



OFFICE OF THE GOVERNOR

CHESTER J. CULVER
GOVERNOR

PATTY JUDGE
LT. GOVERNOR

May 12, 2008

The Honorable Michael Mauro
Secretary of State
State Capitol Building
LOCAL

Dear Mr. Secretary:

I hereby transmit:

House File 2689, an Act relating to renewable fuel, including by providing for infrastructure associated with storing, blending, and dispensing renewable fuel, providing for tax credits, providing for the purchase of renewable fuels by governmental entities, providing for renewable fuel marketing efforts, and providing for effective dates and applicability.

The above House File is hereby approved this date.

Sincerely,

A handwritten signature in black ink, appearing to read "Chester J. Culver", with a long horizontal flourish extending to the right.

Chester J. Culver
Governor

CJC:bdj

cc: Secretary of the Senate
Chief Clerk of the House





HOUSE FILE 2689

AN ACT

RELATING TO RENEWABLE FUEL, INCLUDING BY PROVIDING FOR INFRASTRUCTURE ASSOCIATED WITH STORING, BLENDING, AND DISPENSING RENEWABLE FUEL, PROVIDING FOR TAX CREDITS, PROVIDING FOR THE PURCHASE OF RENEWABLE FUELS BY GOVERNMENTAL ENTITIES, PROVIDING FOR RENEWABLE FUEL MARKETING EFFORTS, AND PROVIDING FOR EFFECTIVE DATES AND APPLICABILITY.

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

DIVISION I

RENEWABLE FUEL INFRASTRUCTURE

Section 1. Section 15G.201, subsection 1, Code 2007, is amended to read as follows:

1. "Biodiesel", "biodiesel blended fuel", "biodiesel fuel", "E-85 gasoline", "ethanol", "ethanol blended gasoline", "gasoline", "motor fuel", "~~motor-fuel-pump~~", "retail dealer", and "retail motor fuel site" mean the same as defined in section 214A.1.

Sec. 2. Section 15G.201, Code 2007, is amended by adding the following new subsections:

NEW SUBSECTION. 4A. "Motor fuel pump" and "motor fuel blender pump" or "blender pump" mean the same as defined in section 214.1.

NEW SUBSECTION. 5A. "Tank vehicle" means the same as defined in section 321.1.

Sec. 3. NEW SECTION. 15G.201A CLASSIFICATION OF RENEWABLE FUEL.

For purposes of this division, ethanol blended fuel and biodiesel fuel shall be classified in the same manner as provided in section 214A.2.

Sec. 4. Section 15G.203, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

A renewable fuel infrastructure program for retail motor fuel sites is established in the department under the direction of the renewable fuel infrastructure board created pursuant to section 15G.202.

Sec. 5. Section 15G.203, subsection 1, Code Supplement 2007, is amended to read as follows:

1. The purpose of the program is to improve retail motor fuel sites by installing, replacing, or converting ~~motor-fuel storage-and-dispensing~~ infrastructure. ~~---The-infrastructure must-be to be used to store, blend, or dispense renewable fuel. The infrastructure shall be ethanol infrastructure or biodiesel infrastructure.~~

a. (1) Ethanol infrastructure shall be designed and shall be used exclusively to store do any of the following:

(a) Store and dispense renewable-fuel-which-is E-85 gasoline.

(b) Store, blend, and dispense motor fuel from a motor fuel blender pump, as required in this subparagraph subdivision. The ethanol infrastructure must provide for the storage of ethanol or ethanol blended gasoline, or for blending ethanol with gasoline. The ethanol infrastructure must at least include a motor fuel blender pump which dispenses different classifications of ethanol blended gasoline and allows E-85 gasoline to be dispensed at all times that the blender pump is operating.

(2) Biodiesel infrastructure shall be designed and used exclusively to do any of the following:

(a) Store and dispense biodiesel, or biodiesel blended fuel on-the.

(b) Blend or dispense biodiesel fuel from a motor fuel blender pump.

b. The infrastructure must be part of the premises of a retail motor fuel sites site operated by a retail dealers dealer. The infrastructure shall not include a tank vehicle.

Sec. 6. Section 15G.203, subsection 3, Code Supplement 2007, is amended by striking the subsection.

Sec. 7. Section 15G.203, subsection 4, paragraph b, subparagraphs (3) and (4), Code Supplement 2007, are amended to read as follows:

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

(4) A statement certifying that the infrastructure shall not only be used to ~~store or dispense motor fuel other than E-85 gasoline, biodiesel, or biodiesel-blended fuel~~ comply with the provisions of this section and as specified in the cost-share agreement, unless granted a waiver by the infrastructure board pursuant to this section.

Sec. 8. Section 15G.203, subsection 6, Code Supplement 2007, is amended by striking the subsection.

Sec. 9. Section 15G.203, subsection 7, Code Supplement 2007, is amended to read as follows:

7. An award of financial incentives to a participating person shall be on a cost-share basis in the form of a grant. To

~~In order to~~ participate in the program, an eligible person must execute a cost-share agreement with the department as approved by the infrastructure board in which the person contributes a percentage of the total costs related to improving the retail motor fuel site. A cost-share agreement shall be for a three-year period or a five-year period. A cost-share agreement shall include provisions for standard financial incentives or standard financial incentives and supplemental financial incentives as provided in this subsection. The infrastructure board may approve multiple improvements to the same retail motor fuel site for the full amount available for both ethanol infrastructure and biodiesel infrastructure so long as the improvements for ethanol infrastructure and for biodiesel infrastructure are made under separate cost-share agreements.

a. (1) Except as provided in paragraph "b", a participating person may be awarded standard financial incentives to make improvements to a retail motor fuel site. The standard financial incentives awarded to the a participating person shall not exceed the following:

(a) For a three-year cost-share agreement, fifty percent of the actual cost of making the improvement or thirty thousand dollars, whichever is less.

(b) For a five-year cost-share agreement, seventy percent of the actual cost of making the improvement or fifty thousand dollars, whichever is less.

(2) The infrastructure board may approve multiple awards of standard financial incentives to make improvements to a retail motor fuel site so long as the total amount of the awards for ethanol infrastructure or biodiesel infrastructure does not exceed the limitations provided in this-paragraph subparagraph (1).

b. In addition to any standard financial incentives awarded to a participating person under paragraph "a", the participating person may be awarded supplemental financial incentives to make improvements to a retail motor fuel site to upgrade do any of the following:

(1) Upgrade or replace a dispenser which is part of gasoline storage and dispensing infrastructure used to store and dispense E-85 gasoline as provided in section 455G.31. The participating person is only eligible to receive be awarded the supplemental financial incentives if the person installed the dispenser not later than sixty days after the date of the publication in the Iowa administrative bulletin of the state fire marshal's order providing that a commercially available dispenser is listed as compatible for use with E-85 gasoline by an independent testing laboratory as provided in section 455G.31. The supplemental financial incentives awarded to the participating person shall not exceed seventy-five percent of the actual cost of making the improvement or thirty thousand dollars, whichever is less.

(2) To improve additional retail motor fuel sites owned or operated by a participating person within a twelve-month period as provided in the cost-share agreement. The supplemental financial incentives shall be used for the installation of an additional tank and associated infrastructure at each such retail motor fuel site. A participating person may be awarded supplemental financial incentives under this subparagraph and standard financial incentives under paragraph "a" to improve the same motor fuel site. The supplemental financial incentives awarded to the participating person shall not exceed twenty-four thousand dollars. The participating person shall be awarded the

supplemental financial incentives on a cumulative basis according to the schedule provided in this subparagraph, which shall not exceed the following:

(a) For the second retail motor fuel site, six thousand dollars.

(b) For the third retail motor fuel site, six thousand dollars.

(c) For the fourth retail motor fuel site, six thousand dollars.

(d) For the fifth retail motor fuel site, six thousand dollars.

Sec. 10. Section 15G.204, subsection 2, Code Supplement 2007, is amended by striking the subsection.

Sec. 11. Section 15G.204, subsection 4, Code Supplement 2007, is amended to read as follows:

4. a. An award of financial incentives to a participating person shall be in the form of a grant. In order to participate in the program, an eligible person must execute a cost-share agreement with the department as approved by the infrastructure board in which the person contributes a percentage of the total costs related to improving the terminal. The financial incentives awarded to the participating person shall not exceed the following:

(1) For improvements to store, blend, or dispense biodiesel fuel from B-2 or higher but not as high as B-99, fifty percent of the actual cost of making the improvements or fifty thousand dollars, whichever is less.

(2) For improvements to store, blend, and dispense biodiesel fuel from B-99 to B-100, fifty percent of the actual cost of making the improvements or one hundred thousand dollars, whichever is less. However, a person shall not be awarded moneys under this subparagraph if the person has been awarded a total of eight hundred thousand dollars under this subparagraph during any period of time and pursuant to all cost-share agreements in which the person participates.

b. The infrastructure board may approve multiple awards to make improvements to a terminal so long as the total amount of the awards does not exceed the limitations provided in this subsection paragraph "a".

Sec. 12. Section 214.1, Code 2007, is amended to read as follows:

214.1 DEFINITIONS.

~~For the purpose of~~ As used in this chapter, unless the context otherwise requires:

1. "Biodiesel", "biodiesel fuel", "biofuel", "ethanol", "motor fuel", "retail dealer", "retail motor fuel site", and "wholesale dealer" mean the same as defined in section 214A.1.

2. "Commercial weighing and measuring device" or "device" means the same as defined in section 215.26.

~~2.~~ 3. "Motor fuel" means the same as defined in section 214A.1; fuel blender pump" or "blender pump" means a motor fuel pump that dispenses a type of motor fuel that is blended from two or more different types of motor fuels and which may dispense more than one type of blended motor fuel.

~~3.~~ 4. "Motor fuel pump" means a pump, meter, or similar commercial weighing and measuring device used to measure and dispense motor fuel on a retail basis.

~~4.~~ "Retail dealer" means the same as defined in section 214A.1.

~~5.~~ "Wholesale dealer" means the same as defined in section 214A.1; "Motor fuel storage tank" or "storage tank" means an aboveground or belowground container that is a fixture used to store an accumulation of motor fuel.

Sec. 13. Section 214.9, Code 2007, is amended to read as follows:

214.9 SELF-SERVICE MOTOR FUEL PUMPS.

~~Self-service~~ A self-service motor fuel pumps pump located at a retail motor vehicle fuel stations site may be equipped with an automatic latch-open devices device on the fuel dispensing hose nozzle only if the nozzle valve is the automatic closing type.

Sec. 14. Section 214A.1, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. "Biodiesel fuel" means biodiesel or biodiesel blended fuel.

Sec. 15. Section 214A.1, subsections 9, 14, and 15, Code 2007, are amended to read as follows:

9. "E-85 gasoline" or "E-85" means ethanol blended gasoline formulated with a minimum percentage of between

seventy and eighty-five percent by volume of ethanol, if the formulation meets the standards provided in section 214A.2.

14. "Motor fuel pump" and "motor fuel blender pump" or "blender pump" means the same as defined in section 214.1.

15. "Motor fuel storage tank" means ~~an-aboveground-or belowground-container-that-is-a-fixture,-used-to-keep-an accumulation-of-motor-fuel~~ the same as defined in section 214.1.

Sec. 16. Section 214A.1, Code 2007, is amended by adding the following new subsections:

NEW SUBSECTION. 21A. "Standard ethanol blended gasoline" means ethanol blended gasoline for use in gasoline-powered vehicles other than flexible fuel vehicles, that meets the requirements of section 214A.2.

NEW SUBSECTION. 21B. "Unleaded gasoline" means gasoline, including ethanol blended gasoline, if all of the following applies:

a. It has an octane number of not less than eighty-seven as provided in section 214A.2.

b. Lead or phosphorus compounds have not been intentionally added to it.

c. It does not contain more than thirteen thousandths grams of lead per liter and not more than thirteen ten-thousandths grams of phosphorus per liter.

Sec. 17. Section 214A.2, subsection 3, paragraph b, Code 2007, is amended to read as follows:

b. If the motor fuel is advertised for sale or sold as ethanol blended gasoline, the motor fuel must comply with departmental standards which shall ~~comply-with-specifications for-ethanol-blended-gasoline-adopted-by-A.S.T.M.-international.---For-ethanol-blended-gasoline~~ meet all of the following ~~shall-apply~~ requirements:

(1) Ethanol must be an agriculturally derived ethyl alcohol that meets A.S.T.M. international specification D4806 for denatured fuel ethanol for blending with gasoline for use as automotive spark-ignition engine fuel, or a successor A.S.T.M. international specification, as established by rules adopted by the department.

(2) Gasoline blended with ethanol must meet any of the following requirements:

(a) For the gasoline, A.S.T.M. international specification D4814.

(b) For the ethanol blended gasoline, A.S.T.M. international specification D4814.

(c) For the gasoline, A.S.T.M. international specification D4814 except for distillation, if, for E-10 or a classification below E-10, the ethanol blended gasoline meets the requirements of A.S.T.M. international specification D4814.

(3) For ethanol blended gasoline other-than-E-85-gasoline, at least ten nine percent of-the-gasoline by volume must be fuel grade ethanol. In addition the following applies:

(a) For the period beginning on September 16 and ending on May 31 of each year, the state grants a waiver of one pound per square inch from the A.S.T.M. international D4814 Reid vapor pressure requirement.

(b) For the period beginning on June 1 and ending on September 15 of each year the United States environmental protection agency must grant a one pound per square inch waiver for ethanol blended conventional gasoline with at least nine but not more than ten percent by volume of ethanol pursuant to 40 C.F.R. § 80.27.

(4) For standard ethanol blended gasoline, it must be ethanol blended gasoline classified as any of the following:

(a) E-9 or E-10, if the ethanol blended gasoline meets the standards for that classification as otherwise provided in this paragraph "b".

(b) Higher than E-10, if authorized by the department pursuant to approval for the use of that classification of ethanol blended gasoline in this state by the United States environmental protection agency, by granting a waiver or the adoption of regulations.

(5) E-85 gasoline must be an agriculturally derived ethyl alcohol that meets A.S.T.M. international specification D5798, described as a fuel blend for use in ground vehicles with automotive spark-ignition engines, or a successor A.S.T.M. international specification, as established by rules adopted by the department.

Sec. 18. Section 214A.2, Code 2007, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. Ethanol blended gasoline shall be designated E-xx where "xx" is the volume percent of ethanol in the ethanol blended gasoline and biodiesel shall be designated B-xx where "xx" is the volume percent of biodiesel.

Sec. 19. Section 214A.2B, Code Supplement 2007, is amended to read as follows:

214A.2B LABORATORY FOR MOTOR FUEL AND BIOFUELS.

A laboratory for motor fuel and biofuels is established at a merged area school which is engaged in biofuels testing on July 1, 2007, and which testing includes but is not limited to ~~B20~~ B-20 biodiesel fuel testing for motor trucks and the ability of biofuels to meet A.S.T.M. international standards. The laboratory shall conduct testing of motor fuel sold in this state and biofuel which is blended in motor fuel in this state to ensure that the motor fuel or biofuels meet the requirements in section 214A.2.

Sec. 20. Section 214A.3, subsection 2, paragraph b, Code 2007, is amended to read as follows:

b. (1) Ethanol blended gasoline sold by a dealer shall be designated ~~E-xx-where-xx-is-the-volume-percent-of-ethanol-in-the-ethanol-blended-gasoline~~ according to its classification as provided in section 214A.2. However, a person advertising E-9 or E-10 gasoline may only designate it as ethanol blended gasoline. A person advertising ethanol blended gasoline formulated with a percentage of between seventy and eighty-five percent by volume of ethanol shall designate it as E-85. A person shall not knowingly falsely advertise ethanol blended gasoline by using an inaccurate designation in violation of this subparagraph.

(2) Biodiesel ~~blended~~ fuel shall be designated ~~B-xx-where-xx-is-the-volume-percent-of-biodiesel-in-the-biodiesel-blended-fuel~~ according to its classification as provided in section 214A.2. A person shall not knowingly falsely advertise biodiesel blended fuel by using an inaccurate designation in violation of this subparagraph.

Sec. 21. Section 214A.16, Code 2007, is amended to read as follows:

214A.16 NOTICE OF BLENDED FUEL -- DECAL.

1. If motor fuel containing a renewable fuel is sold from a motor fuel pump, the pump shall have affixed a decal

identifying the name of the renewable fuel. The decal may shall be different based on the type of renewable fuel used dispensed. If the motor fuel pump dispenses ethanol blended gasoline classified as higher than standard ethanol blended gasoline pursuant to section 214A.2, the decal shall contain the following notice: "FOR FLEXIBLE FUEL VEHICLES ONLY".

2. The design and location of the decal shall be prescribed by rules adopted by the department. A decal identifying a renewable fuel shall be consistent with standards adopted pursuant to section 159A.6. The department may approve an application to place a decal in a special location on a pump or container or use a decal with special lettering or colors, if the decal appears clear and conspicuous to the consumer. The application shall be made in writing pursuant to procedures adopted by the department.

Sec. 22. Section 455G.31, subsection 1, Code Supplement 2007, is amended to read as follows:

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

a. "Dispenser" includes a motor fuel pump, including but not limited to a motor fuel blender pump.

~~a-~~ b. "E-85 gasoline", "ethanol blended gasoline", and "retail dealer" mean the same as defined in section 214A.1.

~~b-~~ c. "Gasoline storage and dispensing infrastructure" means any storage tank located below ground or above ground and any associated equipment including but not limited to a pipe, hose, connection, fitting seal, or motor fuel pump, which is used to store, measure, and dispense gasoline by a retail dealer.

d. Ethanol blended gasoline shall be designated in the same manner as provided in section 214A.2.

e. "Motor fuel pump" means the same as defined in section 214.1.

Sec. 23. Section 455G.31, subsection 2, unnumbered paragraph 1, Code Supplement 2007, is amended to read as follows:

A retail dealer may use gasoline storage and dispensing infrastructure to store and dispense E-85 ethanol blended gasoline classified as E-9 or higher if all of the following apply:

Sec. 24. Section 455G.31, subsection 2, paragraph a, Code Supplement 2007, is amended to read as follows:

a. For gasoline storage and dispensing infrastructure other than the dispenser, the department of natural resources under this chapter or the state fire marshal under chapter 101 must determine that it is compatible with E-85 the ethanol blended gasoline being used.

Sec. 25. Section 455G.31, subsection 2, paragraph b, subparagraph (1), subparagraph subdivision (a), Code Supplement 2007, is amended to read as follows:

(a) The dispenser must be listed by an independent testing laboratory as compatible with ethanol blended gasoline classified as E-9 or higher.

Sec. 26. Section 15.401, Code 2007, is repealed.

Sec. 27. RENEWABLE FUEL INFRASTRUCTURE -- STANDARD FINANCIAL INCENTIVES AWARDED FOR THE ACQUISITION OF TANK VEHICLES.

1. Notwithstanding the amendments to section 15G.203, subsection 1, paragraph "b", as enacted in this Act, a person may participate in the renewable fuel infrastructure program for retail motor fuel sites as provided in section 15G.203, as amended by this Act, for the acquisition of any of the following:

a. One tank vehicle used to store and dispense E-85 gasoline, which shall be deemed ethanol infrastructure.

b. One tank vehicle used to store and dispense biodiesel or biodiesel blended fuel, which shall be deemed biodiesel infrastructure.

2. The renewable fuel infrastructure board may approve an award of financial incentives for the acquisition of a tank vehicle as provided in a cost-share agreement for a three-year period as provided in section 15G.203, as amended by this Act. The standard financial incentives awarded to the participating person shall not exceed fifty percent of the actual cost of the acquisition of the tank vehicle or thirty thousand dollars, whichever is less. The infrastructure board may approve an application for both a tank vehicle used to store and dispense E-85 gasoline as ethanol infrastructure and for a tank vehicle used to store and dispense biodiesel or biodiesel blended fuel as biodiesel infrastructure so long as the

standard financial incentives awarded to the participating person for the acquisition of the two tank vehicles are made under separate cost-share agreements.

3. In order to participate in the renewable fuel infrastructure program for retail motor fuel sites as provided in this section, a person must apply to the department of economic development as provided in section 15G.203, as amended by this Act, not later than December 31, 2008.

Sec. 28. RENEWABLE FUEL INFRASTRUCTURE PROGRAMS --
CONSIDERATION OF APPLICATIONS.

1. The renewable fuel infrastructure board created in section 15G.202 may award financial incentives to a person participating in the renewable fuel infrastructure program for retail motor fuel sites for an amount provided in section 15G.203, subsection 7, as amended in this Act, if the person applied to the department of economic development on or after February 19, 2008.

2. The renewable fuel infrastructure board created in section 15G.202 may award financial incentives to a person participating in the renewable fuel infrastructure program for terminal facilities for an amount provided in section 15G.204, subsection 4, as amended in this Act, if the person applied to the department of economic development on or after February 19, 2008.

Sec. 29. SECRETARY OF AGRICULTURE -- APPLICATION TO THE UNITED STATES ENVIRONMENTAL PROTECTION AGENCY. The secretary of agriculture shall make application to the United States environmental protection agency to obtain approval for the use of ethanol blended gasoline containing more than ten percent ethanol by volume in this state by gasoline-powered vehicles other than flexible fuel vehicles. The application shall, as necessary, seek a waiver of relevant standards promulgated by the agency under the federal Clean Air Act, including but not limited to 42 U.S.C. § 7545 and 40 C.F.R. pt. 80. Within sixty days after obtaining such approval, the secretary of agriculture shall publish a notice in the Iowa administrative bulletin certifying the approval.

Sec. 30. EFFECTIVE DATES.

1. Except as provided in subsection 2, this division of this Act, being deemed of immediate importance, takes effect upon enactment.

2. The amendments to section 15G.204, subsection 4, as amended by this division of this Act, take effect January 1, 2009.

DIVISION II

BIODIESEL BLENDED FUEL INCOME TAX CREDIT

Sec. 31. Section 422.11P, subsection 2, paragraph a, subparagraphs (1) and (2), Code Supplement 2007, are amended to read as follows:

(1) The taxpayer is a retail dealer who sells and dispenses biodiesel blended fuel through a motor fuel pump located at a motor fuel site operated by the retail dealer in the tax year in which the tax credit is claimed.

(2) Of the total gallons of diesel fuel that the retail dealer sells and dispenses through all motor fuel pumps located at a motor fuel site operated by the retail dealer during the retail dealer's tax year, fifty percent or more is biodiesel blended fuel which meets the requirements of this section.

Sec. 32. Section 422.11P, subsection 3, Code Supplement 2007, is amended to read as follows:

3. a. The tax credit shall be calculated separately for each retail motor fuel site operated by the retail dealer.

b. The amount of the tax credit is three cents multiplied by the total number of gallons of biodiesel blended fuel sold and dispensed by the retail dealer through all motor fuel pumps located at a retail motor fuel site operated by the retail dealer during the retail dealer's tax year.

Sec. 33. Section 422.33, subsection 11C, paragraph c, Code Supplement 2007, is amended to read as follows:

c. The tax credit shall be calculated separately for each retail motor fuel site operated by the taxpayer in the same manner as provided in section 422.11P.

d. This subsection is repealed on January 1, 2012.

Sec. 34. FUTURE APPLICABILITY DATE. Section 422.11P, as amended by this Act, and section 422.33, subsection 11C, as applied due to the enactment of this Act, shall apply to tax years beginning on or after January 1, 2009.

Sec. 35. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION III

GOVERNMENT FLEET PURCHASES
OF RENEWABLE FUELS

Sec. 36. Section 8A.362, subsection 3, paragraph b, Code Supplement 2007, is amended to read as follows:

b. A gasoline-powered motor vehicle operated under this subsection shall not operate on gasoline other than ethanol blended gasoline as defined in section 214A.1, unless under emergency circumstances. A diesel-powered motor vehicle operated under this subsection shall not operate on diesel fuel other than biodiesel fuel as defined in section 214A.1, if commercially available. A state-issued credit card ~~used-to purchase-gasoline~~ shall not be valid to purchase gasoline other than ethanol blended gasoline, if commercially available, or to purchase diesel fuel other than biodiesel fuel, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on ethanol blended gasoline or biodiesel fuel, as applicable. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

Sec. 37. Section 216B.3, subsection 16, paragraph a, Code Supplement 2007, is amended to read as follows:

a. A gasoline-powered motor vehicle purchased by the commission shall not operate on gasoline other than ethanol blended gasoline as defined in section 214A.1. A diesel-powered motor vehicle purchased by the commission shall not operate on diesel fuel other than biodiesel fuel as defined in section 214A.1, if commercially available. A state issued credit card ~~used-to-purchase-gasoline~~ shall not be valid to purchase gasoline other than ethanol blended gasoline or to purchase diesel fuel other than biodiesel fuel, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on ethanol blended gasoline or biodiesel fuel, as applicable. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

Sec. 38. Section 262.25A, subsection 2, Code Supplement 2007, is amended to read as follows:

2. A gasoline-powered motor vehicle purchased by the institutions shall not operate on gasoline other than ethanol blended gasoline as defined in section 214A.1, unless under emergency circumstances or if to do so would result in the use of a percentage of ethanol blended gasoline higher than recommended by the vehicle manufacturer or would result in a violation of the vehicle's manufacturer warranty. A diesel-powered motor vehicle purchased by the institutions shall not operate on diesel fuel other than biodiesel fuel as defined in section 214A.1, if commercially available, unless to do so would result in the use of a percentage of biodiesel not recommended by the vehicle manufacturer or would result in violation of the vehicle's manufacturer warranty, or under emergency circumstances. A state-issued credit card ~~used-to purchase-gasoline~~ shall not be ~~valid~~ used to purchase gasoline other than ethanol blended gasoline if commercially available or to purchase diesel fuel other than biodiesel fuel if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on ethanol blended gasoline or biodiesel fuel, as applicable. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

Sec. 39. Section 307.21, subsection 4, paragraph d, Code Supplement 2007, is amended to read as follows:

d. A ~~motor~~ gasoline-powered vehicle purchased by the administrator shall not operate on gasoline other than ethanol blended gasoline as defined in section 214A.1. A diesel-powered motor vehicle purchased by the administrator shall not operate on diesel fuel other than biodiesel fuel as defined in section 214A.1, if commercially available. A state-issued credit card ~~used-to-purchase-gasoline~~ shall not be valid to purchase gasoline other than ethanol blended gasoline or to purchase diesel fuel other than biodiesel fuel, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on

ethanol blended gasoline or biodiesel fuel, as applicable. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

Sec. 40. Section 904.312A, subsection 1, Code Supplement 2007, is amended to read as follows:

1. A gasoline-powered motor vehicle purchased by the department shall not operate on gasoline other than ethanol blended gasoline as defined in section 214A.1. A diesel-powered motor vehicle purchased by the department shall not operate on diesel fuel other than biodiesel fuel as defined in section 214A.1, if commercially available. A state-issued credit card used-to-purchase-gasoline shall not be valid to purchase gasoline other than ethanol blended gasoline, or to purchase diesel fuel other than biodiesel fuel, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on ethanol blended gasoline or biodiesel fuel, as applicable. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

Sec. 41. USE OF BIODIESEL FUEL BY LOCAL ENTITIES. It is the policy of the state to encourage the use of biodiesel fuel to the extent practical in all diesel-powered motor vehicles purchased or used by cities, counties, school corporations, and merged area schools.

Sec. 42. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

DIVISION IV

RENEWABLE FUELS MARKETING EFFORTS

Sec. 43. DEFINITIONS. As used in this division of this Act, unless the context otherwise requires:

1. "Biodiesel fuel", "biofuel", "E-85", and "retail dealer" mean the same as defined in section 214A.1.

2. "Renewable fuel" means biodiesel fuel or ethanol blended gasoline.

Sec. 44. RENEWABLE FUELS MARKETING PLAN. The office of energy independence shall develop a renewable fuels marketing plan to promote the biofuel industry in this state.

1. The renewable fuels marketing plan shall provide for research to determine what barriers hinder the increased use of renewable fuels, including renewable fuels containing higher blends of biofuels in this state. The research shall include but is not limited to determining all of the following:

a. Barriers that may prevent retail dealers from selling more renewable fuels, which shall at least include issues involving infrastructure, product quality, and cost efficiencies.

b. Barriers that may prevent consumers from purchasing more renewable fuels, which shall at least include issues involving fuel efficiency and consumer awareness of renewable fuels and flexible fuel vehicles.

2. The office shall prepare and submit the renewable fuels marketing plan to the governor and the general assembly by March 15, 2009.

Sec. 45. DIRECT MARKETING CAMPAIGN -- FLEXIBLE FUEL VEHICLES AND DIESEL POWERED VEHICLES. The office of energy independence shall conduct a direct marketing campaign specifically targeted to owners of flexible fuel vehicles and diesel powered vehicles.

1. The direct marketing campaign shall include but is not limited to education to increase owner awareness and knowledge regarding all of the following:

a. Flexible fuel vehicles and E-85 as an alternative fuel choice. The office shall provide owners with maps indicating where retail motor fuel sites offering E-85 are located.

b. Diesel powered vehicles and biodiesel fuel as an alternative fuel choice. The office shall provide owners with information on but not limited to successful cold weather handling and use of biodiesel fuel, engine manufacturer warranties covering the use of biodiesel fuel, and maps indicating where retail motor fuel sites offering biodiesel fuel are located.


2. The department of transportation shall provide the office with a list of the names and addresses of owners of flexible fuel vehicles and diesel powered vehicles, including vehicles registered under sections 321.109, 321.121, and 321.122.

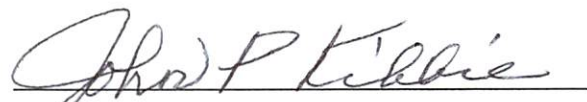
3. The office shall complete the direct marketing campaign by December 15, 2008.

Sec. 46. COLLABORATION. The office of energy independence may collaborate with public or private organizations to carry out the provisions of this division of this Act.


Sec. 47. FUNDING. The office of energy independence shall carry out the provisions of this division of this Act using moneys received by the office from all sources, including but not limited to moneys appropriated to the office as provided in section 469.10.

Sec. 48. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

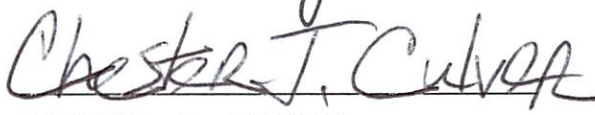

PATRICK J. MURPHY
Speaker of the House


JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2689, Eighty-second General Assembly.


MARK BRANDSGARD
Chief Clerk of the House

Approved May 12th, 2008


CHESTER J. CULVER
Governor