

AN ACT

RELATING TO RENEWABLE FUELS, BY PROVIDING FOR BIOBUTANOL AND BIOBUTANOL BLENDED GASOLINE, MODIFYING THE RATE OF THE E-15 PLUS GASOLINE PROMOTION TAX CREDIT AND EXTENDING PROVISIONS FOR A BIODIESEL PRODUCTION REFUND, AND INCLUDING EFFECTIVE DATE AND RETROACTIVE APPLICABILITY PROVISIONS.

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

DIVISION I

BIOBUTANOL AND BIOBUTANOL BLENDED GASOLINE

Section 1. Section 159A.2, subsection 1, Code 2014, is amended to read as follows:

1. ~~"Biodiesel"~~ and "Biobutanol", "biobutanol blended gasoline", "biodiesel", "biodiesel blended fuel", "ethanol", "ethanol blended gasoline", and "renewable fuel" mean the same as defined in section 214A.1.

Sec. 2. Section 159A.2, subsections 5 and 8, Code 2014, are amended by striking the subsections.

Sec. 3. Section 159A.3, subsection 3, paragraph a, Code 2014, is amended to read as follows:

a. A chief purpose of the office is to further the production and consumption of ethanol blended gasoline and biobutanol blended gasoline in this state. The office shall be the primary state agency charged with the responsibility to promote public consumption of ethanol blended gasoline and biobutanol blended gasoline.

Sec. 4. Section 159A.6, subsection 1, paragraph d, Code 2014, is amended to read as follows:

d. Promote the advantages related to the use of coproducts derived from the production of renewable fuels, including the use of coproducts used as livestock feed or meal. Promotions shall be designed to inform the potential purchasers of the advantages associated with using coproducts. The office shall promote advantages associated with using coproducts of ethanol and biobutanol production as livestock feed or meal to cattle producers in this state.

Sec. 5. Section 214.1, subsection 1, Code 2014, is amended to read as follows:

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

Sec. 6. Section 214A.1, Code 2014, is amended by adding the following new subsections:

NEW SUBSECTION. 2A. "Biobutanol" means isobutyl alcohol that is to be blended with gasoline if it meets the standards provided in section 214A.2.

NEW SUBSECTION. 2B. "Biobutanol blended gasoline" means a formulation of gasoline which is a liquid petroleum product blended with biobutanol, if the formulation meets the standards provided in section 214A.2.

Sec. 7. Section 214A.1, subsections 6 and 23, Code 2014, are amended to read as follows:

6. "Biofuel" means ethanol, biobutanol, or biodiesel.

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

Sec. 8. Section 214A.1, subsection 32, unnumbered paragraph 1, Code 2014, is amended to read as follows:

"Unleaded gasoline" means gasoline, including ethanol blended gasoline or biobutanol blended gasoline, if all of the following applies:

Sec. 9. Section 214A.2, subsection 1, Code 2014, is amended to read as follows:

1. The department shall adopt rules pursuant to chapter 17A for carrying out this chapter. The rules may include but are not limited to specifications relating to motor fuel, including but not limited to renewable fuel such as ethanol blended gasoline, biobutanol blended gasoline, biodiesel, biodiesel blended fuel, and motor fuel components such as an oxygenate. In the interest of uniformity, the department shall adopt by reference other specifications relating to tests and standards for motor fuel, including renewable fuel and motor fuel components, established by the United States environmental protection agency and A.S.T.M. international.

Sec. 10. Section 214A.2, subsection 3, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. *c.* If the motor fuel is advertised for sale or sold as biobutanol blended gasoline, the motor fuel must comply with departmental standards which shall meet all of the following requirements:

(1) Biobutanol must be an agriculturally derived isobutyl alcohol that meets A.S.T.M. international specification D7862 for butanol 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 biobutanol must meet requirements established by rules adopted in part or in whole based on A.S.T.M. international specification D4814.

Sec. 11. Section 214A.2, subsection 5, Code 2014, is amended to read as follows:

5. *a.* Ethanol blended gasoline shall be designated E-xx where "xx" is the volume percent of ethanol in the ethanol blended gasoline ~~and biodiesel.~~

b. Biobutanol blended gasoline shall be designated Bu-xx where "xx" is the volume percent of biobutanol in the biobutanol blended gasoline.

c. Biodiesel fuel shall be designated B-xx where "xx" is the volume percent of biodiesel.

Sec. 12. Section 214A.3, subsection 2, paragraph b, Code 2014, is amended by adding the following new subparagraph:

NEW SUBPARAGRAPH. (02) A person shall not knowingly falsely advertise biobutanol blended gasoline by using an inaccurate designation as provided in section 214A.2.

Sec. 13. Section 214A.5, subsection 2, Code 2014, is amended to read as follows:

2. A wholesale dealer selling ethanol blended gasoline, biobutanol blended gasoline, or biodiesel blended fuel to a purchaser shall provide the purchaser with a statement indicating its designation as provided in section 214A.2. The statement may be on the sales slip provided in this section or a similar document, including but not limited to a bill of lading or invoice.

Sec. 14. Section 214A.16, subsection 1, Code 2014, is amended by adding the following new paragraph:

NEW PARAGRAPH. *od.* If biobutanol blended gasoline is sold from a motor fuel pump, the motor fuel pump shall have affixed a decal identifying the biobutanol blended gasoline.

DIVISION II

E-15 PLUS GASOLINE PROMOTION TAX CREDIT

Sec. 15. Section 422.11Y, subsection 4, paragraph b, Code 2014, is amended to read as follows:

b. The designated rate of the tax credit for the following three periods within each calendar year is as follows:

~~(1) For calendar year 2012, calendar year 2013, and calendar year 2014~~

(1) For the first period beginning January 1 and ending May 31, three cents.

(2) For the second period beginning June 1 and ending September 15, ten cents.

~~(3) For calendar year 2015, calendar year 2016, and calendar year 2017~~ the third period beginning September 16 and ending December 31, ~~two~~ three cents.

Sec. 16. EFFECTIVE DATE. This division of this Act, being deemed of immediate importance, takes effect upon enactment.

Sec. 17. RETROACTIVE APPLICABILITY. Section 422.11Y, as amended in this division of this Act, and section 422.33, subsection 11D, as applied through section 422.11Y, apply retroactively to tax years beginning on and after January 1, 2014.

DIVISION III

BIODIESEL PRODUCTION REFUND

Sec. 18. Section 423.4, subsection 9, paragraphs b and e, Code 2014, are amended to read as follows:

b. The amount of the refund shall be calculated by multiplying a designated rate by the total number of gallons of biodiesel produced by the biodiesel producer in this state during each quarter of a calendar year. The designated rate shall be ~~as follows~~:

- ~~(1) For the calendar year 2012, three cents.~~
 - ~~(2) For the calendar year 2013, two and one-half cents.~~
 - ~~(3) For the calendar year 2014, two cents.~~
- e. This subsection is repealed on January 1, ~~2015~~ 2018.

PAM JOCHUM
President of the Senate

KRAIG PAULSEN
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 2344, Eighty-fifth General Assembly.

MICHAEL E. MARSHALL
Secretary of the Senate

Approved _____, 2014

TERRY E. BRANSTAD
Governor