

See Ways Means 5/2/91 R. Pass 5/7/91 (p. 3122)

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SENATE FILE 545  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO SSB 359)

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Passed Senate, Date 5/2/91 (p. 1608) Passed House, Date 5/8/91 (p. 2174)

Vote: Ayes 48 Nays 1 Vote: Ayes 92 Nays 0

Approved June 10, 1991

A BILL FOR

1 An Act relating to fuel, by providing for the production and  
2 consumption of renewable fuel, and providing for the  
3 imposition of taxes upon certain fuel.

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

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

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

1 gasoline blended with ethanol.

2 Sec. 2. Section 19A.3, Code 1991, is amended by adding the  
3 following new subsection:

4 NEW SUBSECTION. 22. The appointee serving as the  
5 coordinator of the office of renewable fuel, as provided in  
6 section 159A.3.

7 Sec. 3. Section 20.4, Code 1991, is amended by adding the  
8 following new subsection:

9 NEW SUBSECTION. 13. The appointee serving as the  
10 coordinator of the office of renewable fuel, as provided in  
11 section 159A.3.

12 Sec. 4. Section 159.20, Code 1991, is amended to read as  
13 follows:

14 159.20 POWERS OF DIVISION.

15 ~~A-farm-commodity~~ An agricultural marketing division;  
16 ~~hereinafter-referred-to-as-the-division;~~ is created within the  
17 Iowa department of ~~agriculture-and-land-stewardship.~~ It is  
18 ~~the-duty-of-the~~ The division to do or cause to be done these  
19 ~~things shall perform duties~~ designed to lead to more  
20 advantageous marketing of Iowa farm agricultural commodities.  
21 ~~To-implement-this-purpose-the~~ The division is authorized to  
22 may do any of the following:

23 1. Investigate the ~~subject-of~~ marketing farm of  
24 agricultural commodities.

25 2. Promote ~~their-sales~~ the sale, distribution, and  
26 merchandising of agricultural commodities.

27 3. Furnish information and assistance concerning ~~farm~~  
28 agricultural commodities to the public.

29 4. Cooperate with the college of agriculture of the Iowa  
30 state university of science and technology in ~~its-farm~~  
31 encouraging agricultural marketing education and research.

32 5. ~~Gather~~ Accumulate and diffuse ~~useful~~ information  
33 concerning ~~all-phases-of~~ the marketing of ~~Iowa-farm~~  
34 agricultural commodities in cooperation with ~~other-public-or~~  
35 private-agencies-and, in that context, persons, agencies, or

1 the federal government. The division shall establish a farm  
2 an agricultural commodity informational data base.

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

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

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

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

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

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

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

1 slaughter, or distribution.

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

4 159.22 GRANTS AND GIFTS OF FUNDS.

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

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

20 The general assembly finds and declares the following:

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

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

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

1 committee.

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

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

5 1. "Committee" means the "renewable fuel advisory  
6 committee" established pursuant to section 159A.4.

7 2. "Coordinator" means the administrative head of the  
8 office of renewable fuel appointed by the department as  
9 provided in section 159A.3.

10 3. "Fund" means the renewable fuel fund established  
11 pursuant to section 159A.7.

12 4. "Office" means the office of renewable fuel created  
13 pursuant to section 159A.3.

14 5. "Renewable fuel" means an energy source derived from an  
15 organic compound, including a photosynthate, which may be used  
16 to power an engine.

17 6. "Renewable fuel activities" means either of the  
18 following:

19 a. The research, development, production, promotion,  
20 marketing, or consumption of a renewable fuel.

21 b. The research, development, transfer, or use of  
22 technologies which directly or indirectly increase the supply  
23 or demand of a renewable fuel.

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

25 1. An office of renewable fuel is created within the  
26 agricultural marketing division of the department and shall be  
27 staffed by a coordinator who shall be appointed by the  
28 division administrator. It shall be the policy of the office  
29 to further renewable fuel activities. The office shall first  
30 further renewable fuel activities based on the following  
31 considerations:

32 a. The price competitiveness of the fuel.

33 b. The production capacity and supply of the fuel.

34 c. The ease and safety of transporting and storing the  
35 fuel.

1 d. The degree to which the fuel is currently developed for  
2 ready transfer to current engine technology.

3 e. The degree to which the fuel is environmentally  
4 protective.

5 f. The degree to which the fuel provides economic  
6 development opportunities.

7 2. The duties of the office include, but are not limited  
8 to, the following:

9 a. Serving as advisor to the department regarding  
10 regulations, including federal and state standards, relating  
11 to oxygenate octane enhancers, as defined in section 214A.1.

12 b. Serving as advisor to the department regarding  
13 renewable fuel programs.

14 c. Serving as monitor of regulations administered in the  
15 state, in other states, or by the federal government. The  
16 office shall collect information and data prepared by state  
17 agencies related to these regulations, and provide referral  
18 and assistance to interested persons and agencies.

19 d. Cooperating with persons and agencies involved in  
20 renewable fuel activities, including other states and the  
21 federal government, to standardize regulations and coordinate  
22 programs, in order to increase administrative effectiveness  
23 and reduce administrative duplication.

24 e. Implementing policies and procedures designed to  
25 facilitate communication between persons involved in renewable  
26 fuel activities.

27 f. Assisting state or federal agencies, or assisting  
28 commercial enterprises or commodity organizations which are  
29 located in or desiring to locate in the state. The assistance  
30 may include support of public research relating to renewable  
31 fuel activities.

32 g. Conducting studies relating to the viability of  
33 producing or using a renewable fuel, and methods and schedules  
34 required to ensure a practicable transition to the use of a  
35 renewable fuel.

1 h. Preparing an annual report to the secretary regarding  
2 renewable fuel activities. The report shall include a review  
3 of research and research results, areas of study with  
4 promising potential, a summary of initiatives in other states,  
5 and an analysis of state and federal regulations and programs.

6 i. Promoting the use of by-products resulting from the  
7 production of renewable fuel.

8 j. Cooperating with the committee in carrying out the  
9 purposes of the committee as provided in section 159A.5. The  
10 office shall regularly inform the committee regarding its  
11 operations and programs administered under this chapter,  
12 including financial reports concerning the fund.

13 3. A chief purpose of the office is to further the  
14 production and consumption of ethanol fuel in this state. The  
15 office shall be the primary state agency charged with the  
16 responsibility to promote public consumption of ethanol fuel.

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

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

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

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

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



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

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

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

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

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

16 g. A person representing the Iowa corn growers  
17 association.

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

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

33 2. The members appointed pursuant to subsection 1,  
34 paragraphs "d" through "h", shall serve three-year terms  
35 beginning and ending as provided in section 69.19. However,

1 the governor shall appoint initial members to serve for less  
2 than three years to ensure members serve staggered terms. A  
3 member is eligible for reappointment. A vacancy on the  
4 committee shall be filled for the unexpired portion of the  
5 regular term in the same manner as regular appointments are  
6 made.

7 3. The committee shall include four ex officio nonvoting  
8 members who shall be legislative members. The legislative  
9 members are two state senators, one appointed by the president  
10 of the senate, after consultation with the majority leader of  
11 the senate, and one appointed by the minority leader of the  
12 senate, after consultation with the president of the senate,  
13 from their respective parties; and two state representatives,  
14 one appointed by the speaker of the house of representatives,  
15 after consultation with the majority leader of the house of  
16 representatives, and one appointed by the minority leader of  
17 the house of representatives, from their respective parties.

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

21 5. The members other than those enumerated in subsection  
22 1, paragraphs "a" through "c", are entitled to receive  
23 compensation as provided in section 7E.6.

24 6. Five voting members constitute a quorum and the  
25 affirmative vote of a majority of the voting members present  
26 is necessary for any substantive action to be taken by the  
27 committee. The majority shall not include any member who has  
28 a conflict of interest and a statement by a member that the  
29 member has a conflict of interest is conclusive for this  
30 purpose. A vacancy in the membership does not impair the  
31 duties of the committee.

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

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

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

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

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

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

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

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

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

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

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

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

33 The office shall establish a program to promote the  
34 advantages related to the use of renewable fuel as an  
35 alternative to nonrenewable fuel. Promotions shall be

1 designed to inform the ultimate consumer of advantages  
2 associated with using renewable fuel, and emphasize the  
3 benefits to the natural environment. The promotion shall  
4 inform consumers at the businesses of retail dealers of the  
5 motor vehicle fuel.

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

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

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

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

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

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

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

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

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

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

1 following:

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

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

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

12 Sec. 13. Section 185C.11, Code 1991, is amended by adding  
13 the following new subsection:

14 NEW SUBSECTION. 5. Promote the production and marketing  
15 of ethanol.

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

18 214A.16 NOTICE OF BLENDED FUEL.

19 All motor vehicle fuel kept, offered, or exposed for sale,  
20 or sold at retail containing over one percent ethanol,  
21 methanol, or any combination of oxygenate octane enhancers  
22 shall be identified as "with" either "ethanol", "methanol",  
23 "ethanol/methanol", or similar wording on a white-adhesive  
24 decal. The design and location of the decals may be  
25 prescribed by rules adopted by the department. A decal  
26 identifying a renewable fuel shall be consistent with  
27 standards adopted pursuant to section 159A.6. If the  
28 department does not establish standards for a decal relating  
29 to a specific oxygenate octane enhancer, the wording shall be  
30 on a white adhesive decal with black letters at least one-half  
31 inch high and at least one-quarter inch wide placed between  
32 thirty and forty inches above the driveway level on the front  
33 sides of any container or pump from which the motor fuel is  
34 sold. The department may approve an application to place a  
35 decal in a special location on a pump or container or use a

1 decal with special lettering or colors, if the decal appears  
2 clear and conspicuous to the consumer. The application shall  
3 be made in writing pursuant to procedures adopted by the  
4 department. Designs for a decal identifying a renewable fuel  
5 shall be consistent with standards adopted pursuant to section  
6 159A.6.

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

9 262.25A PURCHASE OF FUEL-EFFICIENT AUTOMOBILES.

10 1. Institutions under the control of the state board of  
11 regents shall purchase only new automobiles which have at  
12 least the fuel economy required for purchase of new  
13 automobiles by the state vehicle dispatcher under section  
14 18.115, subsection 4. This ~~section~~ subsection does not apply  
15 to automobiles purchased for law enforcement purposes.

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

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

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

35 Sec. 17. NEW SECTION. 280A.19A MOTOR VEHICLES REQUIRED

1 TO OPERATE ON ETHANOL-BLENDED GASOLINE.

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

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

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

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

23 For the privilege of operating motor vehicles in this state  
24 an excise tax of ~~sixteen-cents-per-gallon-for-the-period~~  
25 ~~beginning-January-17-19867-and-ending-March-317-19887-and~~  
26 ~~eighteen-cents-per-gallon-for-the-period-beginning-April-17~~  
27 ~~19887-and-ending-December-317-19887-and twenty cents per~~  
28 gallon beginning-January-17-19897 is imposed upon the use of  
29 all motor fuel used for any purpose except aviation gasoline  
30 and except motor fuel containing at least ten percent alcohol  
31 distilled from cereal grains grown in the United States for  
32 the period ~~beginning-July-17-19787-and ending June 30, 1997~~  
33 2000, and except as otherwise provided in this division. For  
34 the privilege of operating aircraft in this state an excise  
35 tax of eight cents per gallon beginning-July-17-19887 is

1 imposed on the use of all aviation gasoline.

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

4 For the privilege of operating motor vehicles in this state  
5 an excise tax of ~~fifteen cents per gallon for the period~~  
6 ~~beginning January 1, 1986, and ending March 31, 1988, and~~  
7 ~~seventeen cents per gallon for the period beginning April 1,~~  
8 ~~1988, and ending December 31, 1988, and nineteen cents per~~  
9 gallon beginning January 1, 1989, and ending until June 30,  
10 1992 2000, is imposed upon the use of gasohol motor fuel  
11 containing at least ten percent alcohol distilled from cereal  
12 grains grown in the United States and used for any purpose  
13 except as otherwise provided in this division.

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

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

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

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

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

34 NEW SUBSECTION. 14. A motor vehicle purchased by the  
35 commission shall not operate on gasoline other than gasoline



1 blended with at least ten percent ethanol. A state issued  
2 credit card used to purchase gasoline shall not be valid to  
3 purchase gasoline other than gasoline blended with at least  
4 ten percent ethanol. The motor vehicle shall also be affixed  
5 with a brightly visible sticker which notified the traveling  
6 public that the motor vehicle is being operated on gasoline  
7 blended with ethanol.

8 Sec. 24. ETHANOL PROJECTS.

9 1. The office of renewable fuel, as provided in chapter  
10 159A, shall administer or supervise the following projects:

11 a. A project administered by the office to demonstrate the  
12 effectiveness of producing ethanol by using biomass products  
13 derived from corn stalks and woody grasses. The project shall  
14 encourage the production of woody grasses on land dedicated to  
15 permanent grass and buffer zones as provided in section  
16 467A.48. The soil conservation division of the department of  
17 agriculture and land stewardship together with the state soil  
18 conservation committee as provided in chapter 467A shall  
19 cooperate in encouraging the planting of such grasses which  
20 may be harvested for purposes of ethanol production.

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

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

33 d. A project administered by the department of general  
34 services to test engines operating on neat ethanol fuel. The  
35 department shall purchase neat ethanol fuel for storage in at

1 least one underground storage tank maintained by the  
2 department. The department shall convert at least five  
3 engines mounted in state-purchased vehicles to operate on neat  
4 ethanol fuel and conventional unblended gasoline. The motor  
5 vehicles shall be used by state employees. The department  
6 shall conduct a study relating to the performance and  
7 reliability of the engines. The study shall be conducted in  
8 cooperation with state employees operating the motor vehicles.

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

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

21 EXPLANATION

22 This bill relates to the production and distribution of  
23 renewable fuels, including ethanol-based fuels. The bill  
24 requires a motor vehicle purchased by state agencies and  
25 political subdivisions to operate on ethanol-blended gasoline.

26 The bill creates an office of renewable fuel within the  
27 farm commodity division of the department of agriculture and  
28 land stewardship. The bill also changes the name of the farm  
29 commodity division to the agricultural marketing division.  
30 The division is charged with assisting the office of renewable  
31 fuel and the renewable fuel advisory committee as created in  
32 the bill.

33 The office of renewable fuel is headed by a coordinator who  
34 is appointed by the division administrator. The office is  
35 responsible for furthering the research, development,

1 production, promotion, marketing, and consumption of renewable  
2 fuel, and furthering the research, development, transfer, and  
3 use of technologies which increase the supply or demand of  
4 renewable fuel. The division is also responsible for advising  
5 the department regarding renewable fuel.

6 The renewable fuel advisory committee is composed of  
7 persons representing the department of agriculture and land  
8 stewardship, the Iowa department of economic development, the  
9 state department of transportation, retail dealers of motor  
10 vehicle fuel, refiners of petroleum products, agricultural  
11 producers, and organizations serving agricultural producers.  
12 The committee is staffed by the agricultural marketing  
13 division, and the coordinator serves as secretary to the  
14 board. The bill also includes legislative members who serve  
15 as ex officio members.

16 The mission of the office is to further the production and  
17 consumption of renewable fuel. The office is the primary  
18 entity in the state charged to further promotional programs  
19 directed at increasing public consumption of ethanol fuel.

20 The bill provides for the establishment of a renewable fuel  
21 fund which is dedicated to support promotional and research  
22 programs.

23 The bill provides for the establishment of a promotional  
24 program to promote advantages related to using renewable fuel.  
25 The bill provides for notifying consumers of motor vehicle  
26 fuel containing oxygenate octane enhancers.

27 The bill extends the reduced state motor fuel tax rate for  
28 ethanol-based motor fuel until June 30, 2000. Under current  
29 law, the regular motor fuel tax rate is 20 cents with ethanol-  
30 based motor fuel being taxed at the rate of 19 cents until  
31 June 30, 1992.

32 The bill establishes ethanol projects to be administered or  
33 supervised by the office of renewable fuel, including a  
34 project to demonstrate the effectiveness of producing ethanol  
35 by using biomass products derived from cornstalks and woody

1 grasses, a project to encourage the conversion of engines in  
2 motor vehicles to operate on conventional unblended gasoline  
3 and neat ethanol, a project to analyze the costs incurred by  
4 petroleum-based fuel as compared to the projected cost of  
5 using ethanol-based fuels, and a project to test engines  
6 operating on neat ethanol fuel. The bill provides for the  
7 allocation of available moneys to support the projects. The  
8 bill also requires results of the projects to be contained in  
9 a report submitted to the general assembly.

10 This bill may create a state mandate under chapter 25B.

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SENATE FILE 545  
FISCAL NOTE

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A fiscal note for Senate File 545 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

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Senate File 545 relates to the production and distribution of renewable fuels. It requires that motor vehicles purchased by state agencies and political subdivisions operate on ethanol-blended gasoline. An Office of Renewable Fuel is created within the Farm Commodity Division of the Department of Agriculture and Land Stewardship (DALs). This office would further the research, development, production, promotion, marketing, and consumption of renewable fuel; and further the research, development, transfer, and use of technologies which increase the supply or demand of renewable fuel.

The bill also establishes a Renewable Fuel Advisory Committee composed of persons representing the DALs, the Department of Economic Development, the Department of Transportation, retail dealers of motor vehicle fuel, refiners of petroleum products, agricultural producers, and organizations serving agricultural producers. The committee will also include legislative members who serve as ex officio members, and be staffed by the Agricultural Marketing Division with the coordinator of the Renewable Fuel Office serving as secretary.

The bill provides for the establishment of a Renewable Fuel Fund which would be dedicated to support promotional and research programs. Monies for this may be accepted from a variety of sources, and would be under the control of the Office of Renewable Fuel. A program to promote advantages of using renewable fuel is to be established, and notification to consumers of motor vehicle fuel containing oxygenate octane enhancers is provided for.

The State motor fuel tax rate for ethanol-based motor fuel is maintained at 19 cents until June 30, 2000, and the regular motor fuel tax rate is maintained at 20 cents.

Assumptions:

1. The Sections of the bill causing a direct effect on the General Fund of the State would be the establishment of a Renewable Fuel Office and the Renewable Fuel Advisory Committee.
2. Three FTE positions would be necessary to carry out the functions of the Renewable Fuel Office. They would consist of a coordinator, a program planner and a secretary.
3. Board expenses would be similar to those experienced by the Agricultural Products Advisory Council.
4. Motor fuel consumption is based upon actual consumption in calendar year 1990.

Fiscal Effect:

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Maintaining the exemption on ethanol through June 30, 2000 would result in \$3.6 million less revenue generated annually for the Road Use Tax Fund than would have been generated under current law.

The following table represents expenses that would be incurred by the General Fund for the Renewable Fuel Office and the Renewable Fuel Advisory Board.

	Fiscal Year 1992			Fiscal Year 1993		
	Current Law	Proposed Law	Increase (Decrease)	Current Law	Proposed Law	Increase (Decrease)
EXPENDITURES						
Salaries	\$ 0	\$ 100,000	\$ 100,000	\$ 0	\$ 103,000	\$ 103,000
Support	0	26,000	26,000	0	26,000	26,000
Board Expense	0	5,000	5,000	0	5,000	5,000
Total	\$ 0	\$ 131,000	\$ 131,000	\$ 0	\$ 134,000	\$ 134,000

Sources: Department of Agriculture and Land Stewardship  
Department of Transportation

(LSB 2793sv, AAW)

FILED MAY 2, 1991

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 545

AN ACT

RELATING TO FUEL, BY PROVIDING FOR THE PRODUCTION AND CONSUMPTION OF RENEWABLE FUEL, AND PROVIDING FOR THE IMPOSITION OF TAXES UPON CERTAIN FUEL.

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

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

3. The state vehicle dispatcher shall install a record system for the keeping of records of the total number of miles state-owned motor vehicles are driven and the per-mile cost of operation of each motor vehicle. Every state officer or employee shall keep a record book to be furnished by the state vehicle dispatcher in which the officer or employee shall enter all purchases of gasoline, lubricating oil, grease, and other incidental expense in the operation of the motor vehicle assigned to the officer or employee, giving the quantity and price of each purchase, including the cost and nature of all repairs on the motor vehicle. Each operator of a state-owned motor vehicle shall promptly prepare a report at the end of each month on forms furnished by the state vehicle dispatcher and forward the same to the dispatcher at the statehouse, giving the information the state vehicle dispatcher may request in the report. The state vehicle dispatcher shall each month compile the costs and mileage of state-owned motor vehicles from the reports and keep a cost history card on each motor vehicle and the costs shall be reduced to a cost-per-

mile basis for each motor vehicle. It shall be the duty of the state vehicle dispatcher to call to the attention of the head of any department to which a motor vehicle has been assigned any evidence of the mishandling or misuse of any state-owned motor vehicle which is called to the dispatcher's attention. A motor vehicle operated under this subsection shall not operate on gasoline other than gasoline blended with at least ten percent ethanol, unless under emergency circumstances. A state-issued credit card used to purchase gasoline shall not be valid to purchase gasoline other than gasoline blended with at least ten percent ethanol, if commercially available. The motor vehicle shall also be affixed with a brightly visible sticker which notifies the traveling public that the motor vehicle is being operated on gasoline blended with ethanol.

Sec. 2. Section 19A.3, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 22. The appointee serving as the coordinator of the office of renewable fuel, as provided in section 159A.3.

Sec. 3. Section 20.4, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 13. The appointee serving as the coordinator of the office of renewable fuel, as provided in section 159A.3.

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

159.20 POWERS OF DIVISION.

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

SF 545

1. Investigate the subject of marketing farm of agricultural commodities.
2. Promote their sales the sale, distribution, and merchandising of agricultural commodities.
3. Furnish information and assistance concerning farm agricultural commodities to the public.
4. Cooperate with the college of agriculture of the Iowa state university of science and technology in its farm encouraging agricultural marketing education and research.
5. Gather Accumulate and diffuse useful information concerning all-phases-of the marketing of Iowa-farm agricultural commodities in cooperation with other-public-or private-agencies-and-in-that-context, persons, agencies, or the federal government. The division shall establish a-farm an agricultural commodity informational data base.
6. Investigate methods and practices in-connection-with related to the processing, handling, grading, classifying, sorting, weighing, packing, transportation, storage, inspection, and or merchandising of farm agricultural commodities within this state.
7. Ascertain sources of supply of for Iowa farm agricultural commodities; and, The department shall prepare and periodically publish lists of names and addresses of producers and consignors of farm agricultural commodities; to be available upon request.
8. Perform inspection or grading, or-both, of any farm an agricultural commodity if requested by the a person engaged in the production, marketing, or processing of the farm agricultural commodity; except-that. However, the person shall not pay for the services as provided by the rules of adopted by the department.
9. Cooperate with the Iowa department of economic development to avoid duplication of efforts between the division and the agricultural marketing program operated by the Iowa department of economic development.
10. Assist the office of renewable fuel and the renewable fuel advisory committee in administering the provisions of chapter 159A.

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

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

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

159.22 GRANTS AND GIFTS OF FUNDS.

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

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

The general assembly finds and declares the following:

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



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

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

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

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

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

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

1. An office of renewable fuel is created within the agricultural marketing division of the department and shall be staffed by a coordinator who shall be appointed by the division administrator. It shall be the policy of the office

to further renewable fuel activities. The office shall first further renewable fuel activities based on the following considerations:

- a. The price competitiveness of the fuel.
  - b. The production capacity and supply of the fuel.
  - c. The ease and safety of transporting and storing the fuel.
  - d. The degree to which the fuel is currently developed for ready transfer to current engine technology.
  - e. The degree to which the fuel is environmentally protective.
  - f. The degree to which the fuel provides economic development opportunities.
2. The duties of the office include, but are not limited to, the following:
    - a. Serving as advisor to the department regarding regulations, including federal and state standards, relating to oxygenate octane enhancers, as defined in section 214A.1.
    - b. Serving as advisor to the department regarding renewable fuel programs.
    - c. Serving as monitor of regulations administered in the state, in other states, or by the federal government. The office shall collect information and data prepared by state agencies related to these regulations, and provide referral and assistance to interested persons and agencies.
    - d. Cooperating with persons and agencies involved in renewable fuel activities, including other states and the federal government, to standardize regulations and coordinate programs, in order to increase administrative effectiveness and reduce administrative duplication.
    - e. Implementing policies and procedures designed to facilitate communication between persons involved in renewable fuel activities.
    - f. Assisting state or federal agencies, or assisting commercial enterprises or commodity organizations which are located in or desiring to locate in the state. The assistance may include support of public research relating to renewable fuel activities.

g. Conducting studies relating to the viability of producing or using a renewable fuel, and methods and schedules required to ensure a practicable transition to the use of a renewable fuel.

h. Preparing an annual report to the secretary regarding renewable fuel activities. The report shall include a review of research and research results, areas of study with promising potential, a summary of initiatives in other states, and an analysis of state and federal regulations and programs.

i. Promoting the use of by-products resulting from the production of renewable fuel.

j. Cooperating with the committee in carrying out the purposes of the committee as provided in section 159A.5. The office shall regularly inform the committee regarding its operations and programs administered under this chapter, including financial reports concerning the fund.

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

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

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

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

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

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

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

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

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

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

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

g. A person representing the Iowa corn growers association.

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

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

2. The members appointed pursuant to subsection 1, paragraphs "d" through "h", shall serve three-year terms

beginning and ending as provided in section 69.19. However, the governor shall appoint initial members to serve for less than three years to ensure members serve staggered terms. A member is eligible for reappointment. A vacancy on the committee shall be filled for the unexpired portion of the regular term in the same manner as regular appointments are made.

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

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

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

6. Five voting members constitute a quorum and the affirmative vote of a majority of the voting members present is necessary for any substantive action to be taken by the committee. The majority shall not include any member who has a conflict of interest and a statement by a member that the member has a conflict of interest is conclusive for this purpose. A vacancy in the membership does not impair the duties of the committee.

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

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

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

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

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

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

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

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

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

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

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

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

The office shall establish a program to promote the advantages related to the use of renewable fuel as an alternative to nonrenewable fuel. Promotions shall be designed to inform the ultimate consumer of advantages associated with using renewable fuel, and emphasize the

benefits to the natural environment. The promotion shall inform consumers at the businesses of retail dealers of the motor vehicle fuel.

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

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

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

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

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

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

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

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

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

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

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

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

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

Sec. 13. Section 185C.11, Code 1991, is amended by adding the following new subsection:

NEW SUBSECTION. 5. Promote the production and marketing of ethanol.

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

214A.16 NOTICE OF BLENDED FUEL.

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

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

262.25A PURCHASE OF PUBLIC-UTILITY AUTOMOBILES.

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

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

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

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

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

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

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

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

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

For the privilege of operating motor vehicles in this state an excise tax of ~~sixteen-cents-per-gallon-for-the-period beginning-January-17-1987-and-ending-March-31-1988-and eighteen-cents-per-gallon-for-the-period-beginning-April-17-1988-and-ending-December-31-1988-and twenty cents per gallon beginning-January-17-1989~~ is imposed upon the use of all motor fuel used for any purpose except aviation gasoline and except motor fuel containing at least ten percent alcohol distilled from cereal grains grown in the United States for the period beginning-July-17-1978-and ending June 30, 1992 2000, and except as otherwise provided in this division. For the privilege of operating aircraft in this state an excise tax of eight cents per gallon ~~beginning-July-17-1988~~ is imposed on the use of all aviation gasoline.

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

For the privilege of operating motor vehicles in this state an excise tax of ~~fifteen-cents-per-gallon-for-the-period beginning-January-17-1987-and-ending-March-31-1988-and seventeen-cents-per-gallon-for-the-period-beginning-April-17-1988-and-ending-December-31-1988-and nineteen cents per gallon beginning-January-17-1989-and ending until June 30, 1992 2000~~, is imposed upon the use of gasohol motor fuel containing at least ten percent alcohol distilled from cereal

grains grown in the United States and used for any purpose except as otherwise provided in this division.

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

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

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

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

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

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

Sec. 24. ETHANOL PROJECTS.

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

a. A project administered by the office to demonstrate the effectiveness of producing ethanol by using biomass products derived from corn stalks and woody grasses. The project shall

encourage the production of woody grasses on land dedicated to permanent grass and buffer zones as provided in section 457A.48. The soil conservation division of the department of agriculture and land stewardship together with the state soil conservation committee as provided in chapter 467A shall cooperate in encouraging the planting of such grasses which may be harvested for purposes of ethanol production.

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

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

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

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

3. The soil conservation division, the university of Iowa, and the department of general services shall report the results of projects required to be administered under this section to the office of renewable fuel. The office shall

submit the results in a report to the general assembly which shall be submitted by January 13, 1992, to the secretary of the senate, the chief clerk of the house of representatives, and to the chairpersons of the standing committees on agriculture in the senate and the house of representatives.

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JOE J. WELSH  
President of the Senate

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ROBERT C. ARNOULD  
Speaker of the House

I hereby certify that this bill originated in the Senate and is known as Senate File 545, Seventy-fourth General Assembly.

Approved June 10, 1991

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JOHN F. DWYER  
Secretary of the Senate

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TERRY E. BRANSTAD  
Governor

**SF 545**