragraphs a
24 33 through g, Code 2005, are amended by striking the paragraphs
24 34 and inserting in lieu thereof the following:

24 35 a. "E=85 gasoline", "ethanol blended gasoline",
25 1 "gasoline", "retail dealer", and "retail motor fuel site" mean
25 2 the same as defined in section 214A.1.

25 3 b. "Motor fuel pump" means the same as defined in section
25 4 214.1.

25 5 c. "Sell" means to sell on a retail basis.

25 6 d. "Tax credit" means the designated ethanol blended
25 7 gasoline tax credit as provided in this section.

25 8 Sec. 36. Section 422.11C, subsection 2, paragraph b, Code
25 9 2005, is amended to read as follows:

25 10 b. The taxpayer operates at least one ~~service station~~
25 11 ~~retail motor fuel site~~ at which more than sixty percent of the
25 12 total gallons of gasoline sold and dispensed through one or
25 13 more ~~metered motor fuel~~ pumps by the taxpayer in the tax year
25 14 is ethanol blended gasoline.

25 15 Sec. 37. Section 422.11C, subsection 3, Code 2005, is
25 16 amended to read as follows:

25 17 3. The tax credit shall be calculated separately for each
25 18 ~~service station retail motor fuel~~ site operated by the
25 19 taxpayer. The amount of the tax credit for each eligible
25 20 ~~service station retail motor fuel site~~ is two and one-half
25 21 cents multiplied by the total number of gallons of ethanol
25 22 blended gasoline sold and dispensed through all ~~metered motor~~
25 23 ~~fuel~~ pumps located at that ~~service station retail motor fuel~~
25 24 ~~site~~ during the tax year in excess of sixty percent of all
25 25 gasoline sold and dispensed through ~~metered motor fuel~~ pumps
25 26 at that ~~service station retail motor fuel site~~ during the tax
25 27 year.

25 28 3A. A retail dealer is eligible to claim a designated
25 29 ethanol blended gasoline tax credit as provided in this

25 30 section even though the retail dealer claims an E=85 gasoline
25 31 promotion tax credit pursuant to section 422.110 for the same
25 32 tax year for the same ethanol gallonage.

25 33 Sec. 38. Section 422.11C, Code 2005, is amended by adding
25 34 the following new subsection:

25 35 NEW SUBSECTION. 6. This section is repealed on January 1,
26 1 2009.

26 2 Sec. 39. NEW SECTION. 422.11N ETHANOL PROMOTION TAX
26 3 CREDIT.

26 4 1. As used in this section, unless the context otherwise
26 5 requires:

26 6 a. "E=85 gasoline", "ethanol", "ethanol blended gasoline",
26 7 "gasoline", and "retail dealer" mean the same as defined in
26 8 section 214A.1.

26 9 b. "Flexible fuel vehicle" means the same as defined in
26 10 section 452A.2.

26 11 c. "Motor fuel" means the same as defined in section
26 12 452A.2.

26 13 d. "Motor fuel pump" means the same as defined in section
26 14 214.1.

26 15 e. "Sell" means to sell on a retail basis.

26 16 f. "Tax credit" means the ethanol promotion tax credit as
26 17 provided in this section.

26 18 2. The special terms provided in section 452A.31 shall
26 19 also apply to this section.

26 20 3. The taxes imposed under this division, less the credits
26 21 allowed under sections 422.12 and 422.12B, shall be reduced by
26 22 an ethanol promotion tax credit for each tax year that the
26 23 taxpayer is eligible to claim the tax credit under this
26 24 section. In order to be eligible, all of the following must
26 25 apply:

26 26 a. The taxpayer is a retail dealer who sells and dispenses
26 27 ethanol blended gasoline through a motor fuel pump in the tax
26 28 year in which the tax credit is claimed.

26 29 b. The retail dealer complies with requirements of the
26 30 department to administer this section.

26 31 4. In order to receive the tax credit, the retail dealer
26 32 must calculate all of the following:

26 33 a. The retail dealer's biofuel distribution percentage
26 34 which is the sum of the retail dealer's total ethanol
26 35 gallonage plus the retail dealer's total biodiesel gallonage
27 1 expressed as a percentage of the retail dealer's total
27 2 gasoline gallonage, in the retail dealer's applicable
27 3 determination period.

27 4 b. The retail dealer's biofuel threshold percentage is as
27 5 follows:

27 6 (1) For a retail dealer who sells and dispenses more than
27 7 two hundred thousand gallons of motor fuel in an applicable
27 8 determination period, the retail dealer's biofuel threshold
27 9 percentage is as follows:

27 10 (a) Ten percent for the determination period beginning on
27 11 January 1, 2009, and ending December 31, 2009.

27 12 (b) Eleven percent for the determination period beginning
27 13 on January 1, 2010, and ending December 31, 2010.

27 14 (c) Twelve percent for the determination period beginning
27 15 on January 1, 2011, and ending December 31, 2011.

27 16 (d) Thirteen percent for the determination period
27 17 beginning on January 1, 2012, and ending December 31, 2012.

27 18 (e) Fourteen percent for the determination period
27 19 beginning on January 1, 2013, and ending December 31, 2013.

27 20 (f) Fifteen percent for the determination period beginning
27 21 on January 1, 2014, and ending December 31, 2014.

27 22 (g) Seventeen percent for the determination period
27 23 beginning on January 1, 2015, and ending December 31, 2015.

27 24 (h) Nineteen percent for the determination period
27 25 beginning on January 1, 2016, and ending December 31, 2016.

27 26 (i) Twenty-one percent for the determination period
27 27 beginning on January 1, 2017, and ending December 31, 2017.

27 28 (j) Twenty-three percent for the determination period
27 29 beginning on January 1, 2018, and ending December 31, 2018.

27 30 (k) Twenty-five percent for each determination period
27 31 beginning on and after January 1, 2019.

27 32 (2) For a retail dealer who sells and dispenses two
27 33 hundred thousand gallons of motor fuel or less in an
27 34 applicable determination period, the biofuel threshold
27 35 percentages shall be:

28 1 (a) Six percent for the determination period beginning on
28 2 January 1, 2009, and ending December 31, 2009.

28 3 (b) Six percent for the determination period beginning on
28 4 January 1, 2010, and ending December 31, 2010.

28 5 (c) Ten percent for the determination period beginning on
28 6 January 1, 2011, and ending December 31, 2011.

28 7 (d) Eleven percent for the determination period beginning
28 8 on January 1, 2012, and ending December 31, 2012.

28 9 (e) Twelve percent for the determination period beginning
28 10 on January 1, 2013, and ending December 31, 2013.

28 11 (f) Thirteen percent for the determination period
28 12 beginning on January 1, 2014, and ending December 31, 2014.

28 13 (g) Fourteen percent for the determination period
28 14 beginning on January 1, 2015, and ending December 31, 2015.

28 15 (h) Fifteen percent for the determination period beginning
28 16 on January 1, 2016, and ending December 31, 2016.

28 17 (i) Seventeen percent for the determination period
28 18 beginning on January 1, 2017, and ending December 31, 2017.

28 19 (j) Nineteen percent for the determination period

28 20 beginning on January 1, 2018, and ending December 31, 2018.
28 21 (k) Twenty-one percent for the determination period
28 22 beginning on January 1, 2019, and ending December 31, 2019.
28 23 (l) Twenty-three percent for the determination period
28 24 beginning on January 1, 2020, and ending December 31, 2020.
28 25 (m) Twenty-five percent for each determination period
28 26 beginning on and after January 1, 2021.
28 27 (3) Notwithstanding paragraph "a", the governor may adjust
28 28 a biofuel threshold percentage for a determination period if
28 29 the governor finds that exigent circumstances exist. Exigent
28 30 circumstances exist due to potential substantial economic
28 31 injury to the state's economy. Exigent circumstances also
28 32 exist if it is probable that a substantial number of retail
28 33 dealers cannot comply with a biofuel threshold percentage
28 34 during a determination period due to any of the following:
28 35 (a) Less than the target number of flexible fuel vehicles
29 1 are registered under chapter 321. The target numbers of
29 2 flexible fuel vehicles are as follows:
29 3 (i) On January 1, 2011, two hundred fifty thousand.
29 4 (ii) On January 1, 2014, three hundred fifty thousand.
29 5 (iii) On January 1, 2017, four hundred fifty thousand.
29 6 (iv) On January 1, 2019, five hundred fifty thousand.
29 7 (b) A shortage in the biofuel feedstock resulting in a
29 8 dramatic decrease in biofuel inventories.
29 9 If the governor finds that exigent circumstances exist, the
29 10 governor may reduce the applicable biofuel threshold
29 11 percentage by replacing it with an adjusted biofuel threshold
29 12 percentage. The governor shall consult with the department of
29 13 revenue and the renewable fuels and coproducts advisory
29 14 committee established pursuant to section 159A.4. The
29 15 governor shall make the adjustment by giving notice of intent
29 16 to issue a proclamation which shall take effect not earlier
29 17 than thirty-five days after publication in the Iowa
29 18 administrative bulletin of a notice to issue the proclamation.
29 19 The governor shall provide a period of notice and comment in
29 20 the same manner as provided in section 17A.4, subsection 1.
29 21 The adjusted biofuel threshold percentage shall be effective
29 22 for the following determination period.
29 23 c. The retail dealer's biofuel threshold percentage
29 24 disparity which is a positive percentage difference obtained
29 25 by taking the minuend which is the retail dealer's biofuel
29 26 distribution percentage and subtracting from it the subtrahend
29 27 which is the retail dealer's biofuel threshold percentage, in
29 28 the retail dealer's applicable determination period.
29 29 d. The tax credit shall be calculated separately for each
29 30 retail motor fuel site or other permanent or temporary
29 31 location from which the retail dealer sells and dispenses
29 32 ethanol blended gasoline.
29 33 5. a. For a retail dealer whose tax year is the same as a
29 34 determination period beginning on January 1 and ending on
29 35 December 31, the retail dealer's tax credit is calculated by
30 1 multiplying the retail dealer's total ethanol gallonage by a
30 2 tax credit rate, which may be adjusted based on the retail
30 3 dealer's biofuel threshold percentage disparity. The tax
30 4 credit rate is as follows:
30 5 (1) For any tax year in which the retail dealer has
30 6 attained a biofuel threshold percentage for the determination
30 7 period, the tax credit rate is six and one-half cents.
30 8 (2) For any tax year in which the retail dealer has not
30 9 attained a biofuel threshold percentage for the determination
30 10 period, the tax credit rate shall be adjusted based on the
30 11 retail dealer's biofuel threshold percentage disparity. The
30 12 amount of the adjusted tax credit rate is as follows:
30 13 (a) If the retail dealer's biofuel threshold percentage
30 14 disparity equals two percent or less, the tax credit rate is
30 15 four and one-half cents.
30 16 (b) If the retail dealer's biofuel threshold percentage
30 17 disparity equals more than two percent but not more than four
30 18 percent, the tax credit rate is two and one-half cents.
30 19 (c) A retail dealer is not eligible for a tax credit if
30 20 the retail dealer's biofuel threshold percentage disparity
30 21 equals more than four percent.
30 22 b. For a retail dealer whose tax year is not the same as a
30 23 determination period beginning on January 1 and ending on
30 24 December 31, the retail dealer shall calculate the tax credit
30 25 twice, as follows:
30 26 (1) For the period beginning on the first day of the
30 27 retail dealer's tax year until December 31, the retail dealer
30 28 shall calculate the tax credit in the same manner as a retail
30 29 dealer who calculates the tax credit on that same December 31
30 30 as provided in paragraph "a".

30 31 (2) For the period beginning on January 1 to the end of
30 32 the retail dealer's tax year, the retail dealer shall
30 33 calculate the tax credit in the same manner as a retail dealer
30 34 who will calculate the tax credit on the following December 31
30 35 as provided in paragraph "a".

31 1 6. A retail dealer is eligible to claim an ethanol
31 2 promotion tax credit as provided in this section even though
31 3 the retail dealer claims an E=85 gasoline promotion tax credit
31 4 pursuant to section 422.110 for the same tax year and for the
31 5 same ethanol gallonage.

31 6 7. Any credit in excess of the retail dealer's tax
31 7 liability shall be refunded. In lieu of claiming a refund,
31 8 the retail dealer may elect to have the overpayment shown on
31 9 the retail dealer's final, completed return credited to the
31 10 tax liability for the following tax year.

31 11 8. An individual may claim the tax credit allowed a
31 12 partnership, limited liability company, S corporation, estate,
31 13 or trust electing to have the income taxed directly to the
31 14 individual. The amount claimed by the individual shall be
31 15 based upon the pro rata share of the individual's earnings of
31 16 a partnership, limited liability company, S corporation,
31 17 estate, or trust.

31 18 9. This section is repealed on January 1, 2026.
31 19 Sec. 40. NEW SECTION. 422.110 E=85 GASOLINE PROMOTION
31 20 TAX CREDIT.

31 21 1. As used in this section, unless the context otherwise
31 22 requires:

31 23 a. "E=85 gasoline", "ethanol", "gasoline", and "retail
31 24 dealer" mean the same as defined in section 214A.1.

31 25 b. "Motor fuel pump" means the same as defined in section
31 26 214.1.

31 27 c. "Sell" means to sell on a retail basis.

31 28 d. "Tax credit" means the E=85 gasoline promotion tax
31 29 credit as provided in this section.

31 30 2. The taxes imposed under this division, less the credits
31 31 allowed under sections 422.12 and 422.12B, shall be reduced by
31 32 an E=85 gasoline promotion tax credit for each tax year that
31 33 the taxpayer is eligible to claim the tax credit under this
31 34 subsection. In order to be eligible, all of the following
31 35 must apply:

32 1 a. The taxpayer is a retail dealer who sells and dispenses
32 2 E=85 gasoline through a motor fuel pump in the tax year in
32 3 which the tax credit is claimed.

32 4 b. The retail dealer complies with requirements of the
32 5 department to administer this section.

32 6 3. For a retail dealer whose tax year is on a calendar
32 7 year basis, the retail dealer shall calculate the amount of
32 8 the tax credit by multiplying a designated rate by the retail
32 9 dealer's total E=85 gasoline gallonage as provided in sections
32 10 452A.31 and 452A.32. The designated rate is as follows:

32 11 a. For calendar year 2006, calendar year 2007, and
32 12 calendar year 2008, twenty=five cents.

32 13 b. For calendar year 2009 and calendar year 2010, twenty
32 14 cents.

32 15 c. For calendar year 2011, ten cents.

32 16 d. For calendar year 2012, nine cents.

32 17 e. For calendar year 2013, eight cents.

32 18 f. For calendar year 2014, seven cents.

32 19 g. For calendar year 2015, six cents.

32 20 h. For calendar year 2016, five cents.

32 21 i. For calendar year 2017, four cents.

32 22 j. For calendar year 2018, three cents.

32 23 k. For calendar year 2019, two cents.

32 24 l. For calendar year 2020, one cent.

32 25 4. For a retail dealer whose tax year is not on a calendar
32 26 year basis, the retail dealer shall calculate the tax credit
32 27 twice, as follows:

32 28 a. For the period beginning on the first day of the retail
32 29 dealer's tax year until December 31, the retail dealer shall
32 30 calculate the tax credit in the same manner as a retail dealer
32 31 who calculates the tax credit on that same December 31 as
32 32 provided in subsection 3.

32 33 b. For the period beginning on January 1 to the end of the
32 34 retail dealer's tax year, the retail dealer shall calculate
32 35 the tax credit in the same manner as a retail dealer who will
33 1 calculate the tax credit on the following December 31 as
33 2 provided in subsection 3.

33 3 5. A retail dealer is eligible to claim an E=85 gasoline
33 4 promotion tax credit as provided in this section even though
33 5 the retail dealer claims an ethanol promotion tax credit
33 6 pursuant to section 422.11N for the same tax year for the same

33 7 ethanol gallonage.

33 8 6. Any credit in excess of the retail dealer's tax
33 9 liability shall be refunded. In lieu of claiming a refund,
33 10 the retail dealer may elect to have the overpayment shown on
33 11 the retail dealer's final, completed return credited to the
33 12 tax liability for the following tax year.

33 13 7. An individual may claim the tax credit allowed a
33 14 partnership, limited liability company, S corporation, estate,
33 15 or trust electing to have the income taxed directly to the
33 16 individual. The amount claimed by the individual shall be
33 17 based upon the pro rata share of the individual's earnings of
33 18 a partnership, limited liability company, S corporation,
33 19 estate, or trust.

33 20 8. This section is repealed on January 1, 2021.

33 21 Sec. 41. NEW SECTION. 422.11P BIODIESEL BLENDED FUEL TAX
33 22 CREDIT.

33 23 1. As used in this section, unless the context otherwise
33 24 requires:

33 25 a. "Biodiesel blended fuel", "diesel fuel", and "retail
33 26 dealer" mean the same as defined in section 214A.1.

33 27 b. "Motor fuel pump" means the same as defined in section
33 28 214.1.

33 29 c. "Sell" means to sell on a retail basis.

33 30 d. "Tax credit" means a biodiesel blended fuel tax credit
33 31 as provided in this section.

33 32 2. The taxes imposed under this division, less the credits
33 33 allowed under sections 422.12 and 422.12B, shall be reduced by
33 34 the amount of the biodiesel blended fuel tax credit for each
33 35 tax year that the taxpayer is eligible to claim a tax credit
34 1 under this subsection.

34 2 a. In order to be eligible, all of the following must
34 3 apply:

34 4 (1) The taxpayer is a retail dealer who sells and
34 5 dispenses biodiesel blended fuel through a motor fuel pump in
34 6 the tax year in which the tax credit is claimed.

34 7 (2) Of the total gallons of diesel fuel that the retail
34 8 dealer sells and dispenses through all motor fuel pumps during
34 9 the retail dealer's tax year, fifty percent or more is
34 10 biodiesel blended fuel which meets the requirements of this
34 11 section.

34 12 (3) The retail dealer complies with requirements of the
34 13 department established to administer this section.

34 14 b. The tax credit shall apply to biodiesel blended fuel
34 15 formulated with a minimum percentage of two percent by volume
34 16 of biodiesel, if the formulation meets the standards provided
34 17 in section 214A.2.

34 18 3. The amount of the tax credit is three cents multiplied
34 19 by the total number of gallons of biodiesel blended fuel sold
34 20 and dispensed by the retail dealer through all motor fuel
34 21 pumps operated by the retail dealer during the retail dealer's
34 22 tax year.

34 23 4. Any credit in excess of the retail dealer's tax
34 24 liability shall be refunded. In lieu of claiming a refund,
34 25 the retail dealer may elect to have the overpayment shown on
34 26 the retail dealer's final, completed return credited to the
34 27 tax liability for the following tax year.

34 28 5. An individual may claim the tax credit allowed a
34 29 partnership, limited liability company, S corporation, estate,
34 30 or trust electing to have the income taxed directly to the
34 31 individual. The amount claimed by the individual shall be
34 32 based upon the pro rata share of the individual's earnings of
34 33 the partnership, limited liability company, S corporation,
34 34 estate, or trust.

34 35 6. This section is repealed January 1, 2012.

35 1 Sec. 42. Section 422.33, subsection 11, paragraph a,
35 2 subparagraph (1), Code Supplement 2005, is amended to read as
35 3 follows:

35 4 (1) ~~"Ethanol", "E=85 gasoline", "ethanol blended gasoline",~~
35 5 ~~"gasoline", "metered pump", "motor fuel pump", "retail~~
35 6 ~~dealer", "retail motor fuel site", and "sell", and "service~~
35 7 ~~station"~~ mean the same as defined in section 422.11C.

35 8 Sec. 43. Section 422.33, subsection 11, paragraph b,
35 9 subparagraph (2), Code Supplement 2005, is amended to read as
35 10 follows:

35 11 (2) The taxpayer operates at least one ~~service station~~
35 12 ~~retail motor fuel site~~ at which more than sixty percent of the
35 13 total gallons of gasoline sold and dispensed through one or
35 14 more ~~metered motor fuel~~ pumps by the taxpayer is ethanol
35 15 blended gasoline.

35 16 Sec. 44. Section 422.33, subsection 11, paragraph c, Code
35 17 Supplement 2005, is amended to read as follows:

35 18 c. (1) The tax credit shall be calculated separately for
35 19 each ~~service station retail motor fuel~~ site operated by the
35 20 taxpayer.

35 21 (2) The amount of the tax credit for each eligible ~~service~~
35 22 ~~station retail motor fuel site~~ is two and one-half cents
35 23 multiplied by the total number of gallons of ethanol blended
35 24 gasoline sold and dispensed through all ~~metered motor fuel~~
35 25 pumps located at that ~~service station retail motor fuel site~~
35 26 during the tax year in excess of sixty percent of all gasoline
35 27 sold and dispensed through ~~metered motor fuel~~ pumps at that
35 28 ~~service station retail motor fuel site~~ during the tax year.

35 29 Sec. 45. Section 422.33, subsection 11, Code Supplement
35 30 2005, is amended by adding the following new paragraph:

35 31 NEW PARAGRAPH. e. This subsection is repealed on January
35 32 1, 2009.

35 33 Sec. 46. Section 422.33, Code Supplement 2005, is amended
35 34 by adding the following new subsections:

35 35 NEW SUBSECTION. 11A. The taxes imposed under this
36 1 division shall be reduced by an ethanol promotion tax credit
36 2 for each tax year that the taxpayer is eligible to claim the
36 3 tax credit under this subsection.

36 4 a. The taxpayer shall claim the tax credit in the same
36 5 manner as provided in section 422.11N. The taxpayer may claim
36 6 the tax credit according to the same requirements, for the
36 7 same amount, and calculated in the same manner, as provided
36 8 for the ethanol promotion tax credit pursuant to section
36 9 422.11N.

36 10 b. Any ethanol promotion tax credit which is in excess of
36 11 the taxpayer's tax liability shall be refunded or may be shown
36 12 on the taxpayer's final, completed return credited to the tax
36 13 liability for the following tax year in the same manner as
36 14 provided in section 422.11N.

36 15 c. This subsection is repealed on January 1, 2026.

36 16 NEW SUBSECTION. 11B. The taxes imposed under this
36 17 division shall be reduced by an E-85 gasoline promotion tax
36 18 credit for each tax year that the taxpayer is eligible to
36 19 claim the tax credit under this subsection.

36 20 a. The taxpayer shall claim the tax credit in the same
36 21 manner as provided in section 422.110. The taxpayer may claim
36 22 the tax credit according to the same requirements, for the
36 23 same amount, and calculated in the same manner, as provided
36 24 for the E-85 gasoline promotion tax credit pursuant to section
36 25 422.110.

36 26 b. Any E-85 gasoline promotion tax credit which is in
36 27 excess of the taxpayer's tax liability shall be refunded or
36 28 may be shown on the taxpayer's final, completed return
36 29 credited to the tax liability for the following tax year in
36 30 the same manner as provided in section 422.110.

36 31 c. This subsection is repealed on January 1, 2021.

36 32 Sec. 47. Section 422.33, Code Supplement 2005, is amended
36 33 by adding the following new subsection:

36 34 NEW SUBSECTION. 11C. The taxes imposed under this
36 35 division shall be reduced by a biodiesel blended fuel tax
37 1 credit for each tax year that the taxpayer is eligible to
37 2 claim the tax credit under this subsection.

37 3 a. The taxpayer may claim the biodiesel blended fuel tax
37 4 credit according to the same requirements, for the same
37 5 amount, and calculated in the same manner, as provided for the
37 6 biodiesel blended fuel tax credit pursuant to section 422.11P.

37 7 b. Any biodiesel blended fuel tax credit which is in
37 8 excess of the taxpayer's tax liability shall be refunded or
37 9 may be shown on the taxpayer's final, completed return
37 10 credited to the tax liability for the following tax year in
37 11 the same manner as provided in section 422.11P.

37 12 c. This subsection is repealed on January 1, 2012.

37 13 Sec. 48. RETROACTIVE APPLICABILITY DATE. Sections 422.110
37 14 and 422.11P, as enacted in this Act, and section 422.33,
37 15 subsections 11B, and 11C, as enacted in this Act, apply
37 16 retroactively to tax years beginning on or after January 1,
37 17 2006.

37 18 Sec. 49. TAX CREDIT AVAILABILITY.

37 19 1. For a retail dealer who may claim a designated ethanol
37 20 blended gasoline tax credit under section 422.11C or 422.33,
37 21 subsection 11, as amended by this Act, in calendar year 2008
37 22 and whose tax year ends prior to December 31, 2008, the retail
37 23 dealer may continue to claim the tax credit in the retail
37 24 dealer's following tax year. In that case, the tax credit
37 25 shall be calculated in the same manner as provided in section
37 26 422.11C or 422.33, subsection 11, as amended by this Act, for
37 27 the remaining period beginning on the first day of the retail
37 28 dealer's new tax year until December 31, 2008. For that

37 29 remaining period, the tax credit shall be calculated in the
37 30 same manner as a retail dealer whose tax year began on the
37 31 previous January 1 and who is calculating the tax credit on
37 32 December 31, 2008.

37 33 2. For a retail dealer who may claim an ethanol promotion
37 34 tax credit under section 422.11N or 422.33, subsection 11A, as
37 35 enacted in this Act, in calendar year 2025 and whose tax year
38 1 ends prior to December 31, 2025, the retail dealer may
38 2 continue to claim the tax credit in the retail dealer's
38 3 following tax year. In that case, the tax credit shall be
38 4 calculated in the same manner as provided in section 422.11N
38 5 or 422.33, subsection 11A, as enacted in this Act, for the
38 6 remaining period beginning on the first day of the retail
38 7 dealer's new tax year until December 31, 2025. For that
38 8 remaining period, the tax credit shall be calculated in the
38 9 same manner as a retail dealer whose tax year began on the
38 10 previous January 1 and who is calculating the tax credit on
38 11 December 31, 2025.

38 12 3. For a retail dealer who may claim an E-85 gasoline
38 13 promotion tax credit under section 422.11O or 422.33,
38 14 subsection 11B, as enacted in this Act, in calendar year 2020
38 15 and whose tax year ends prior to December 31, 2020, the retail
38 16 dealer may continue to claim the tax credit in the retail
38 17 dealer's following tax year. In that case, the tax credit
38 18 shall be calculated in the same manner as provided in section
38 19 422.11O or 422.33, subsection 11B, as enacted in this Act, for
38 20 the remaining period beginning on the first day of the retail
38 21 dealer's new tax year until December 31, 2020. For that
38 22 remaining period, the tax credit shall be calculated in the
38 23 same manner as a retail dealer whose tax year began on the
38 24 previous January 1 and who is calculating the tax credit on
38 25 December 31, 2020.

38 26 4. For a retail dealer who may claim a biodiesel blended
38 27 fuel tax credit under section 422.11P or 422.33, subsection
38 28 11C, as enacted in this Act, in calendar year 2006 and whose
38 29 tax year ends before December 31, 2006, the retail dealer may
38 30 claim the tax credit during the period beginning January 1,
38 31 2006, and ending on the last day of the retail dealer's tax
38 32 year, if of the total gallons of diesel fuel that the retail
38 33 dealer sells and dispenses through all motor fuel pumps during
38 34 that period, fifty percent or more is biodiesel blended fuel
38 35 which meets the requirements of section 422.11P or 422.33,
39 1 subsection 11C, as enacted in this Act.

39 2 5. For a retail dealer who may claim a biodiesel blended
39 3 fuel tax credit under section 422.11P or 422.33, subsection
39 4 11C, as enacted in this Act, in calendar year 2011 and whose
39 5 tax year ends prior to December 31, 2011, the retail dealer
39 6 may continue to claim the tax credit in the retail dealer's
39 7 following tax year. In that case, the tax credit shall be
39 8 calculated in the same manner as provided in section 422.11P
39 9 or 422.33, subsection 11C, as enacted in this Act, for the
39 10 remaining period beginning on the first day of the retail
39 11 dealer's new tax year until December 31, 2011. For that
39 12 remaining period, the tax credit shall be calculated in the
39 13 same manner as a retail dealer whose tax year began on the
39 14 previous January 1 and who is calculating the tax credit on
39 15 December 31, 2011.

39 16 DIVISION V

39 17 PETROLEUM REPLACEMENT INITIATIVE

39 18 Sec. 50. Section 452A.2, subsection 2, Code Supplement
39 19 2005, is amended by striking the subsection and inserting in
39 20 lieu thereof the following:

39 21 2. "Biofuel" means the same as defined in section 214A.1.

39 22 Sec. 51. Section 452A.2, Code Supplement 2005, is amended
39 23 by adding the following new subsections:

39 24 NEW SUBSECTION. 1A. "Biodiesel" means the same as defined
39 25 in section 214A.1.

39 26 NEW SUBSECTION. 1B. "Biodiesel blended fuel" means the
39 27 same as defined in section 214A.1.

39 28 NEW SUBSECTION. 9A. "E-85 gasoline" means the same as
39 29 defined in section 214A.1.

39 30 NEW SUBSECTION. 10A. "Ethanol" means the same as defined
39 31 in section 214A.1.

39 32 NEW SUBSECTION. 13A. "Flexible fuel vehicle" means a
39 33 motor vehicle as defined in section 321M.1 which is powered by
39 34 an engine capable of operating using E-85 gasoline.

39 35 NEW SUBSECTION. 13B. "Gasoline" means the same as defined
40 1 in section 214A.1.

40 2 NEW SUBSECTION. 19A. "Motor fuel pump" means the same as
40 3 defined in section 214.1.

40 4 NEW SUBSECTION. 20A. "Nonethanol blended gasoline" means

40 5 gasoline other than ethanol blended gasoline.

40 6 NEW SUBSECTION. 24A. "Retail dealer" means the same as
40 7 defined in section 214A.1.

40 8 Sec. 52. Section 452A.2, subsection 11, Code Supplement
40 9 2005, is amended to read as follows:

40 10 11. "Ethanol blended gasoline" means ~~motor fuel containing~~
~~40 11 at least ten percent alcohol distilled from cereal grains the~~
40 12 ~~same as defined in section 214A.1.~~

40 13 Sec. 53. Section 452A.2, subsection 19, unnumbered
40 14 paragraph 1, Code Supplement 2005, is amended to read as
40 15 follows:

40 16 "Motor fuel" means ~~both motor fuel as defined in section~~
40 17 ~~214A.1 and includes all~~ of the following:

40 18 Sec. 54. NEW SECTION. 452A.31 SPECIAL TERMS.

40 19 For purposes of this division, all of the following shall
40 20 apply:

40 21 1. A determination period is any twelve-month period
40 22 beginning on January 1 and ending on December 31.

40 23 2. a. A retail dealer's total gasoline gallonage is the
40 24 total number of gallons of gasoline, which the retail dealer
40 25 sells and dispenses from all motor fuel pumps operated by the
40 26 retail dealer in this state during a twelve-month period
40 27 beginning January 1 and ending December 31. The retail

40 28 dealer's total gasoline gallonage is divided into the
40 29 following classifications:

40 30 (1) The total ethanol blended gasoline gallonage which is
40 31 the retail dealer's total number of gallons of ethanol blended
40 32 gasoline and which includes all of the following
40 33 subclassifications:

40 34 (a) The total E=xx gasoline gallonage which is the total
40 35 number of gallons of ethanol blended gasoline other than E=85
41 1 gasoline.

41 2 (b) The total E=85 gasoline gallonage which is the total
41 3 number of gallons of E=85 gasoline.

41 4 (2) The total nonblended gasoline gallonage which is the
41 5 total number of gallons of nonblended ethanol gasoline.

41 6 b. A retail dealer's total ethanol gallonage is the total
41 7 number of gallons of ethanol which is a component of ethanol
41 8 blended gasoline which the retail dealer sells and dispenses
41 9 from motor fuel pumps as provided in paragraph "a" during a
41 10 twelve-month period beginning January 1 and ending December
41 11 31.

41 12 3. a. A retail dealer's total diesel fuel gallonage is
41 13 the total number of gallons of diesel fuel, which the retail
41 14 dealer sells and dispenses from all motor fuel pumps operated
41 15 by the retail dealer in this state during a twelve-month
41 16 period beginning January 1 and ending December 31. The retail
41 17 dealer's total diesel fuel gallonage is divided into the
41 18 following classifications:

41 19 (1) The total biodiesel blended fuel gallonage which is
41 20 the retail dealer's total number of gallons of biodiesel
41 21 blended fuel.

41 22 (2) The total nonblended diesel fuel gallonage which is
41 23 the total number of gallons of diesel fuel which is not
41 24 biodiesel or biodiesel blended fuel.

41 25 b. A retail dealer's total biodiesel gallonage is the
41 26 total number of gallons of biodiesel which may or may not be a
41 27 component of biodiesel blended fuel, and which the retail
41 28 dealer sells and dispenses from motor fuel pumps as provided
41 29 in paragraph "a" during a twelve-month period beginning
41 30 January 1 and ending December 31.

41 31 4. a. The aggregate gasoline gallonage is the total
41 32 number of gallons of gasoline, which all retail dealers sell
41 33 and dispense from all motor fuel pumps operated by the retail
41 34 dealers in this state during a twelve-month period beginning
41 35 January 1 and ending December 31. The aggregate gasoline
42 1 gallonage is divided into the following classifications:

42 2 (1) The aggregate ethanol blended gasoline gallonage which
42 3 is the aggregate total number of gallons of ethanol blended
42 4 gasoline and which includes all of the following

42 5 subclassifications:

42 6 (a) The aggregate E=xx gasoline gallonage which is the
42 7 aggregate total number of gallons of ethanol blended gasoline
42 8 other than E=85 gasoline.

42 9 (b) The aggregate E=85 gasoline gallonage which is the
42 10 aggregate total number of gallons of E=85 gasoline.

42 11 (2) The aggregate nonblended gasoline gallonage, which is
42 12 the aggregate number of gallons of nonblended ethanol
42 13 gasoline.

42 14 b. The aggregate ethanol gallonage is the total number of
42 15 gallons of ethanol which is a component of ethanol blended

42 16 gasoline which all retail dealers sell and dispense from motor
42 17 fuel pumps as provided in paragraph "a" during a twelve-month
42 18 period beginning January 1 and ending December 31.

42 19 5. a. The aggregate diesel fuel gallonage is the total
42 20 number of gallons of diesel fuel, which all retail dealers
42 21 sell and dispense from all motor fuel pumps operated by the
42 22 retail dealers in this state during a twelve-month period
42 23 beginning January 1 and ending December 31. The aggregate
42 24 diesel fuel gallonage is divided into the following
42 25 classifications:

42 26 (1) The aggregate biodiesel blended fuel gallonage which
42 27 is the aggregate number of gallons of biodiesel blended fuel.

42 28 (2) The aggregate nonblended diesel fuel gallonage which
42 29 is the aggregate number of gallons of diesel fuel which is not
42 30 biodiesel or biodiesel blended fuel.

42 31 b. The aggregate biodiesel gallonage is the total number
42 32 of gallons of biodiesel which may or may not be a component of
42 33 biodiesel blended fuel, and which all retail dealers sell and
42 34 dispense from motor fuel pumps as provided in paragraph "a"
42 35 during a twelve-month period beginning January 1 and ending
43 1 December 31.

43 2 6. a. The aggregate ethanol distribution percentage is
43 3 the aggregate ethanol gallonage expressed as a percentage of
43 4 the aggregate gasoline gallonage calculated for a twelve-
43 5 month period beginning January 1 and ending December 31.

43 6 b. The aggregate per gallon distribution percentage which
43 7 is the aggregate ethanol blended gasoline gallonage expressed
43 8 as a percentage of the aggregate gasoline gallonage calculated
43 9 for a twelve-month period beginning January 1 and ending
43 10 December 31.

43 11 7. a. The aggregate biodiesel distribution percentage is
43 12 the aggregate biodiesel gallonage expressed as a percentage of
43 13 the aggregate diesel fuel gallonage calculated for a twelve-
43 14 month period beginning January 1 and ending December 31.

43 15 b. The aggregate per gallon distribution percentage is the
43 16 aggregate biodiesel blended fuel gallonage expressed as a
43 17 percentage of the aggregate diesel fuel gallonage calculated
43 18 for a twelve-month period beginning January 1 and ending
43 19 December 31.

43 20 8. The aggregate biofuel distribution percentage is the
43 21 sum of the aggregate ethanol gallonage plus the aggregate
43 22 biodiesel gallonage expressed as a percentage of the sum of
43 23 the aggregate gasoline gallonage plus the aggregate diesel
43 24 fuel gallonage calculated for a twelve-month period beginning
43 25 January 1 and ending December 31.

43 26 Sec. 55. NEW SECTION. 452A.32 SCHEDULE FOR AVERAGING
43 27 ETHANOL CONTENT IN E-85 GASOLINE.

43 28 The department shall establish a schedule listing the
43 29 average amount of ethanol contained in E-85 gasoline as
43 30 defined in section 214A.1, for use by a retail dealer in
43 31 calculating the retail dealer's total ethanol gallonage, as
43 32 provided in section 452A.31. In establishing the schedule,
43 33 the department shall assume that a retail dealer begins
43 34 selling and dispensing E-85 gasoline from a motor fuel pump on
43 35 the first day of a month and ceases selling and distributing
44 1 E-85 gasoline on the last day of a month.

44 2 Sec. 56. NEW SECTION. 452A.33 REPORTING REQUIREMENTS.

44 3 1. a. Each retail dealer shall report its total motor
44 4 fuel gallonage for a determination period as follows:

44 5 (1) Its total gasoline gallonage and its total ethanol
44 6 gallonage, including for each classification and
44 7 subclassification as provided in section 452A.31.

44 8 (2) Its total diesel fuel gallonage and its total
44 9 biodiesel gallonage, including for each classification and
44 10 subclassification as provided in section 452A.31.

44 11 b. The report shall include a breakdown of the information
44 12 required in paragraph "a" for each retail motor fuel site or
44 13 other permanent or temporary location from which the retail
44 14 dealer sells and dispenses motor fuel.

44 15 c. The retail dealer shall prepare and submit the report
44 16 in a manner and according to procedures required by the
44 17 department. The department may require that retail dealers
44 18 report to the department on an annual, quarterly, or monthly
44 19 basis.

44 20 d. The information included in a report submitted by a
44 21 retail dealer is deemed to be a trade secret, protected as a
44 22 confidential record pursuant to section 22.7.

44 23 2. On or before February 1 the department shall deliver a
44 24 report to the governor and the legislative services agency.
44 25 The report shall compile information reported by retail
44 26 dealers to the department as provided in this section and

44 27 shall at least include all of the following:
44 28 a. (1) The aggregate gasoline gallonage for the previous
44 29 determination period, including for all classifications and
44 30 subclassifications as provided in section 452A.31.
44 31 (2) The aggregate diesel fuel gallonage for the previous
44 32 determination period, including for all classifications and
44 33 subclassifications as provided in section 452A.31.
44 34 b. (1) The aggregate ethanol distribution percentage for
44 35 the previous determination period.
45 1 (2) The aggregate biodiesel distribution percentage for
45 2 the previous determination period.
45 3 c. The report shall not provide information regarding
45 4 motor fuel or biofuel which is sold and dispensed by an
45 5 individual retail dealer or at a particular retail motor fuel
45 6 site. The report shall not include a trade secret protected
45 7 as a confidential record pursuant to section 22.7.
45 8 3. On or before February 1 of each year, the state
45 9 department of transportation shall deliver a report to the
45 10 governor and the legislative services agency providing
45 11 information regarding flexible fuel vehicles registered in
45 12 this state during the previous determination period. The
45 13 information shall state all of the following:
45 14 a. The aggregate number of flexible fuel vehicles.
45 15 b. Of the aggregate number of flexible fuel vehicles, all
45 16 of the following:
45 17 (1) The number of flexible fuel vehicles according to the
45 18 year of manufacture.
45 19 (2) The number of passenger vehicles and the number of
45 20 passenger vehicles according to the year of manufacture.
45 21 (3) The number of light pickup trucks and the number of
45 22 light pickup trucks according to the year of manufacture.

45 23 DIVISION VI

45 24 COORDINATING PROVISIONS == GOVERNMENT VEHICLES

45 25 Sec. 57. Section 8A.362, subsection 3, Code 2005, is
45 26 amended to read as follows:

45 27 3. a. The director shall provide for a record system for
45 28 the keeping of records of the total number of miles state=
45 29 owned motor vehicles are driven and the per-mile cost of
45 30 operation of each motor vehicle. Every state officer or
45 31 employee shall keep a record book to be furnished by the
45 32 director in which the officer or employee shall enter all
45 33 purchases of gasoline, lubricating oil, grease, and other
45 34 incidental expense in the operation of the motor vehicle
45 35 assigned to the officer or employee, giving the quantity and
46 1 price of each purchase, including the cost and nature of all
46 2 repairs on the motor vehicle. Each operator of a state-owned
46 3 motor vehicle shall promptly prepare a report at the end of
46 4 each month on forms furnished by the director and forwarded to
46 5 the director, giving the information the director may request
46 6 in the report. Each month the director shall compile the
46 7 costs and mileage of state-owned motor vehicles from the
46 8 reports and keep a cost history for each motor vehicle and the
46 9 costs shall be reduced to a cost-per-mile basis for each motor
46 10 vehicle. The director shall call to the attention of an
46 11 elected official or the head of any state agency to which a
46 12 motor vehicle has been assigned any evidence of the
46 13 mishandling or misuse of a state-owned motor vehicle which is
46 14 called to the director's attention.

46 15 b. A motor vehicle operated under this subsection shall
46 16 not operate on gasoline other than ethanol blended gasoline
46 17 ~~blended with at least ten percent ethanol as defined in~~
46 18 ~~section 214A.1~~, unless under emergency circumstances. A
46 19 state-issued credit card used to purchase gasoline shall not
46 20 be valid to purchase gasoline other than ethanol blended
46 21 ~~gasoline blended with at least ten percent ethanol~~, if
46 22 commercially available. The motor vehicle shall also be
46 23 affixed with a brightly visible sticker which notifies the
46 24 traveling public that the motor vehicle is being operated on
46 25 ethanol blended gasoline ~~blended with ethanol~~. However, the
46 26 sticker is not required to be affixed to an unmarked vehicle
46 27 used for purposes of providing law enforcement or security.

46 28 Sec. 58. Section 8A.362, subsection 5, paragraph a,
46 29 subparagraphs (1) and (2), Code 2005, are amended to read as
46 30 follows:

46 31 (1) ~~A fuel blended with not more than fifteen percent E=85~~
46 32 ~~gasoline and at least eighty-five percent ethanol as provided~~
46 33 ~~in section 214A.2.~~

46 34 (2) ~~A B=20 biodiesel blended fuel which is a mixture of~~
46 35 ~~diesel fuel and processed soybean oil as provided in section~~
47 1 ~~214A.2. At least twenty percent of the mixed fuel by volume~~
47 2 ~~must be processed soybean oil.~~

47 3 Sec. 59. Section 216B.3, subsection 16, paragraph a, Code
47 4 2005, is amended to read as follows:

47 5 a. A motor vehicle purchased by the commission shall not
47 6 operate on gasoline other than ethanol blended gasoline
47 7 ~~blended with at least ten percent ethanol as defined in~~
47 8 ~~section 214A.1.~~ A state issued credit card used to purchase
47 9 gasoline shall not be valid to purchase gasoline other than
47 10 ethanol blended gasoline blended with at least ten percent
47 11 ethanol. The motor vehicle shall also be affixed with a
47 12 brightly visible sticker which notifies the traveling public
47 13 that the motor vehicle is being operated on ethanol blended
47 14 gasoline blended with ethanol. However, the sticker is not
47 15 required to be affixed to an unmarked vehicle used for
47 16 purposes of providing law enforcement or security.

47 17 Sec. 60. Section 216B.3, subsection 16, paragraph b,
47 18 subparagraph (1), subparagraph subdivisions (a) and (b), Code
47 19 2005, are amended to read as follows:

47 20 (a) ~~A fuel blended with not more than fifteen percent E=85~~
47 21 ~~gasoline and at least eighty-five percent ethanol as provided~~
47 22 ~~in section 214A.2.~~

47 23 (b) ~~A B=20 biodiesel blended fuel which is a mixture of~~
47 24 ~~diesel fuel and processed soybean oil as provided in section~~
47 25 ~~214A.2. At least twenty percent of the mixed fuel by volume~~
47 26 ~~must be processed soybean oil.~~

47 27 Sec. 61. Section 260C.19A, subsection 1, Code 2005, is
47 28 amended to read as follows:

47 29 1. A motor vehicle purchased by or used under the
47 30 direction of the board of directors to provide services to a
47 31 merged area shall not operate on gasoline other than ethanol
47 32 blended gasoline blended with at least ten percent ethanol as
47 33 defined in section 214A.1. The motor vehicle shall also be
47 34 affixed with a brightly visible sticker which notifies the
47 35 traveling public that the motor vehicle is being operated on
48 1 ethanol blended gasoline blended with ethanol. However, the
48 2 sticker is not required to be affixed to an unmarked vehicle
48 3 used for purposes of providing law enforcement or security.

48 4 Sec. 62. Section 260C.19A, subsection 2, paragraph a,
48 5 subparagraphs (1) and (2), Code 2005, are amended to read as
48 6 follows:

48 7 (1) ~~A fuel blended with not more than fifteen percent E=85~~
48 8 ~~gasoline and at least eighty-five percent ethanol as provided~~
48 9 ~~in section 214A.2.~~

48 10 (2) ~~A B=20 biodiesel blended fuel which is a mixture of~~
48 11 ~~diesel fuel and processed soybean oil as provided in section~~
48 12 ~~214A.2. At least twenty percent of the mixed fuel by volume~~
48 13 ~~must be processed soybean oil.~~

48 14 Sec. 63. Section 262.25A, subsection 2, Code 2005, is
48 15 amended to read as follows:

48 16 2. A motor vehicle purchased by the institutions shall not
48 17 operate on gasoline other than ethanol blended gasoline
48 18 blended with at least ten percent ethanol as defined in
48 19 section 214A.1, unless under emergency circumstances. A
48 20 state-issued credit card used to purchase gasoline shall not
48 21 be valid to purchase gasoline other than ethanol blended
48 22 gasoline blended with at least ten percent ethanol if
48 23 commercially available. The motor vehicle shall also be
48 24 affixed with a brightly visible sticker which notifies the
48 25 traveling public that the motor vehicle is being operated on
48 26 ethanol blended gasoline blended with ethanol. However, the
48 27 sticker is not required to be affixed to an unmarked vehicle
48 28 used for purposes of providing law enforcement or security.

48 29 Sec. 64. Section 262.25A, subsection 3, paragraph a,
48 30 subparagraphs (1) and (2), Code 2005, are amended to read as
48 31 follows:

48 32 (1) ~~A fuel blended with not more than fifteen percent E=85~~
48 33 ~~gasoline and at least eighty-five percent ethanol as provided~~
48 34 ~~in section 214A.2.~~

48 35 (2) ~~A B=20 biodiesel blended fuel which is a mixture of~~
49 1 ~~processed soybean oil and diesel fuel as provided in section~~
49 2 ~~214A.2. At least twenty percent of the fuel by volume must be~~
49 3 ~~processed soybean oil.~~

49 4 Sec. 65. Section 279.34, Code 2005, is amended to read as
49 5 follows:

49 6 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ~~ETHANOL=~~
49 7 ~~BLENDED ETHANOL BLENDED GASOLINE.~~

49 8 A motor vehicle purchased by or used under the direction of
49 9 the board of directors to provide services to a school
49 10 corporation shall not, on or after January 1, 1993, operate on
49 11 gasoline other than ethanol blended gasoline blended with at
49 12 least ten percent ethanol as defined in section 214A.1. The
49 13 motor vehicle shall also be affixed with a brightly visible

49 14 sticker which notifies the traveling public that the motor
49 15 vehicle is being operated on ethanol blended gasoline blended
~~49 16 with ethanol~~. However, the sticker is not required to be
49 17 affixed to an unmarked vehicle used for purposes of providing
49 18 law enforcement or security.

49 19 Sec. 66. Section 307.21, subsection 4, paragraph d, Code
49 20 2005, is amended to read as follows:

49 21 d. A motor vehicle purchased by the administrator shall
49 22 not operate on gasoline other than ethanol blended gasoline
49 23 ~~blended with at least ten percent ethanol as defined in~~
~~49 24 section 214A.1~~. A state-issued credit card used to purchase
49 25 gasoline shall not be valid to purchase gasoline other than
49 26 ethanol blended gasoline blended with at least ten percent
~~49 27 ethanol~~. The motor vehicle shall also be affixed with a
49 28 brightly visible sticker which notifies the traveling public
49 29 that the motor vehicle is being operated on ethanol blended
49 30 gasoline blended with ethanol. However, the sticker is not
49 31 required to be affixed to an unmarked vehicle used for
49 32 purposes of providing law enforcement or security.

49 33 Sec. 67. Section 307.21, subsection 5, paragraph a,
49 34 subparagraphs (1) and (2), Code 2005, are amended to read as
49 35 follows:

50 1 (1) ~~A fuel blended with not more than fifteen percent E=85~~
50 2 ~~gasoline and at least eighty-five percent ethanol as provided~~
50 3 ~~in section 214A.2~~.

50 4 (2) ~~A B=20 biodiesel blended fuel which is a mixture of~~
~~50 5 processed soybean oil and diesel fuel as provided in section~~
50 6 ~~214A.2. At least twenty percent of the fuel by volume must be~~
~~50 7 processed soybean oil.~~

50 8 Sec. 68. Section 331.908, Code 2005, is amended to read as
50 9 follows:

50 10 331.908 MOTOR VEHICLES REQUIRED TO OPERATE ON ~~ETHANOL=~~
~~50 11 BLENDED ETHANOL BLENDED GASOLINE~~.

50 12 A motor vehicle purchased or used by a county to provide
50 13 county services shall not, ~~on or after January 1, 1993,~~
50 14 operate on gasoline other than ethanol blended gasoline
50 15 ~~blended with at least ten percent ethanol as defined in~~
50 16 ~~section 214A.1~~. The motor vehicle shall also be affixed with
50 17 a brightly visible sticker which notifies the traveling public
50 18 that the motor vehicle is being operated on ethanol blended
50 19 gasoline blended with ethanol. However, the sticker is not
50 20 required to be affixed to an unmarked vehicle used for
50 21 purposes of providing law enforcement or security.

50 22 Sec. 69. Section 364.20, Code 2005, is amended to read as
50 23 follows:

50 24 364.20 MOTOR VEHICLES REQUIRED TO OPERATE ON ~~ETHANOL=~~
~~50 25 BLENDED ETHANOL BLENDED GASOLINE~~.

50 26 A motor vehicle purchased or used by a city to provide city
50 27 services shall not, ~~on or after January 1, 1993,~~ operate on
50 28 gasoline other than ethanol blended gasoline blended with at
~~50 29 least ten percent ethanol as defined in section 214A.1~~. The
50 30 motor vehicle shall also be affixed with a brightly visible
50 31 sticker which notifies the traveling public that the motor
50 32 vehicle is being operated on ethanol blended gasoline blended
~~50 33 with ethanol~~. However, the sticker is not required to be
50 34 affixed to an unmarked vehicle used for purposes of providing
50 35 law enforcement or security.

51 1 Sec. 70. Section 904.312A, subsection 1, Code 2005, is
51 2 amended to read as follows:

51 3 1. A motor vehicle purchased by the department shall not
51 4 operate on gasoline other than ethanol blended gasoline
51 5 ~~blended with at least ten percent ethanol as defined in~~
51 6 ~~section 214A.1~~. A state-issued credit card used to purchase

51 7 gasoline shall not be valid to purchase gasoline other than
51 8 ethanol blended gasoline blended with at least ten percent
~~51 9 ethanol~~. The motor vehicle shall also be affixed with a
51 10 brightly visible sticker which notifies the traveling public
51 11 that the motor vehicle is being operated on ethanol blended
51 12 gasoline blended with ethanol. However, the sticker is not
51 13 required to be affixed to an unmarked vehicle used for
51 14 purposes of providing law enforcement or security.

51 15 Sec. 71. Section 904.312A, subsection 2, paragraph a,
51 16 subparagraphs (1) and (2), Code 2005, are amended to read as
51 17 follows:

51 18 (1) ~~A fuel blended with not more than fifteen percent E=85~~
51 19 ~~gasoline and at least eighty-five percent ethanol as provided~~
51 20 ~~in section 214A.2~~.

51 21 (2) ~~A B=20 biodiesel blended fuel which is a mixture of~~
~~51 22 diesel fuel and processed soybean oil as provided in section~~
51 23 ~~214A.2. At least twenty percent of the mixed fuel by volume~~
~~51 24 must be processed soybean oil.~~

51 25

DIVISION VII

51 26 COORDINATING PROVISIONS == MISCELLANEOUS

51 27 Sec. 72. Section 15.401, Code Supplement 2005, is amended
51 28 to read as follows:

51 29 15.401 ~~E-85 BLENDED GASOLINE~~ RENEWABLE FUELS.

51 30 1. ~~As used in this section, unless the context otherwise~~
51 31 ~~requires, "biodiesel", "biodiesel blended fuel", "E=85~~
51 32 ~~gasoline", and "retail motor fuel site" mean the same as~~
51 33 ~~defined in section 214A.1.~~

51 34 2. The department shall provide a cost-share program for
51 35 financial incentives for the installation or conversion of
52 1 infrastructure used by ~~service stations~~ retail motor fuel
52 2 sites to do all of the following:

52 3 a. ~~sell~~ Sell and dispense E-85 ~~blended gasoline and for~~
52 4 ~~the installation or conversion of.~~

52 5 b. Install or convert infrastructure required to establish
52 6 on-site and off-site terminal facilities that store biodiesel
52 7 or biodiesel blended fuel for distribution to ~~service stations~~
52 8 retail motor fuel sites.

52 9 3. The department shall provide for an addition of at
52 10 least thirty new or converted E-85 gasoline retail outlets and
52 11 four new or converted on-site or off-site terminal facilities
52 12 with a maximum expenditure of three hundred twenty-five
52 13 thousand dollars per year for the fiscal period beginning July
52 14 1, 2005, and ending June 30, 2008. The department may provide
52 15 for the marketing of these products in conjunction with this
52 16 infrastructure program.

52 17 4. The department shall consult with the renewable fuel
52 18 infrastructure board created in section 15G.115 in
52 19 administering this section.

52 20 Sec. 73. Section 159A.2, Code 2005, is amended by adding
52 21 the following new subsections:

52 22 NEW SUBSECTION. 0A. "Biodiesel" and "biodiesel blended
52 23 fuel" mean the same as defined in section 214A.1.

52 24 NEW SUBSECTION. 3A. "Department" means the department of
52 25 agriculture and land stewardship.

52 26 NEW SUBSECTION. 3B. "Ethanol blended gasoline" means the
52 27 same as defined in section 214A.1.

52 28 Sec. 74. Section 159A.2, subsection 6, Code 2005, is
52 29 amended by striking the subsection and inserting in lieu
52 30 thereof the following:

52 31 6. "Renewable fuel" means the same as defined in section
52 32 214A.1.

52 33 Sec. 75. Section 159A.2, subsection 8, Code 2005, is
52 34 amended by striking the subsection.

52 35 Sec. 76. Section 159A.3, subsection 3, Code 2005, is
53 1 amended to read as follows:

53 2 3. a. A chief purpose of the office is to further the
53 3 production and consumption of ethanol ~~fuel~~ blended gasoline in
53 4 this state. The office shall be the primary state agency
53 5 charged with the responsibility to promote public consumption
53 6 of ethanol ~~fuel~~ blended gasoline.

53 7 b. The office shall promote the production and consumption
53 8 of ~~soydiesel fuel~~ biodiesel and biodiesel blended fuel in this
53 9 state.

53 10 Sec. 77. Section 214A.19, subsection 1, unnumbered
53 11 paragraph 1, Code 2005, is amended to read as follows:

53 12 The department of natural resources, conditioned upon the
53 13 availability of funds, is authorized to award demonstration
53 14 grants to persons who purchase vehicles which operate on
53 15 alternative fuels, including but not limited to, ~~high blend~~
53 16 ~~ethanol E-85 gasoline, biodiesel,~~ compressed natural gas,
53 17 electricity, solar energy, or hydrogen. A grant shall be for
53 18 the purpose of conducting research connected with the fuel or
53 19 the vehicle, and not for the purchase of the vehicle itself,
53 20 except that the money may be used for the purchase of the
53 21 vehicle if all of the following conditions are satisfied:

53 22 Sec. 78. Section 307.20, Code 2005, is amended to read as
53 23 follows:

53 24 307.20 BIODIESEL AND BIODIESEL BLENDED FUEL REVOLVING
53 25 FUND.

53 26 1. A biodiesel and biodiesel blended fuel revolving fund
53 27 is created in the state treasury. The biodiesel and biodiesel
53 28 blended fuel revolving fund shall be administered by the
53 29 department and shall consist of moneys received from the sale
53 30 of EPAct credits banked by the department on April 19, 2001,
53 31 moneys appropriated by the general assembly, and any other
53 32 moneys obtained or accepted by the department for deposit in
53 33 the fund. Moneys in the fund are appropriated to and shall be
53 34 used by the department for the purchase of biodiesel and
53 35 biodiesel blended fuel for use in department vehicles. The

54 1 department shall submit an annual report not later than
54 2 January 31 to the members of the general assembly and the
54 3 legislative services agency, of the expenditures made from the
54 4 fund during the preceding fiscal year. Section 8.33 does not
54 5 apply to any moneys in the fund and, notwithstanding section
54 6 12C.7, subsection 2, earnings or interest on moneys deposited
54 7 in the fund shall be credited to the fund.

54 8 2. A ~~department~~ departmental motor vehicle operating ~~on~~
54 9 using biodiesel ~~or biodiesel blended~~ fuel shall be affixed
54 10 with a brightly visible sticker that notifies the traveling
54 11 public that the motor vehicle uses biodiesel blended fuel.

54 12 3. For purposes of this section the following definitions
54 13 apply:

54 14 a. ~~"Biodiesel"~~ "Biodiesel" and "biodiesel blended fuel"
54 15 ~~means soydiesel fuel~~ mean the same as defined in section
54 16 ~~159A.2 214A.1.~~

54 17 b. "EPAct credit" means a credit issued pursuant to the
54 18 federal Energy Policy Act (EPAct), 42 U.S.C. } 13201 et seq.

54 19 Sec. 79. Section 452A.2, subsection 3, Code Supplement
54 20 2005, is amended to read as follows:

54 21 3. "Blender" means a person who owns and blends ~~alcohol~~
54 22 ethanol with gasoline to produce ethanol blended gasoline and
54 23 blends the product at a nonterminal location. The ~~blender~~
54 24 person is not restricted to blending ~~alcohol ethanol~~ with
54 25 gasoline. Products blended with gasoline other than ~~grain~~
54 26 ~~alcohol ethanol~~ are taxed as gasoline. "Blender" also means a
54 27 person blending two or more special fuel products at a
54 28 nonterminal location where the tax has not been paid on all of
54 29 the products blended. This blend is taxed as a special fuel.
54 30 Sec. 80. Section 452A.2, subsection 21, Code Supplement
54 31 2005, is amended to read as follows:

54 32 21. "Nonterminal storage facility" means a facility where
54 33 motor fuel or special fuel, other than liquefied petroleum
54 34 gas, is stored that is not supplied by a pipeline or a marine
54 35 vessel. "Nonterminal storage facility" includes a facility
55 1 that manufactures products such as ~~alcohol ethanol as defined~~
55 2 in section 214A.1, biofuel, blend stocks, or additives which
55 3 may be used as motor fuel or special fuel, other than
55 4 liquefied petroleum gas, for operating motor vehicles or
55 5 aircraft.

55 6 Sec. 81. Section 452A.3, subsection 1B, Code Supplement
55 7 2005, is amended to read as follows:

55 8 1B. An excise tax of seventeen cents is imposed on each
55 9 gallon of E-85 gasoline, ~~which contains at least eighty-five~~
55 10 ~~percent denatured alcohol by volume from the first day of~~
55 11 ~~April until the last day of October or seventy percent~~
55 12 ~~denatured alcohol from the first day of November until the~~
55 13 ~~last day of March, used for the privilege of operating motor~~
55 14 ~~vehicles in this state as defined in section 214A.1, subject~~
55 15 ~~to the determination provided in subsection 1C.~~

55 16 Sec. 82. Section 452A.6, Code 2005, is amended to read as
55 17 follows:

55 18 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS ==
55 19 BLENDER'S LICENSE.

55 20 1. a. A person other than a supplier, restrictive
55 21 supplier, or importer licensed under this division, who blends
55 22 gasoline with ~~alcohol distilled from cereal grains so that the~~
55 23 ~~blend contains at least ten percent alcohol distilled from~~
55 24 ~~cereal grains ethanol as defined in section 214A.1 in order to~~
55 25 formulate ethanol blended gasoline, shall obtain a blender's
55 26 license.

55 27 b. A person who blends two or more special fuel products
55 28 or sells one hundred percent biofuel shall obtain a blender's
55 29 license.

55 30 2. ~~The A blender's~~ license shall be obtained by following
55 31 the procedure under section 452A.4 and the blender's license
55 32 is subject to the same restrictions as contained in that
55 33 section.

55 34 3. A blender required to obtain a license pursuant to this
55 35 section shall maintain records as required by section 452A.10
56 1 as to motor fuel, ~~alcohol ethanol~~, ethanol blended gasoline,
56 2 and special fuels.

56 3 DIVISION VIII
56 4 CHANGE OF TERMS

56 5 Sec. 83. CHANGE OF TERMS.

56 6 1. Sections 8A.362, 101.21, 159A.4, 214.11, 214A.1,
56 7 214A.2, 214A.4, 214A.5, 214A.7, 214A.8, 214A.9, 214A.10,
56 8 214A.16, 214A.17, 214A.18, 306C.11, 312.1, 321.56, 423.14,
56 9 452A.63, 452A.66, and 452A.78, Code 2005, are amended by
56 10 striking from the provisions the words "motor vehicle fuel"
56 11 and inserting the following: "motor fuel".

56 12 2. Sections 214.3, 214.9, 214.11, and 214A.16, Code 2005,
56 13 are amended by striking the words "motor vehicle fuel pump" or
56 14 "motor vehicle fuel pumps" and inserting the following:
56 15 "motor fuel pump" or "motor fuel pumps".
56 16 3. Sections 159A.3 and 214A.17, Code 2005, are amended by
56 17 striking from the provisions the words "oxygenate octane
56 18 enhancers" and inserting the following: "oxygenates".
56 19 4. Sections 214A.1, 214A.4, 214A.5, 214A.7, 214A.8, and
56 20 214A.10, Code 2005, are amended by striking from the
56 21 provisions the words "oxygenate octane enhancer" and inserting
56 22 the following: "oxygenate".
56 23
56 24
56 25

CHRISTOPHER C. RANTS
Speaker of the House

JEFFREY M. LAMBERTI
President of the Senate

56 34 I hereby certify that this bill originated in the House and
56 35 is known as House File 2754, Eighty-first General Assembly.

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MARGARET THOMSON
Chief Clerk of the House

57 6 Approved _____, 2006

THOMAS J. VILSACK
Governor