

HOUSE FILE 2337

BY COMMITTEE ON WAYS AND MEANS

MAR 2 1994

WAYS & MEANS CALENDAR

(SUCCESSOR TO HF 2078)

(SUCCESSOR TO HSB 535)

Passed House, ^(p. 1118) Date 4-4-94
Vote: Ayes 71 Nays 26

Passed Senate, ^{p. 1193} Date 4/13/94
Vote: Ayes 27 Nays 23

Approved April 26, 1994

A BILL FOR

1 An Act relating to agricultural development and rural
2 revitalization, by providing for value-added agricultural
3 products and processes, providing for programs and moneys,
4 providing for repeal of provisions, and providing an effective
5 date.

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

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HF 2337

1 Section 1. FINDINGS AND POLICY.

2 1. The general assembly finds and declares the following:

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

8 b. The future economic prosperity of this state depends
9 upon new innovations that improve processes and products
10 utilizing agricultural commodities and livestock.

11 c. Iowa's traditional investment in livestock production
12 is an essential part of this state's continuing efforts to
13 revitalize its rural economy, and to ensure general prosperity
14 for all of the state's population.

15 d. It is increasingly necessary to support industries in
16 this state which rely upon agricultural commodities to
17 manufacture value-added products.

18 e. Renewable fuel and oil industries promise to utilize
19 agricultural products in order to reduce the state's
20 dependency upon petroleum products, reduce threats to this
21 state's environment resulting from the atmospheric
22 contamination of carbon monoxide, and produce coproducts, such
23 as corn gluten feed, distillers grain, and solubles, which can
24 be used to increase livestock production in this state.

25 2. This state adopts a policy of enhancing agricultural
26 production, including livestock production, through support of
27 the renewable fuel industry. State agencies including the
28 department of agriculture and land stewardship, the department
29 of economic development, and the department of natural
30 resources shall cooperate in order to ensure that this policy
31 is carried out.

32 Sec. 2. Section 15.313, subsection 2, paragraph b, Code
33 1993, is amended by striking the paragraph.

34 Sec. 3. Section 15.313, subsection 3, Code 1993, is
35 amended to read as follows:

1 3. The director shall submit annually at a regular or
2 special meeting preceding the beginning of the fiscal year,
3 for approval by the economic development board, the proposed
4 allocation of funds from the strategic investment fund to be
5 made for that fiscal year to the community economic betterment
6 program, ~~the value-added agricultural products and processes~~
7 ~~financial assistance program~~, the business development finance
8 corporation, the self-employment loan program, and the
9 targeted small business financial assistance program and for
10 comprehensive management assistance. If funds are available
11 under a federal microloan demonstration program, the director
12 may recommend an allocation for that purpose. The plans may
13 provide for increased or decreased allocations if the demand
14 in a program indicates that the need exceeds the allocation
15 for that program. The director shall report on a monthly
16 basis to the board on the status of the funds and may present
17 proposed revisions for approval by the board in January and
18 April of each year. Unobligated and unencumbered moneys
19 remaining in the strategic investment fund or any of its
20 accounts on June 30 of each year shall be considered part of
21 the fund for purposes of the next year's allocation.

22 Sec. 4. Section 15.318, Code 1993, is amended by adding
23 the following new subsections:

24 NEW SUBSECTION. 16. The capacity of the proposed project
25 to create products by adding value to agricultural
26 commodities.

27 NEW SUBSECTION. 17. The degree to which the proposed
28 project relies upon agricultural or value-added research
29 conducted at a college or university, including a regents
30 institution, community college, or a private university or
31 college.

32 Sec. 5. Section 15E.111, Code 1993, is amended to read as
33 follows:

34 15E.111 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES
35 FINANCIAL ASSISTANCE PROGRAM.

1 ~~1. Contingent-on-the-availability-of-funding-for-this~~
2 ~~program,-the~~ The department may shall establish a value-added
3 agricultural products and processes financial assistance
4 program. The purpose of the program is to foster encourage
5 the increased utilization of agricultural commodities produced
6 in this state. The program shall assist in efforts to
7 revitalize rural regions of this state, by committing
8 resources to provide financial or technical assistance to new
9 or existing value-added production facilities. In awarding
10 financial assistance, the department shall commit resources to
11 assist the following:

12 a. Facilities which are involved in the development of new
13 innovative products, practices, and processes related to
14 agriculture through-specialized-financial-or-technical
15 assistance-to-facilitate-the-acquisition-of-capital.

16 b. Renewable fuel production facilities. As used in this
17 section, "renewable fuel" means an energy source which is
18 derived from an organic compound capable of powering
19 machinery, including an engine or power plant.

20 Financial assistance awarded under this section may be in
21 the form of a loan, loan guarantee, grant, production
22 incentive payment, or a combination of financial assistance.
23 The department shall not award more than twenty-five percent
24 of the amount allocated to the value-added agricultural
25 products and processes financial assistance fund during any
26 fiscal year to support a single person.

27 2. A person is eligible to apply for assistance under this
28 section, if the person satisfies the following requirements:

29 a. ~~The-person-is-a-resident-of-this-state,-or-the-person's~~
30 ~~principal-place-of-business-is~~ The existing or proposed
31 facility is located in this state.

32 b. The person applies to the department of economic
33 development in a manner and according to procedures required
34 by the department.

35 c. The person submits a business plan which demonstrates

1 managerial and technical expertise.

2 ~~d.---The person operates for profit or not for profit and~~
3 ~~under a single management, and either employs fewer than~~
4 ~~twenty employees or has an annual gross income of less than~~
5 ~~three million dollars computed as the average of the three~~
6 ~~preceding fiscal years.~~

7 3. The department of economic development ~~may~~ shall grant
8 financial or technical assistance to a person determined by
9 the department to be eligible to receive assistance under this
10 section, upon review and evaluation of the person's
11 application by the agricultural products advisory council as
12 established in section 15.203. The department shall consider
13 the council's evaluation in granting or denying assistance.
14 The department shall not approve an application for assistance
15 under this section to refinance an existing loan or to finance
16 traditional agricultural production or processing operations,
17 except as provided in this section. A traditional production
18 or processing operation means any activity relating to farming
19 as defined in section 9H.1, or the processing of agricultural
20 commodities produced from farming, including crops or
21 livestock, into goods which are commonly processed from
22 agricultural commodities. The size of a production or
23 processing operation shall not be considered in determining
24 whether an operation is traditional. An application is
25 ~~eligible for consideration if the application seeks assistance~~
26 ~~for any of the following purposes:~~ The department shall not
27 directly award financial assistance for the establishment or
28 operation of a livestock production operation, regardless of
29 whether the operation is related to a renewable fuel
30 production facility.

31 4. The department shall select an applicant to receive
32 financial or technical assistance based on the following
33 criteria:

34 a. The feasibility of the existing or proposed facility to
35 remain a viable enterprise and the degree to which the

1 facility will increase the utilization of agricultural
2 commodities produced in this state.

3 b. The extent to which the existing or proposed facility
4 is located in a rural region of the state.

5 c. The proportion of local match to be contributed to the
6 project.

7 d. The level of need of the region where the existing
8 facility is or the proposed facility is to be located.

9 5. An application based on innovation shall be considered
10 if any of the following apply:

11 a. The development-of-value-added-agricultural-processes
12 production process is not commonly available in this state
13 which-are-to-be-carried-out-by-the-person-in-this-state.

14 b. The development-of-an-innovative-or-diversified
15 agricultural product is not commonly produced in this state
16 which-is-to-be-carried-out-by-the-person-in-this-state.

17 c.--The-development-of-an-innovative-processing,-packaging,-
18 marketing,-or-management-practice-not-commonly-available-in
19 this-state-which-is-to-be-carried-out-by-the-person-in-this
20 state.

21 4.--Assistance-by-the-department-granted-to-an-eligible
22 person-shall-be-subject-to-the-following-restrictions:

23 a.--The-person-shall-not-receive-financial-assistance
24 totaling-more-than-eighty-thousand-dollars-under-this-program.

25 b.--Interest-on-a-loan-shall-not-exceed-the-current-fair
26 market-interest-rate.--A-loan-shall-not-exceed-fifty-thousand
27 dollars.

28 c.--A-loan-guarantee-shall-not-exceed-eighty-thousand
29 dollars.--A-loan-guarantee-shall-guarantee-not-more-than
30 eighty-percent-of-a-conventionally-obtained-loan.

31 d.--A-grant-shall-not-exceed-twenty-five-thousand-dollars.
32 A-grant-shall-be-made-only-to-provide-leverage-for-a
33 conventionally-obtained-loan.--The-conventionally-obtained
34 loan-must-be-for-an-amount-significantly-larger-than-the
35 amount-of-the-grant.

1 ~~5---Notwithstanding restrictions contained in subsection 4,~~
2 ~~the department may use up to five thousand dollars to contract~~
3 ~~for technical assistance in order to aid a person having a~~
4 ~~pending or approved application under this section.~~

5 6. a. The department shall consider an application to
6 assist a renewable fuel production facility. An application
7 based on ethanol fuel production shall be considered by the
8 department if all of the following apply:

9 (1) All fermentation, distillation, and dehydration of the
10 ethanol will occur at the proposed facility.

11 (2) The ethanol produced at the proposed facility will be
12 at least one hundred ninety-nine proof and must be denatured.

13 b. The department shall give priority to supporting
14 proposed renewable fuel production facilities which directly
15 support livestock production operations as follows:

16 (1) The highest priority shall be given to a project
17 involving a facility which utilizes a coproduct of renewable
18 fuel production to support at least one thousand head of
19 cattle, or a number of other species of livestock based upon
20 an equivalency formula established by the department.

21 (2) If the department has several proposals having the
22 highest priority, a preference shall be given to a proposal in
23 which the livestock operation:

24 a. Is located in an agricultural area as provided in
25 chapter 352.

26 b. Is located in close proximity to and is an integral
27 part of the renewable fuel production facility. However, the
28 owner of the facility is not required to hold an interest in
29 the land on which the livestock are produced. The livestock
30 may be produced under the terms of a contract, in which a
31 person regularly engaged in livestock production provides for
32 the care and feeding of the livestock on behalf of the
33 facility's owner.

34 c. The department of natural resources shall cooperate
35 with the department of economic development in order to assist

1 an applicant in complying with all applicable environmental
2 regulations without unnecessary delay. The department of
3 natural resources shall give the highest priority to assisting
4 applicants in receiving all permits necessary in order to
5 establish or operate renewable fuel production facilities.
6 The department of natural resources shall acknowledge receipt
7 of an application for a permit not later than two weeks
8 following submission of the application to the department.
9 Within four weeks following submission of the application, the
10 department shall issue the permit or reply to the applicant
11 describing reasons why the permit cannot be currently issued.
12 The department of natural resources shall assign a staff
13 person to assist applicants in obtaining such permits and in
14 complying with environmental regulations.

15 d. The department of economic development shall contract
16 with a consultant who is knowledgeable regarding the
17 establishment and operation of renewable fuel production
18 facilities, and specifically facilities which support
19 livestock production operations. The consultant shall be
20 available to provide business planning assistance to persons
21 who have received financial incentives pursuant to this
22 section. The business planning assistance shall include
23 evaluation of methods to most profitably manage operations and
24 market livestock produced at the facility.

25 7. The university of Iowa, Iowa state university, and the
26 university of northern Iowa shall cooperate in assisting
27 facilities receiving financial assistance under this section.
28 Iowa state university, including the Iowa cooperative
29 extension service in agriculture and home economics, shall
30 cooperate in assisting each renewable fuel production facility
31 supporting livestock operations, including advising producers
32 regarding nutrition and management practices. Community
33 colleges and private universities and colleges are not
34 precluded from providing this assistance.

35 8. The department of economic development shall prepare a

1 report each three months detailing the progress of the
2 department and other agencies provided in this section. The
3 office of renewable fuel and oil, the department of natural
4 resources, and Iowa state university may contribute a summary
5 of their activities. The report shall describe and evaluate
6 the performance of the consultant. The report shall be
7 delivered to the secretary of the senate and the chief clerk
8 of the house; the legislative service bureau; the chairpersons
9 and ranking members of the senate standing committee on
10 agriculture; the senate standing committee on small business,
11 economic development, and tourism; the house of
12 representatives standing committee on agriculture; and the
13 house of representatives standing committee on small business,
14 economic development, and trade.

15 Sec. 6. Section 15E.112, Code 1993, is amended to read as
16 follows:

17 15E.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES
18 FINANCIAL ASSISTANCE ACCOUNT FUND.

19 1. A value-added agricultural products and processes
20 financial assistance ~~account~~ fund is established ~~within the~~
21 ~~strategic-investment-fund-created-in-section-15-313~~ created
22 within the state treasury under the control of the department.
23 The ~~account~~ fund shall consist of any money appropriated by
24 the general assembly ~~for that purpose, moneys allocated to the~~
25 ~~account from the strategic-investment-fund,~~ and any other
26 moneys available to and obtained or accepted by the department
27 from the federal government or private sources for placement
28 in the ~~account~~ fund. Moneys shall be deposited in the fund as
29 provided in section 423.24. Not more than one percent of the
30 total moneys available to support value-added agricultural
31 products and processes pursuant to section 423.24 during each
32 quarter shall be used by the department for administration of
33 the value-added agricultural products and processes financial
34 assistance program, as provided in section 15E.111. Except as
35 ~~otherwise provided in subsection 27, the~~ The assets of the

1 account fund shall be used by the department only for carrying
2 out the purposes of section 15E.111.

3 2. The In administering the fund and the value-added
4 agricultural products and processes financial assistance
5 program, the department may use moneys in the account to do
6 any of the following:

7 a. Contract, sue and be sued, and adopt administrative
8 rules necessary to carry out the provisions of this section
9 and section 15E.111, but. However, the department shall not
10 in any manner directly or indirectly pledge the credit of the
11 state.

12 b. Authorize payment from the account fund for costs,
13 commissions, attorney fees, and other reasonable expenses,
14 including expenses related to and the following:

15 (1) Carrying out duties necessary for insuring or
16 guaranteeing loans under section 15E.111, and for the recovery
17 of loan moneys insured or guaranteed or the management of
18 property acquired in connection with such loans.

19 (2) Supporting a contract with a consultant knowledgeable
20 regarding the establishment and operation of renewable fuel
21 production facilities as provided in section 15E.111. The
22 department may require a person receiving financial incentives
23 to contribute to the amount required to support the
24 consultant. However, the person shall not be required to
25 contribute more than the department.

26 3. Payments of interest, recaptures of awards, or
27 repayments of moneys loaned under the value-added agricultural
28 products and processes financial assistance program shall be
29 deposited into the strategic investment into the fund.
30 Section 8.33 does not apply to any moneys in the fund.

31 4. The fund is subject to an annual audit by the auditor
32 of state. Moneys in the fund, which may be subject to
33 warrants written by the director of revenue and finance, shall
34 be drawn upon the written requisition of the director of the
35 department of economic development or an authorized

1 representative of the director.

2 Sec. 7. Section 18.115, subsection 5, Code Supplement
3 1993, is amended to read as follows:

4 5. Of all new passenger vehicles and light pickup trucks
5 purchased by the state vehicle dispatcher, institutions under
6 the control of the state board of regents, community colleges,
7 and any other state agency purchasing such new vehicles and
8 trucks, beginning July 1, 1992, a minimum of five percent, and
9 beginning July 1, 1994, a minimum of ten percent of all such
10 vehicles and trucks purchased shall be equipped with engines
11 which utilize alternative methods of propulsion including but
12 not limited to those propelled by flexible fuels, compressed
13 any of the following:

14 a. A flexible fuel, which is any of the following:

15 (1) A fuel blended with not more than fifteen percent
16 gasoline and at least eighty-five percent ethanol.

17 (2) A fuel which is a mixture of diesel fuel and processed
18 soybean oil. At least twenty percent of the mixed fuel by
19 volume must be processed soybean oil.

20 (3) A renewable fuel approved by the office of renewable
21 fuel and oil pursuant to section 159A.2.

22 b. Compressed natural gas, propane.

23 c. Propane gas solar.

24 d. Solar energy, or electricity.

25 e. Electricity. For the purpose of this subsection,
26 "flexible fuels" means fuels which are blended with eighty-
27 five percent ethanol and fifteen percent gasoline.

28 PARAGRAPH DIVIDED. The provisions of this subsection do
29 not apply to such vehicles and trucks purchased and directly
30 used for the following purposes: law enforcement, or off-road
31 maintenance work, or work vehicles used to pull loaded
32 trailers. This subsection also does not apply to school
33 corporations, with the exceptions of those designated above.

34 PARAGRAPH DIVIDED. It is the intent of the general
35 assembly that the members of the midwest energy compact

1 promote the development and purchase of motor vehicles
2 equipped with engines which utilize alternative methods of
3 propulsion.

4 Sec. 8. Section 19A.3, subsection 22, Code 1993, is
5 amended to read as follows:

6 22. The appointee serving as the coordinator of the office
7 of renewable fuel and oil, as provided in section 159A.3.

8 Sec. 9. Section 20.4, subsection 13, Code 1993, is amended
9 to read as follows:

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

12 Sec. 10. Section 159.20, subsection 10, Code 1993, is
13 amended to read as follows:

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

17 Sec. 11. Section 159A.1, subsection 3, Code 1993, is
18 amended to read as follows:

19 3. This state adopts a policy of enhancing agricultural
20 production ~~through support of the renewable fuel industry by~~
21 encouraging the development and consumption of fuels and oils
22 produced by agricultural commodities, as provided in this
23 chapter, including rules adopted by the office of renewable
24 fuel and oil and the renewable fuel and oil advisory
25 committee.

26 Sec. 12. Section 159A.2, Code 1993, is amended to read as
27 follows:

28 159A.2 DEFINITIONS.

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

31 1. "Committee" means the renewable fuel and oil advisory
32 committee established pursuant to section 159A.4.

33 2. "Coordinator" means the administrative head of the
34 office of renewable fuel and oil appointed by the department
35 as provided in section 159A.3.

1 3. "Fund" means the renewable fuel and oil fund
2 established pursuant to section 159A.7.

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

5 5. "Renewable fuel" means an energy source at least in
6 part containing a product derived from an-organic-compound
7 harvesting and processing crops or slaughtering and processing
8 livestock, including-a-photosynthate, which may be used to
9 power an engine or motor. A renewable fuel includes but is
10 not limited to ethanol or soydiesel fuel.

11 6. "Renewable fuel and oil activities" means either of the
12 following:

13 a. The research, development, production, promotion,
14 marketing, or consumption of a renewable fuel or oil.

15 b. The research, development, transfer, or use of
16 technologies which directly or indirectly increase the supply
17 or demand of a renewable fuel or oil.

18 7. "Renewable oil" means a fluid, other than a renewable
19 fuel, and including a lubricant, at least in part containing a
20 product derived from harvesting and processing crops or
21 slaughtering and processing livestock, which may be used in
22 the operation of a mechanism, including an engine or motor.

23 8. "Soydiesel fuel" means a fuel which is a mixture of
24 diesel fuel and processed soybean oil, if at least twenty
25 percent of the mixed fuel by volume is processed soybean oil.

26 Sec. 13. Section 159A.3, Code 1993, is amended to read as
27 follows:

28 159A.3 OFFICE OF RENEWABLE FUEL AND OIL.

29 1. An office of renewable fuel and oil is created within
30 the department and shall be staffed by a coordinator who shall
31 be appointed by the secretary. It shall be the policy of the
32 office to further renewable fuel and oil activities. The
33 office shall first further renewable fuel and oil activities
34 based on the following considerations:

35 a. The price competitiveness of the renewable fuel or oil.

1 b. The production capacity and supply of the renewable
2 fuel or oil.

3 c. The ease and safety of transporting and storing the
4 renewable fuel or oil.

5 d. The degree to which the renewable fuel or oil is
6 currently developed for ready transfer to current engine
7 technology.

8 e. The degree to which the renewable fuel or oil is
9 environmentally protective.

10 f. The degree to which the renewable fuel or oil provides
11 economic development opportunities.

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

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

17 b. Serving as advisor to the department regarding
18 renewable fuel and oil programs.

19 c. Serving as monitor of regulations administered in the
20 state, in other states, or by the federal government. The
21 office shall collect information and data prepared by state
22 agencies related to these regulations, and provide referral
23 and assistance to interested persons and agencies.

24 d. Cooperating with persons and agencies involved in
25 renewable fuel or oil activities, including other states and
26 the federal government, to standardize regulations and
27 coordinate programs, in order to increase administrative
28 effectiveness and reduce administrative duplication.

29 e. Implementing policies and procedures designed to
30 facilitate communication between persons involved in renewable
31 fuel or oil activities.

32 f. Assisting state or federal agencies, or assisting
33 commercial enterprises or commodity organizations which are
34 located in or desiring to locate in the state. The assistance
35 may include support of public research relating to renewable

1 fuel or oil activities.

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

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

11 i. Promoting the use of by-products resulting from the
12 production of renewable fuel and oil.

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

18 k. Approve a renewable fuel which may be used as a
19 flexible fuel powering a motor vehicle required to be
20 purchased by state agencies.

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

25 b. The office shall promote the production and consumption
26 of soydiesel fuel in this state.

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

33 5. The office and state entities, including the
34 department, the committee, the Iowa department of economic
35 development, the state department of transportation, the

1 department of natural resources, state board of regents'
2 institutions, and the Wallace technology transfer foundation
3 of Iowa, shall cooperate to implement this section.

4 Sec. 14. Section 159A.4, subsection 1, unnumbered
5 paragraph 1, Code 1993, is amended to read as follows:

6 A renewable fuel and oil advisory committee is established
7 within the department. The committee shall be composed of the
8 following persons:

9 Sec. 15. Section 159A.4, subsection 1, Code 1993, is
10 amended by adding the following new paragraph after paragraph
11 h and relettering the subsequent paragraphs:

12 NEW PARAGRAPH. i. A person representing the Iowa soybean
13 association.

14 Sec. 16. Section 159A.4, unnumbered paragraph 2, Code
15 1993, is amended to read as follows:

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

31 Sec. 17. Section 159A.5, subsections 1, 2, 4, 5, Code
32 Supplement 1993, are amended to read as follows:

33 1. The purpose of the committee is to provide general
34 oversight of operations of the office and to advise the office
35 about all aspects concerning the production and consumption of

1 renewable ~~fuels~~ fuel and oil. However, the committee shall
2 not control policy decisions or direct the administration of
3 this chapter.

4 2. The committee shall monitor conditions, practices,
5 policies, programs, and procedures affecting the production
6 and consumption of renewable fuel and oil.

7 4. The committee shall review the annual report to the
8 secretary regarding renewable fuel and oil activities, as
9 provided in section 159A.3. The committee may make written
10 comments concerning the contents of the report. Upon request
11 of the committee, the coordinator shall include the comments
12 as part of the report.

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

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

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

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

24 d. Support promotional programs or marketing strategies
25 designed to encourage public consumption of renewable fuel and
26 oil.

27 ~~e. --Review the distribution of ethanol production incentive~~
28 ~~payments to qualified persons, pursuant to section 159A.8.~~

29 Sec. 18. Section 159A.6, Code 1993, is amended to read as
30 follows:

31 159A.6 POINT-OF-SALE PUBLIC PROMOTION PROGRAM.

32 The office shall establish a program to promote the
33 advantages related to the use of renewable fuel and oil as an
34 alternative to nonrenewable fuel and oil. Promotions shall be
35 designed to inform the ultimate consumer of advantages

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

5 Sec. 19. Section 159A.7, Code Supplement 1993, is amended
6 to read as follows:

7 159A.7 RENEWABLE FUEL AND OIL FUND.

8 1. A renewable fuel and oil fund is created in the state
9 treasury under the control of the office of renewable fuel and
10 oil. The fund is composed of moneys accepted by the office.
11 ~~Moneys-in-the-fund-shall-be-deposited-into-the-renewable-fuel~~
12 ~~activities-account-or-the-ethanol-production-incentive~~
13 ~~account.~~ The fund may include moneys appropriated by the
14 general assembly, and other moneys available to and obtained
15 or accepted by the office, including moneys from the United
16 States, other states in the union, foreign nations, state
17 agencies, political subdivisions, and private sources.

18 Moneys in the fund shall be used only to administer carry
19 out the provisions of this chapter.

20 2. Moneys in the ~~renewable-fuel-activities-account~~ fund
21 shall be allocated at the beginning of each fiscal year as
22 follows:

23 a. ~~Up-to~~ At least forty percent ~~may~~ shall be dedicated to
24 support 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 and the university of northern Iowa.

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

32 3. Moneys shall be deposited in the ~~ethanol-production~~
33 ~~incentive-account~~ fund as provided in section 423.24. ~~One~~ Not
34 more than one percent of the total moneys available to support
35 value-added agricultural products and processes pursuant to

1 ~~section 423.24 deposited in the account during each quarter~~
2 shall be allocated to the department for administration of the
3 office. ~~Remaining moneys shall be allocated to provide~~
4 ~~financial incentives to support the increased production of~~
5 ~~ethanol derived from an organic compound, including a~~
6 ~~photosynthate, as provided in section 159A-8.~~

7 4. Moneys in the fund are subject to an annual audit by
8 the auditor of state. The fund is subject to warrants by the
9 director of revenue and finance, drawn upon the written
10 requisition of the coordinator.

11 5. In administering the fund, the office may do all of the
12 following:

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

17 b. Authorize payment from the ~~accounts, from income~~
18 ~~received by investment of moneys in the fund, fund~~ for
19 ~~administrative costs, commissions, attorney and accountant~~
20 ~~fees, and other reasonable expenses related to and necessary~~
21 ~~for administering the accounts fund.~~

22 6. Section 8.33 does not apply to moneys in the ~~renewable~~
23 ~~fuel activities account fund.~~ Income received by investment
24 of moneys in the ~~account fund~~ shall remain in ~~that account the~~
25 ~~fund.~~ ~~Moneys appropriated for a state fiscal year to the~~
26 ~~ethanol production incentive account which remain unobligated~~
27 ~~and unencumbered on July 31 of the following state fiscal year~~
28 ~~shall be credited to the road use tax fund as provided in~~
29 ~~section 423.24.~~

30 Sec. 20. Section 214A.16, Code 1993, is amended to read as
31 follows:

32 214A.16 NOTICE OF BLENDED FUEL -- DECAL.

33 All motor vehicle fuel kept, offered, or exposed for sale,
34 or sold at retail containing over one percent ethanol,
35 methanol, or any combination of oxygenate octane enhancers

1 shall be identified as "with" either "ethanol", "methanol",
2 "ethanol/methanol", or similar wording on a decal. All diesel
3 fuel kept, offered, or exposed for sale, or sold at retail
4 containing over one percent soybean oil by volume shall be
5 identified as "with soydiesel" or similar wording on a decal.
6 The design and location of the decals may shall be prescribed
7 by rules adopted by the department. The department shall
8 adopt the rules to be effective by January 1, 1995. A decal
9 identifying a renewable fuel shall be consistent with
10 standards adopted pursuant to section 159A.6. If Until the
11 department ~~does-not-establish~~ establishes standards for a
12 ~~decal-relating-to-a-specific-oxygenate-octane-enhancer~~ decals,
13 the wording shall be on a white adhesive decal with black
14 letters at least one-half inch high and at least one-quarter
15 inch wide placed between thirty and forty inches above the
16 driveway level on the front sides of any container or pump
17 from which the motor fuel is sold. The department may approve
18 an application to place a decal in a special location on a
19 pump or container or use a decal with special lettering or
20 colors, if the decal appears clear and conspicuous to the
21 consumer. The application shall be made in writing pursuant
22 to procedures adopted by the department. Designs for a decal
23 identifying a renewable fuel shall be consistent with
24 standards adopted pursuant to section 159A.6.

25 Sec. 21. Section 216B.3, subsection 16, Code Supplement
26 1993, is amended to read as follows:

27 16. a. A motor vehicle purchased by the commission shall
28 not operate on gasoline other than gasoline blended with at
29 least ten percent ethanol. A state issued credit card used to
30 purchase gasoline shall not be valid to purchase gasoline
31 other than gasoline blended with at least ten percent ethanol.
32 The motor vehicle shall also be affixed with a brightly
33 visible sticker which notifies the traveling public that the
34 motor vehicle is being operated on gasoline blended with
35 ethanol. However, the sticker is not required to be affixed

1 to an unmarked vehicle used for purposes of providing law
2 enforcement or security.

3 b. Of all new passenger vehicles and light pickup trucks
4 purchased by the commission, a minimum of ten percent of all
5 such vehicles and trucks purchased shall be equipped with
6 engines which utilize alternative methods of propulsion,
7 including but not limited to any of the following:

8 (1) A flexible fuel which is either of the following:

9 (a) A fuel blended with not more than fifteen percent
10 gasoline and at least eighty-five percent ethanol.

11 (b) A fuel which is a mixture of diesel fuel and processed
12 soybean oil. At least twenty percent of the mixed fuel by
13 volume must be processed soybean oil.

14 (c) A renewable fuel approved by the office of renewable
15 fuel and oil pursuant to section 159A.3.

16 (2) Compressed natural gas.

17 (3) Propane gas.

18 (4) Solar energy.

19 (5) Electricity.

20 The provisions of this paragraph "b" do not apply to
21 vehicles and trucks purchased and directly used for law
22 enforcement or off-road maintenance work.

23 Sec. 22. Section 260C.19A, Code Supplement 1993, is
24 amended to read as follows:

25 260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-
26 BLENDED-GASOLINE ALTERNATIVE FUELS.

27 1. A motor vehicle purchased by or used under the
28 direction of the board of directors to provide services to a
29 merged area 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. However, the sticker is not required to be
35 affixed to an unmarked vehicle used for purposes of providing

1 law enforcement or security.

2 2. Of all new passenger vehicles and light pickup trucks
3 purchased by or under the direction of the board of directors
4 to provide services to a merged area, a minimum of ten percent
5 of all such vehicles and trucks purchased shall be equipped
6 with engines which utilize alternative methods of propulsion,
7 including but not limited to any of the following:

8 a. A flexible fuel which is either of the following:

9 (1) A fuel blended with not more than fifteen percent
10 gasoline and at least eighty-five percent ethanol.

11 (2) A fuel which is a mixture of diesel fuel and processed
12 soybean oil. At least twenty percent of the mixed fuel by
13 volume must be processed soybean oil.

14 (3) A renewable fuel approved by the office of renewable
15 fuel and oil pursuant to section 159A.3.

16 b. Compressed natural gas.

17 c. Propane gas.

18 d. Solar energy.

19 e. Electricity.

20 The provisions of this subsection do not apply to vehicles
21 and trucks purchased and directly used for law enforcement or
22 off-road maintenance work.

23 Sec. 23. Section 262.25A, Code Supplement 1993, is amended
24 by adding the following new subsection:

25 NEW SUBSECTION. 3. Of all new passenger vehicles and
26 light pickup trucks purchased by or under the direction of the
27 state board of regents to provide services to a merged area, a
28 minimum of ten percent of all such vehicles and trucks
29 purchased shall be equipped with engines which utilize
30 alternative methods of propulsion, including but not limited
31 to any of the following:

32 a. A flexible fuel which is either of the following:

33 (1) A fuel blended with not more than fifteen percent
34 gasoline and at least eighty-five percent ethanol.

35 (2) A fuel which is a mixture of processed soybean oil and

1 diesel fuel. At least twenty percent of the fuel by volume
2 must be processed soybean oil.

3 (3) A renewable fuel approved by the office of renewable
4 fuel and oil pursuant to section 159A.3.

5 b. Compressed natural gas.

6 c. Propane gas.

7 d. Solar energy.

8 e. Electricity.

9 The provisions of this subsection do not apply to vehicles
10 and trucks purchased and directly used for law enforcement or
11 off-road maintenance work.

12 Sec. 24. NEW SECTION. 266.19 RENEWABLE FUEL --
13 ASSISTANCE.

14 The university shall cooperate in assisting renewable fuel
15 production facilities supporting livestock operations managed
16 by persons receiving assistance pursuant to the value-added
17 agricultural products and processes financial assistance
18 program established in section 15E.111.

19 Sec. 25. Section 307.21, Code Supplement 1993, is amended
20 by adding the following new subsection:

21 NEW SUBSECTION. 4A. Of all new passenger vehicles and
22 light pickup trucks purchased by the administrator, a minimum
23 of ten percent of all such vehicles and trucks purchased shall
24 be equipped with engines which utilize alternative methods of
25 propulsion, including but not limited to any of the following:

26 a. A flexible fuel which is either of the following:

27 (1) A fuel blended with not more than fifteen percent
28 gasoline and at least eighty-five percent ethanol.

29 (2) A fuel which is a mixture of processed soybean oil and
30 diesel fuel. At least twenty percent of the fuel by volume
31 must be processed soybean oil.

32 (3) A renewable fuel approved by the office of renewable
33 fuel and oil pursuant to section 159A.3.

34 b. Compressed natural gas.

35 c. Propane gas.

1 d. Solar energy.

2 e. Electricity.

3 The provisions of this subsection do not apply to vehicles
4 and trucks purchased and directly used for law enforcement or
5 off-road maintenance work.

6 Sec. 26. Section 423.24, subsection 1, paragraph b, Code
7 Supplement 1993, is amended to read as follows:

8 b. Beginning on July 1, 1993, three and one-half percent
9 of the revenue, not to exceed one million dollars per quarter,
10 derived from the use tax on motor vehicles, trailers, and
11 motor vehicle accessories and equipment as collected pursuant
12 to section 423.7, shall be deposited-in-the-ethanol-production
13 incentive-account-of-the-renewable-fuel-fund-created-in
14 section-159A:7 used to support value-added agricultural
15 products and processes.

16 Ninety-nine percent of these moneys shall be deposited in
17 the value-added agricultural products and processes financial
18 assistance fund as created in section 15E.112. One percent of
19 these moneys shall be deposited in the renewable fuel and oil
20 fund as created in section 159A.7.

21 PARAGRAPH DIVIDED. Moneys deposited according to this
22 paragraph "b" are a continuing appropriation for expenditure
23 under section-159A:8 sections 15E.112 and 159A.7. Moneys
24 deposited-during-a-state-fiscal-year-to-the-ethanol-production
25 incentive-account-which-remain-unobligated-and-unencumbered-on
26 July-31-of-the-following-state-fiscal-year-shall-be-credited
27 to-the-road-use-tax-fund-as-provided-in-this-section.

28 Sec. 27. Section 455B.104, Code Supplement 1993, is
29 amended by adding the following new unnumbered paragraph:

30 NEW UNNUMBERED PARAGRAPH. The department shall assist
31 persons applying for assistance to establish and operate
32 renewable fuel production facilities pursuant to the value-
33 added agricultural products and processes financial assistance
34 program established in section 15E.111.

35 Sec. 28. NEW SECTION. 904.312A MOTOR VEHICLES.

1 1. A motor vehicle purchased by the department shall not
2 operate on gasoline other than gasoline blended with at least
3 ten percent ethanol. A state-issued credit card used to
4 purchase gasoline shall not be valid to purchase 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. However, the sticker is not required to be affixed
10 to an unmarked vehicle used for purposes of providing law
11 enforcement or security.

12 2. Of all new passenger vehicles and light pickup trucks
13 purchased by the department, a minimum of ten percent of all
14 such vehicles and trucks purchased shall be equipped with
15 engines which utilize alternative methods of propulsion,
16 including but not limited to any of the following:

- 17 a. A flexible fuel which is either of the following:
 - 18 (1) A fuel blended with not more than fifteen percent
 - 19 gasoline and at least eighty-five percent ethanol.
 - 20 (2) A fuel which is a mixture of diesel fuel and processed
 - 21 soybean oil. At least twenty percent of the mixed fuel by
 - 22 volume must be processed soybean oil.
 - 23 (3) A renewable fuel approved by the office of renewable
 - 24 fuel and oil pursuant to section 159A.3.
- 25 b. Compressed natural gas.
- 26 c. Propane gas.
- 27 d. Solar energy.
- 28 e. Electricity.

29 The provisions of this subsection do not apply to vehicles
30 and trucks purchased and directly used for law enforcement or
31 off-road maintenance work.

32 Sec. 29. SOYDIESEL DEMONSTRATION PROJECTS.

33 1. The state department of transportation shall conduct a
34 demonstration project using diesel trucks owned by the
35 department. The department of general services shall conduct

1 a demonstration project using not less than four diesel trucks
2 owned by the department. The trucks shall operate using
3 soydiesel fuel for at least twenty thousand miles. The
4 projects shall be under the oversight of the renewable fuel
5 and oil advisory committee.

6 2. Notwithstanding section 423.24, for the period
7 beginning on July 1, 1993, and ending July 1, 1994, two and
8 one-half percent of the total moneys used to support value-
9 added agricultural products and processes as provided in that
10 section shall be allocated for purposes of conducting
11 soydiesel demonstration projects administered by the state
12 department of transportation under the oversight of the
13 renewable fuel and oil advisory committee.

14 a. The office of renewable fuel and oil shall allocate the
15 moneys to the state department of transportation. The
16 department shall apply the moneys to match moneys used to
17 support one or more special projects operations assistance
18 grants which demonstrate the use of soydiesel fuel in one or
19 more public transit systems.

20 b. The state department of transportation and the
21 department of general services shall evaluate the performance
22 of vehicles operating on soydiesel fuel, including the rate of
23 repairs on the vehicles and comments of persons operating and
24 maintaining the vehicles. The departments shall submit
25 initial findings and recommendations to the renewable fuel and
26 oil advisory committee which shall submit a report to the
27 senate and chief clerk of the house, the legislative service
28 bureau, the chairpersons and ranking members of the senate
29 standing committee on agriculture, the senate standing
30 committee on small business, economic development and tourism,
31 the house of representatives standing committee on
32 agriculture, and the house of representatives standing
33 committee on small business, economic development and trade.
34 The departments shall submit final findings and
35 recommendations to the renewable fuel and oil advisory

1 committee which shall submit a report to the general assembly.
2 The initial report shall be due on October 1, 1994. The final
3 report shall be due on March 1, 1995.

4 c. Moneys described pursuant to this subsection are
5 allocated contingent upon a contribution made by either a
6 private or public source to support soydiesel fuel
7 demonstration projects in Iowa commencing during the fiscal
8 year beginning July 1, 1993, and ending June 30, 1994.

9 d. Moneys available under this section which remain
10 unexpended or unobligated on June 30, 1994, shall remain
11 available to support the demonstration project and shall not
12 revert pursuant to section 8.33. Moneys remaining unexpended
13 or unobligated on June 30, 1995, shall be credited to the
14 value-added agricultural products and processes financial
15 assistance fund as created in section 15E.112.

16 Sec. 30. ETHANOL PRODUCTION AND LIVESTOCK FEEDING
17 EDUCATION PROJECT.

18 1. For the period beginning July 1, 1993, and ending June
19 30, 1994, the department of economic development shall
20 allocate one and one-quarter percent of the total moneys used
21 to support value-added agricultural products and processes as
22 provided in section 423.24 to Iowa state university for
23 purposes of sponsoring at least four seminars in different
24 regions throughout the state, and a conference in a central
25 location of the state. The seminars and the conference shall
26 provide information relating to establishing and managing
27 ethanol production facilities, the use of ethanol production
28 coproducts to feed livestock, and the relationship between
29 ethanol production and livestock feeding operations. The
30 university shall, to every extent possible, invite nationally
31 recognized experts to provide information regarding ethanol
32 production processes, livestock nutrition, capitalization of
33 production facilities, operational requirements, and marketing
34 opportunities.

35 2. The department of economic development and relevant

1 organizations representing agricultural producers as
2 designated by the department shall cooperate with the
3 university, and shall provide information and a representative
4 to appear at each seminar and the conference. The department
5 shall provide information regarding financial and technical
6 assistance available from the department.

7 3. The university shall submit a report not later than
8 December 1 to the secretary of the senate and the chief clerk
9 of the house, describing the seminars and conference,
10 including attendance numbers, and an analysis regarding the
11 results of the project in attracting persons to begin ethanol
12 production and livestock feeding operations.

13 4. Moneys available under this section which remain
14 unexpended or unobligated on June 30, 1994, shall remain
15 available to support the education project and shall not
16 revert pursuant to section 8.33. Moneys remaining unexpended
17 or unobligated on June 30, 1995, shall be credited to the
18 value-added agricultural products and processes financial
19 assistance fund as created in section 15E.112.

20 Sec. 31. MICROBUSINESS RURAL ENTERPRISE DEMONSTRATION
21 PROJECT.

22 1. As used in this section:

23 a. "Department" means the department of economic
24 development.

25 b. "Microbusiness" means a business producing goods or
26 providing services with at least five but not more than ten
27 full-time equivalent employee positions, and with assets of
28 not more than twenty-five thousand dollars.

29 c. "Microbusiness organization" means a nonprofit
30 corporation organized under chapter 504A which is exempt from
31 taxation pursuant to section 501(c) of the Internal Revenue
32 Code, and which has a principal mission of actively engaging
33 in microbusiness development, training, technical assistance,
34 and access to capital for the start-up or expansion of
35 microbusinesses.

1 2. The department shall allocate two and one-half percent
2 of the total moneys used to support value-added agriculture
3 products and processes as provided in section 423.24 to be
4 used for the purpose of conducting a microbusiness rural
5 enterprise demonstration project.

6 3. The department shall award the moneys available under
7 the value-added agricultural products and processes financial
8 assistance program established pursuant to section 15E.111 for
9 the demonstration project.

10 4. The department shall contract with a microenterprise
11 organization actively engaged in microbusiness enterprise in
12 order to assist the establishment of this demonstration
13 project. In order to qualify as the demonstration project,
14 the microenterprise organization must:

15 a. Demonstrate a past performance and a capacity to
16 successfully engage in microbusiness development.

17 b. Have a statewide commitment and focus to microbusiness
18 development.

19 c. Provide training and technical assistance.

20 d. Demonstrate an ability to provide access to capital for
21 start-up or expansion of a microbusiness.

22 e. Have established linkages with financial institutions.

23 f. Demonstrate an ability to provide follow-up technical
24 assistance after a microbusiness start-up or expansion.

25 5. Moneys appropriated pursuant to this section which
26 remain unexpended or unobligated on June 30, 1994, shall be
27 available to support the demonstration project and shall not
28 revert pursuant to section 8.33. Moneys remaining unexpended
29 or unobligated on June 30, 1995, shall be available to support
30 the demonstration project and shall not revert pursuant to
31 section 8.33, but may be credited to the value-added
32 agricultural products and processes financial assistance fund
33 as created in section 15E.112.

34 6. The department shall submit a report to the secretary
35 of the senate and the chief clerk of the house not later than

1 November 1, 1994. The report shall detail the activities of
2 the microenterprise organization, and describe the success of
3 the project.

4 Sec. 32. TRANSFER OF UNOBLIGATED MONEYS. Any unobligated
5 moneys required to be or actually deposited in the ethanol
6 production incentive account of the renewable fuel fund as
7 provided in section 423.24 prior to the effective date of this
8 Act, other than moneys dedicated to the administration of the
9 office of renewable fuel, shall be transferred to the value-
10 added agricultural products and processes assistance fund as
11 created in section 15E.112, as provided in this Act.

12 Sec. 33. REPEALS.

13 1. 1992 Iowa Acts, chapter 1099, section 11, is repealed.

14 2. Section 159A.8, Code Supplement 1993, is repealed.

15 Sec. 34. EFFECTIVE DATE. This Act, being deemed of
16 immediate importance, takes effect upon enactment.

17 EXPLANATION

18 This bill provides for value-added agricultural production.

19 The bill amends the value-added agricultural products and
20 processes financial assistance program. The bill provides
21 that the department of economic development shall administer
22 the program to specifically encourage the development of
23 profitable facilities which create value-added products using
24 renewable agricultural commodities. The agricultural products
25 advisory council is responsible for evaluating applications.

26 The program commits resources to develop value-added
27 production facilities. In awarding financial assistance, the
28 department is authorized to commit resources to assist
29 facilities which are involved in the development of new
30 innovative products and processes and renewable fuel
31 production.

32 In awarding moneys to support ethanol production
33 facilities, the department must consider a number of factors.
34 A higher priority is given to a proposal to assist a facility
35 which supports cattle feeding. The department of natural

1 resources is required to cooperate with the department in
2 order to assist applicants in complying with applicable
3 environmental regulations. Regents' institutions are required
4 to cooperate in assisting facilities. The department of
5 economic development is required to employ a consultant who is
6 knowledgeable regarding the establishment and operation of
7 renewable fuel production facilities and specifically
8 facilities which support livestock operations.

9 The financial incentive program is supported by the value-
10 added agricultural products and processes financial assistance
11 fund administered by the department of economic development.
12 The fund is supported by moneys derived from the use tax on
13 motor vehicles, trailers, and motor vehicle accessories and
14 equipment collected pursuant to section 423.24. The renewable
15 fuel fund created pursuant to section 159A.7 is currently
16 supported by those moneys in order to subsidize the production
17 of ethanol by producers according to the number of gallons
18 produced by a new facility or according to the number of
19 gallons produced by that portion of a facility which is
20 attributable to an expansion.

21 The bill adds two new criteria to the factors required to
22 be considered when the department of economic development
23 awards moneys to businesses under the community economic
24 betterment account (CEBA) program. The bill requires that
25 preference be given to businesses which demonstrate a capacity
26 to create products by adding value to agricultural
27 commodities. The bill also requires that preference be given
28 to businesses which rely upon agricultural or value-added
29 research conducted at a college or university.

30 The bill amends a number of provisions authorizing state
31 agencies to purchase vehicles. In 1991, the general assembly
32 amended a number of these provisions by requiring that state
33 and local agencies operate their gasoline-powered motor
34 vehicles with a blend of gasoline and ethanol. In the same
35 year, the general assembly amended section 118.115 to provide

1 that after July 1994, state agencies must purchase a minimum
2 of 10 percent of all motor vehicles and light trucks using
3 alternative fuel sources, including a "flexible fuel" which is
4 defined to mean gasoline blended with at least 85 percent
5 ethanol. This bill provides that a flexible fuel may include
6 a mixture of diesel fuel and soybean oil which contains at
7 least 20 percent soybean oil by volume, or a renewable fuel
8 approved by the department of agriculture and land
9 stewardship. The bill makes amendments in the same sections
10 containing the ethanol requirements. In 1991, there was no
11 amendment to sections authorizing the department of
12 corrections to operate its motor vehicles using ethanol. This
13 bill requires that the department of corrections operate its
14 vehicles using ethanol-blended gasoline to the same extent
15 required by other state and local governmental entities.

16 The bill amends chapter 159A by changing the name of the
17 renewable fuel office to the renewable fuel and oil office.
18 The bill provides that the office must promote the production
19 and consumption of renewable oil as well as renewable fuel.
20 The bill amends a provision detailing the composition of the
21 renewable fuel advisory committee, by adding a person
22 representing the Iowa soybean association. Current law
23 provides that up to 40 percent of moneys allocated to the
24 renewable fuel activities account of the renewable fuel fund
25 may be used to support the promotion and advertising of
26 ethanol. The bill amends this provision by requiring that 40
27 percent of the moneys in the fund shall be used to support the
28 promotion and advertising of renewable fuel and oil.

29 Current Code section 214A.16 provides that motor vehicle
30 fuel sold at retail must be identified as containing ethanol.
31 The bill amends the section to provide that all diesel fuel
32 kept, offered, or exposed for sale, or sold at retail
33 containing over 1 percent soybean oil by volume must be
34 similarly identified. The design and location of the decals
35 must be prescribed by rules adopted by the department. A

1 decal identifying a renewable fuel shall be consistent with
2 standards adopted pursuant to section 159A.6.

3 The bill establishes several projects. The bill requires
4 the department of transportation and the department of general
5 services conduct soydiesel demonstration projects in which
6 vehicles owned by the departments are operated with fuel which
7 contains a mixture of diesel fuel and soybean oil. The
8 department of transportation is required to assist
9 governmental bodies which seek to operate public transit
10 vehicles using a mixture of diesel fuel and soybean oil. The
11 assistance shall include the award of moneys as financial
12 incentives. The bill requires the departments to evaluate the
13 performance of vehicles operating on soydiesel fuel, including
14 the rate of repairs on the vehicles and comments of persons
15 operating and maintaining the vehicles. The departments must
16 cooperate to prepare and submit a report to the governor and
17 the general assembly.

18 The bill establishes an ethanol production and livestock
19 feeding education project. Iowa state university in
20 cooperation with the department of economic development and
21 organizations representing agricultural producers, is required
22 to sponsor at least four seminars in different regions
23 throughout the state, and a conference in a central location
24 of the state. The purpose of the seminars and conference is
25 to provide information relating to establishing and managing
26 ethanol production facilities and livestock operations.

27 The bill also establishes a microbusiness rural enterprise
28 demonstration project in order to assist businesses producing
29 goods or providing services with at least five but not more
30 than ten full-time equivalent employee positions, and with
31 assets of not more than twenty-five thousand dollars.

32 The bill provides for the transfer of unobligated moneys
33 required to be deposited in the ethanol production incentive
34 account prior to the effective date of the bill to the value-
35 added agricultural products and processes financial assistance

1 fund.

2 The bill takes effect upon enactment.

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HOUSE FILE 2337
FISCAL NOTE

8 A fiscal note for House File 2337 is hereby submitted pursuant to Joint Rule
9 17. Data used in developing this fiscal note is available from the Legislative
Fiscal Bureau to members of the Legislature upon request.

10
11 House File 2337 amends the Value-Added Agricultural Products and Processes
12 Financial Assistance Program. The bill specifies that the Department of
13 Economic Development (DED) shall administer the Program to specifically
14 encourage the development of profitable facilities which create value-added
products using renewable agricultural commodities. Additionally, the bill
requires that a portion of all State vehicles use flexible fuel which can
include soydiesel.

15 FISCAL EFFECT

16 The bill specifies that \$4.0 million dollars of use tax receipts currently
17 being deposited annually into the Ethanol Production Incentive (EPI) Account of
18 the Renewable Fuels Fund will now be deposited in the Value-Added Products and
19 Processes Assistance (VAPPA) Fund (99.0%) and the Renewable Fuel and Oil Fund
20 (1.0%). Additionally, the bill transfers any unobligated funds from the EPI
Account to the VAPPA Fund upon enactment of the bill. This results in no
change in the amount of funds diverted from the Road Use Tax Fund compared to
current law.

21 The bill obligates the following amounts in FY 1995:

- 22 1. \$100,000 for a soydiesel demonstration project at the Department of
Transportation.
- 23 2. \$50,000 to Iowa State University for at least 4 seminars throughout the
24 State and a conference relating to ethanol production and coproduct
utilization.
- 25 3. \$100,000 for a microbusiness rural enterprise demonstration project
through the DED.

26 The bill annually allocates the following amounts:

- 27 1. Up to \$40,000 for the DED for administration.
- 28 2. Up to \$40,000 for the Department of Agriculture and Land Stewardship for
administration.

29 SOURCE: Department of Economic Development
30 Department of Agriculture and Land Stewardship
31 Department of General Services
Department of Transportation (LSB 3521hz, DPW)

32 FILED MARCH 23, 1994 BY DENNIS PROUTY, FISCAL DIRECTOR

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35

HOUSE FILE 2337

H-5227

- 1 Amend House File 2337 as follows:
 2 1. Page 2, line 23, by striking the word
 3 "subsections" and inserting the following:
 4 "subsection".
 5 2. Page 2, by striking lines 27 through 31.
 6 3. By renumbering and correcting internal
 7 references as necessary.

By KOENIGS of Mitchell

H-5227 FILED MARCH 9, 1994

WITHDRAWN
 4.4.94 (p.1095)

HOUSE FILE 2337

H-5228

- 1 Amend House File 2337 as follows:
 2 1. Page 8, by striking lines 28 through 32 and
 3 inserting the following: "in the account fund. Not
 4 more than one percent of the moneys deposited in the
 5 fund each fiscal year shall be used by the department
 6 for administration of".
 7 2. By striking page 17, line 32 through page 18,
 8 line 2, and inserting the following:
 9 "3. Moneys shall be deposited in the ethanol
 10 production incentive account as provided in section
 11 423-24. One percent of the moneys deposited in the
 12 account during each quarter Not more than one percent
 13 of the moneys deposited in the fund each fiscal year
 14 shall be allocated to used by the department for
 15 administration of the".
 16 3. Page 23, by striking lines 7 through 27 and
 17 inserting the following: "Supplement 1993, is amended
 18 by striking the paragraph."
 19 4. Page 29, by striking lines 9 through 11 and
 20 inserting the following: "office of renewable fuel,
 21 shall be credited to the road use tax fund."

By KOENIGS of Mitchell

H-5228 FILED MARCH 9, 1994

Lost

HOUSE FILE 2337

H-5229

- 1 Amend House File 2337 as follows:
 2 1. By striking page 27, line 20 through page 29,
 3 line 3.
 4 2. By renumbering and correcting internal
 5 references as necessary.

By KOENIGS of Mitchell

H-5229 FILED MARCH 9, 1994

Lost 4.4.94 (p. 1111)

HOUSE FILE 2337

H-5230

- 1 Amend House File 2337 as follows:
- 2 1. Page 24, line 33, by striking the figure "1."
- 3 2. By striking page 25, line 6 through page 26,
- 4 line 15.
- 5 3. By renumbering and correcting internal
- 6 references as necessary.

By KOENIGS of Mitchell

H-5230 FILED MARCH 9, 1994

Lost 4-4-94 (P. 1110)

HOUSE FILE 2337

H-5233

- 1 Amend House File 2337 as follows:
- 2 1. Page 27, line 26, by striking the words "at
- 3 least five but".

By HALVORSON of Clayton

H-5233 FILED MARCH 9, 1994

*out of Order
4-4-94*

HOUSE FILE 2337

H-5608

- 1 Amend House File 2337 as follows:
- 2 1. Page 6, line 24, by striking the word "a." and
3 inserting the following: "(a)".
- 4 2. Page 6, line 26, by striking the word "b." and
5 inserting the following: "(b)".
- 6 3. Page 7, by striking lines 2 through 14, and
7 inserting the following: "regulations. The
8 department of natural resources shall acknowledge
9 receipt of an application for a permit not later than
10 two weeks following receipt of the application by the
11 department. Within twelve weeks following receipt of
12 the application, the department shall issue the permit
13 or reply to the applicant describing reasons why the
14 permit cannot be issued."
- 15 4. Page 10, line 22, by inserting after the word
16 "Compressed" the following: "or liquified".
- 17 5. Page 20, line 16, by inserting after the word
18 "Compressed" the following: "or liquified".
- 19 6. Page 21, line 16, by inserting after the word
20 "Compressed" the following: "or liquified".
- 21 7. Page 22, line 5, by inserting after the word
22 "Compressed" the following: "or liquified".
- 23 8. Page 22, line 34, by inserting after the word
24 "Compressed" the following: "or liquified".
- 25 9. Page 24, line 25, by inserting after the word
26 "Compressed" the following: "or liquified".
- 27 10. Page 27, by striking lines 25 through 28 and
28 inserting the following:
29 "b. "Microbusiness or microbusiness enterprise"
30 means a business producing services with five or fewer
31 full-time equivalent employee positions, and with
32 asset requirements of up to twenty-five thousand
33 dollars."
- 34 11. Page 28, line 1, by striking the word "The"
35 and inserting the following: "For the period
36 beginning July 1, 1993, and ending June 30, 1994,
37 the".
- 38 12. Page 28, by striking lines 6 through 9.
- 39 13. Page 29, line 11, by striking the words "as
40 provided in" and inserting the following: "in order
41 to carry out the provisions of".
- 42 14. By renumbering as necessary.

By HALVORSON of Clayton

H-5608 FILED MARCH 23, 1994

adopted 4-4-94 (P 1097)

HOUSE FILE 2337

H-5875

1 Amend House File 2337 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:

4 "Section 1. Section 15.203, Code 1993, is amended
5 by adding the following new subsection:

6 NEW SUBSECTION. 6. The agricultural products
7 advisory council shall conduct the final evaluation
8 and selection of applicants for assistance under the
9 renewable fuel coproduct enhancement program, as
10 provided in section 159A.8.

11 Sec. 2. Section 15.318, Code 1993, is amended by
12 adding the following new subsections:

13 NEW SUBSECTION. 16. The capacity of the proposed
14 project to create products by adding value to
15 agricultural commodities.

16 NEW SUBSECTION. 17. The degree to which the
17 proposed project relies upon agricultural or value-
18 added research conducted at a college or university.

19 Sec. 3. Section 18.115, subsection 5, Code
20 Supplement 1993, is amended to read as follows:

21 5. Of all new passenger vehicles and light pickup
22 trucks purchased by the state vehicle dispatcher,
23 institutions under the control of the state board of
24 regents, community colleges, and any other state
25 agency purchasing such new vehicles and trucks,
26 beginning July 1, 1992, a minimum of five percent, and
27 beginning July 1, 1994, a minimum of ten percent of
28 all such vehicles and trucks purchased shall be
29 equipped with engines which utilize alternative
30 methods of propulsion including but not limited to
31 those propelled by flexible fuels, compressed any of
32 the following:

33 a. A flexible fuel, which is any of the following:

34 (1) A fuel blended with not more than fifteen
35 percent gasoline and at least eighty-five percent
36 ethanol.

37 (2) A fuel which is a mixture of diesel fuel and
38 processed soybean oil. At least twenty percent of the
39 mixed fuel by volume must be processed soybean oil.

40 (3) A renewable fuel approved by the office of
41 renewable fuel pursuant to section 159A.2.

42 b. Compressed natural gas, propane,

43 c. Propane gas solar,

44 d. Solar energy, or electricity.

45 e. Electricity. ~~For the purpose of this~~
46 subsection, "flexible fuels" means fuels which are
47 blended with eighty-five percent ethanol and fifteen
48 percent gasoline.

49 PARAGRAPH DIVIDED. The provisions of this
50 subsection do not apply to such vehicles and trucks

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1 purchased and directly used for the following
2 purposes: law enforcement, or off-road maintenance
3 work, or work vehicles used to pull loaded trailers.
4 This subsection also does not apply to school
5 corporations, with the exceptions of those designated
6 above.

7 PARAGRAPH DIVIDED. It is the intent of the general
8 assembly that the members of the midwest energy
9 compact promote the development and purchase of motor
10 vehicles equipped with engines which utilize
11 alternative methods of propulsion.

12 Sec. 4. Section 159A.2, subsection 5, Code 1993,
13 is amended to read as follows:

14 5. "Renewable fuel" means an energy source derived
15 from an organic compound, including a photosynthate,
16 which may be used to power an engine. A renewable
17 fuel includes but is not limited to ethanol or
18 soydiesel fuel.

19 Sec. 5. Section 159A.2, subsection 6, Code 1993,
20 is amended by adding the following new paragraph:

21 NEW PARAGRAPH. c. The research or development of
22 a process that directly or indirectly impacts the
23 economic viability of agricultural grain processing
24 facilities, which produce renewable fuel.

25 Sec. 6. Section 159A.2, Code 1993, is amended by
26 adding the following new subsection:

27 NEW SUBSECTION. 7. "Soydiesel fuel" means a fuel
28 which is a mixture of diesel fuel and processed
29 soybean oil, if at least twenty percent of the mixed
30 fuel by volume is processed soybean oil.

31 Sec. 7. Section 159A.3, subsection 1, paragraphs a
32 through f, Code 1993, are amended to read as follows:

33 a. The price competitiveness of the renewable
34 fuel.

35 b. The degree to which obstacles that inhibit the
36 production capacity and, expansion, or supply of the
37 renewable fuel may be overcome.

38 c. The ease and safety of transporting and storing
39 the renewable fuel.

40 d. The degree to which the renewable fuel is
41 currently developed for ready transfer to current
42 engine technology.

43 e. The degree to which the renewable fuel is
44 environmentally protective.

45 f. The degree to which the renewable fuel provides
46 economic development opportunities.

47 Sec. 8. Section 159A.3, subsection 2, Code 1993,
48 is amended by adding the following new paragraph:

49 NEW PARAGRAPH. k. Approval of a renewable fuel
50 which may be used as a flexible fuel powering a motor

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1 vehicle required to be purchased by state agencies.

2 Sec. 9. Section 159A.3, subsections 3 and 5, Code
3 1993, are amended to read as follows:

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

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

16 Sec. 10. Section 159A.3, Code 1993, is amended by
17 adding the following new subsections:

18 NEW SUBSECTION. 6. The department of natural
19 resources shall cooperate with the office in order to
20 ensure that a proposed renewable fuel processing
21 facility or an applicant participating in the
22 renewable fuel coproduct enhancement program complies
23 with all applicable environmental regulations in an
24 expeditious manner. The department of natural
25 resources shall assign a staff person who shall give
26 the highest priority to providing the assistance.

27 NEW SUBSECTION. 7. Iowa state university,
28 including the Iowa state university cooperative
29 extension service, shall cooperate with the office in
30 order to assist renewable fuel processing facilities
31 and users of a renewable fuel coproduct, including
32 livestock or poultry feed. The assistance shall
33 include providing nutrition and livestock management
34 advice.

35 Sec. 11. Section 159A.4, subsection 1, Code 1993,
36 is amended by adding the following new paragraph after
37 paragraph h and relettering the subsequent paragraphs:

38 NEW PARAGRAPH. i. A person representing the Iowa
39 soybean association.

40 Sec. 12. Section 159A.4, subsection 1, unnumbered
41 paragraph 2, Code 1993, is amended to read as follows:

42 The governor shall appoint persons who shall be
43 confirmed by the senate, pursuant to section 2.32, to
44 serve as voting members of the committee. However,
45 the secretary of agriculture shall appoint the person
46 representing the department of agriculture and land
47 stewardship, the director of the Iowa department of
48 economic development shall appoint the person
49 representing that department, the director of the
50 state department of transportation shall appoint the

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1 person representing that department, and the director
2 of the department of natural resources shall appoint
3 the person representing that department. The governor
4 may make appointments of persons representing
5 organizations listed under paragraphs "g" and "h"
6 through "i" from a list of candidates which shall be
7 provided by the organization upon request by the
8 governor.

9 Sec. 13. Section 159A.5, subsection 5, paragraph
10 e, Code Supplement 1993, is amended to read as
11 follows:

12 e. ~~Review the distribution of ethanol production~~
13 ~~incentive payments to qualified persons and comment on~~
14 ~~applications for assistance under the renewable fuel~~
15 ~~coproduct enhancement program, pursuant to section~~
16 159A.8.

17 Sec. 14. Section 159A.7, Code Supplement 1993, is
18 amended to read as follows:

19 159A.7 RENEWABLE FUEL FUND.

20 1. A renewable fuel fund is created in the state
21 treasury under the control of the office of renewable
22 fuel. The fund is composed of moneys accepted by the
23 office. Moneys in the fund shall be deposited into
24 the renewable fuel activities account or the ethanol
25 ~~production-incentive renewable fuel coproduct~~
26 ~~enhancement account.~~ The fund may include moneys
27 appropriated by the general assembly, and other moneys
28 available to and obtained or accepted by the office,
29 including moneys from the United States, other states
30 in the union, foreign nations, state agencies,
31 political subdivisions, and private sources.

32 Moneys in the fund shall be used only to administer
33 carry out the provisions of this chapter.

34 2. ~~Moneys in the renewable fuel activities account~~
35 ~~shall be allocated at the beginning of each fiscal~~
36 ~~year as follows:~~

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

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

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

44 ~~d. The Moneys in the fund shall be used to support~~
45 ~~the renewable fuel coproduct enhancement program as~~
46 ~~established in section 159A.8 and renewable fuel~~
47 ~~promotion and research programs as established~~
48 ~~pursuant to section 159A.9. Any remaining balance~~
49 ~~shall be used by the office to support other projects~~
50 ~~or programs renewable fuel activities developed by the~~

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1 office.

2 3. Moneys shall be deposited in the ethanol
3 ~~production-incentive-account fund~~ as provided in
4 section 423.24. One Not percent more than fifteen
5 thousand dollars of the moneys deposited in the
6 renewable fuel activities account during each quarter
7 as provided in section 423.24 shall be allocated to
8 the department for administration of the office.

9 ~~Remaining-moneys-shall-be-allocated-to-provide~~
10 ~~financial-incentives-to-support-the-increased~~
11 ~~production-of-ethanol-derived-from-an-organic~~
12 ~~compound,-including-a-photosynthate,-as-provided-in~~
13 ~~section-159A.8.~~

14 4. Moneys in the fund are subject to an annual
15 audit by the auditor of state. The fund is subject to
16 warrants by the director of revenue and finance, drawn
17 upon the written requisition of the coordinator.

18 5. In administering the fund, the office may do
19 all of the following:

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

24 b. Authorize payment from the ~~accounts,-from~~
25 ~~income-received-by-investment-of-moneys-in-the-fund,~~
26 fund for ~~administrative-costs,~~ commissions, attorney
27 and accountant fees, and other reasonable expenses
28 related to and necessary for administering the
29 accounts fund.

30 6. Section 8.33 does not apply to moneys in the
31 ~~renewable-fuel-activities-account fund.~~ Income
32 received by investment of moneys in the account fund
33 shall remain in ~~that-account~~ the fund. Moneys
34 ~~appropriated-for-a-state-fiscal-year-to-the-ethanol~~
35 ~~production-incentive-account-which-remain-unobligated~~
36 ~~and-unencumbered-on-July-31-of-the-following-state~~
37 ~~fiscal-year-shall-be-credited-to-the-road-use-tax-fund~~
38 ~~as-provided-in-section-423.24.~~

39 Sec. 15. Section 159A.8, Code 1993, is amended by
40 striking the section, and inserting in lieu thereof
41 the following:

42 159A.8 RENEWABLE FUEL COPRODUCT ENHANCEMENT
43 PROGRAM.

44 1. A renewable fuel coproduct enhancement program
45 is established. The department shall adopt rules
46 pursuant to chapter 17A to implement the program. The
47 program shall be administered by the office.

48 2. The purpose of the program is to stimulate the
49 growth in the state's renewable fuel industry by
50 increasing the demand for renewable fuel coproducts,

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1 including livestock feeds. Financial assistance shall
2 be in the form of a grant, loans, or loan guarantees,
3 as determined by the office. The office shall not
4 award an amount greater than thirty percent of total
5 costs of a project. The financial assistance shall be
6 awarded to assist any of the following:

7 a. The construction, expansion, or purchase of
8 facilities used to further process or handle renewable
9 fuel coproducts, including the drying and packaging of
10 livestock feeds.

11 b. The development of a distribution system
12 principally used for transporting a renewable fuel
13 coproduct from a renewable fuel processing facility to
14 a person who uses the coproduct, which may include a
15 livestock feeding operation.

16 3. A person is eligible to apply for assistance
17 under this section, if the person satisfies the
18 following requirements:

19 a. The proposed project would result in a new
20 enterprise which would operate in the state and within
21 close proximity to a renewable fuel processing
22 facility.

23 b. The application is made in a manner and
24 according to procedures required by the office.

25 c. The person submits a business plan which
26 demonstrates managerial and technical expertise.

27 4. An eligible proposal shall be based on the
28 following criteria:

29 a. The feasibility of the proposal to be a viable
30 enterprise.

31 b. The level of need in the area to be served by
32 the proposal. The level of need shall be supported by
33 commitments made to participate in the project by a
34 person who uses the coproduct, including a livestock
35 feeding operation.

36 c. The proportion of moneys to be contributed to
37 the project.

38 Special consideration shall be given to proposals
39 that are managed by an organized group of livestock
40 producers that may be organized as a cooperative
41 association pursuant to chapter 497, 498, or 499.

42 5. The office shall grant financial assistance
43 following a competitive selection process. The
44 process shall include review and comment by the
45 committee. The final evaluation and selection shall
46 be made by the agricultural products advisory council,
47 established pursuant to section 15.203. The council
48 shall not approve an application for assistance under
49 this section to refinance an existing loan or to
50 finance an existing enterprise.

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1 6. The office shall prepare and submit by January
2 1 of each year an annual status report regarding the
3 progress of activities under this section. The report
4 shall be delivered to the secretary of the senate and
5 the chief clerk of the house; the legislative service
6 bureau; the chairpersons and ranking members of the
7 senate standing committee on agriculture; the senate
8 standing committee on small business, economic
9 development and tourism; the house of representatives
10 standing committee on agriculture; and the house of
11 representatives standing committee on small business,
12 economic development and trade.

13 Sec. 16. NEW SECTION. 159A.9 RENEWABLE FUEL
14 PROMOTION AND RESEARCH PROGRAM.

15 1. The office shall establish renewable fuel
16 programs to encourage the increased utilization of
17 agricultural commodities produced in this state, by
18 supporting the increased consumption of renewable
19 fuel.

20 2. The office shall allocate moneys in the
21 renewable fuel activities account of the fund to
22 support research and promotion. Moneys in the account
23 shall be allocated during each fiscal year as follows:

24 a. At least forty percent shall be dedicated to
25 support the promotion and advertising of renewable
26 fuel.

27 b. Up to thirty percent shall be dedicated to
28 support research at colleges and universities,
29 including the university of Iowa, Iowa state
30 university of science and technology, and the
31 university of northern Iowa.

32 Sec. 17. Section 214A.16, Code 1993, is amended to
33 read as follows:

34 214A.16 NOTICE OF BLENDED FUEL -- DECAL.

35 All motor vehicle fuel kept, offered, or exposed
36 for sale, or sold at retail containing over one
37 percent ethanol, methanol, or any combination of
38 oxygenate octane enhancers shall be identified as
39 "with" either "ethanol", "methanol",
40 "ethanol/methanol", or similar wording on a decal.
41 All diesel fuel kept, offered, or exposed for sale, or
42 sold at retail containing over one percent soybean oil
43 by volume shall be identified as "with soydiesel" or
44 similar wording on a decal. The design and location
45 of the decals may shall be prescribed by rules adopted
46 by the department. The department shall adopt the
47 rules to be effective by January 1, 1995. A decal
48 identifying a renewable fuel shall be consistent with
49 standards adopted pursuant to section 159A.6. If
50 Until the department does-not-establish establishes

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1 standards for ~~a-decal-relating-to-a-specific-oxygenate~~
2 ~~octane-enhancer~~ decals, the wording shall be on a
3 white adhesive decal with black letters at least one-
4 half inch high and at least one-quarter inch wide
5 placed between thirty and forty inches above the
6 driveway level on the front sides of any container or
7 pump from which the motor fuel is sold. The
8 department may approve an application to place a decal
9 in a special location on a pump or container or use a
10 decal with special lettering or colors, if the decal
11 appears clear and conspicuous to the consumer. The
12 application shall be made in writing pursuant to
13 procedures adopted by the department. Designs for a
14 decal identifying a renewable fuel shall be consistent
15 with standards adopted pursuant to section 159A.6.

16 Sec. 18. Section 216B.3, subsection 16, Code
17 Supplement 1993, is amended to read as follows:

18 16. a. A motor vehicle purchased by the
19 commission shall not operate on gasoline other than
20 gasoline blended with at least ten percent ethanol. A
21 state issued credit card used to purchase gasoline
22 shall not be valid to purchase gasoline other than
23 gasoline blended with at least ten percent ethanol.
24 The motor vehicle shall also be affixed with a
25 brightly visible sticker which notifies the traveling
26 public that the motor vehicle is being operated on
27 gasoline blended with ethanol. However, the sticker
28 is not required to be affixed to an unmarked vehicle
29 used for purposes of providing law enforcement or
30 security.

31 b. Of all new passenger vehicles and light pickup
32 trucks purchased by the commission, a minimum of ten
33 percent of all such vehicles and trucks purchased
34 shall be equipped with engines which utilize
35 alternative methods of propulsion, including but not
36 limited to any of the following:

37 (1) A flexible fuel which is either of the
38 following:

39 (a) A fuel blended with not more than fifteen
40 percent gasoline and at least eighty-five percent
41 ethanol.

42 (b) A fuel which is a mixture of diesel fuel and
43 processed soybean oil. At least twenty percent of the
44 mixed fuel by volume must be processed soybean oil.

45 (c) A renewable fuel approved by the office of
46 renewable fuel pursuant to section 159A.3.

47 (2) Compressed natural gas.

48 (3) Propane gas.

49 (4) Solar energy.

50 (5) Electricity.

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1 The provisions of this paragraph "b" do not apply
2 to vehicles and trucks purchased and directly used for
3 law enforcement or off-road maintenance work.

4 Sec. 19. Section 260C.19A, Code Supplement 1993,
5 is amended to read as follows:

6 260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON
7 ETHANOL-BLENDED-GASOLINE ALTERNATIVE FUELS.

8 1. A motor vehicle purchased by or used under the
9 direction of the board of directors to provide
10 services to a merged area shall not, ~~on or after~~
11 ~~January 17, 1993,~~ operate on gasoline other than
12 gasoline blended with at least ten percent ethanol.
13 The motor vehicle shall also be affixed with a
14 brightly visible sticker which notifies the traveling
15 public that the motor vehicle is being operated on
16 gasoline blended with ethanol. However, the sticker
17 is not required to be affixed to an unmarked vehicle
18 used for purposes of providing law enforcement or
19 security.

20 2. Of all new passenger vehicles and light pickup
21 trucks purchased by or under the direction of the
22 board of directors to provide services to a merged
23 area, a minimum of ten percent of all such vehicles
24 and trucks purchased shall be equipped with engines
25 which utilize alternative methods of propulsion,
26 including but not limited to any of the following:

27 a. A flexible fuel which is either of the
28 following:

29 (1) A fuel blended with not more than fifteen
30 percent gasoline and at least eighty-five percent
31 ethanol.

32 (2) A fuel which is a mixture of diesel fuel and
33 processed soybean oil. At least twenty percent of the
34 mixed fuel by volume must be processed soybean oil.

35 (3) A renewable fuel approved by the office of
36 renewable fuel pursuant to section 159A.3.

37 b. Compressed natural gas.

38 c. Propane gas.

39 d. Solar energy.

40 e. Electricity.

41 The provisions of this subsection do not apply to
42 vehicles and trucks purchased and directly used for
43 law enforcement or off-road maintenance work.

44 Sec. 20. Section 262.25A, Code Supplement 1993, is
45 amended by adding the following new subsection:

46 NEW SUBSECTION. 3. Of all new passenger vehicles
47 and light pickup trucks purchased by or under the
48 direction of the state board of regents to provide
49 services to a merged area, a minimum of ten percent of
50 all such vehicles and trucks purchased shall be

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1 equipped with engines which utilize alternative
2 methods of propulsion, including but not limited to
3 any of the following:

4 a. A flexible fuel which is either of the
5 following:

6 (1) A fuel blended with not more than fifteen
7 percent gasoline and at least eighty-five percent
8 ethanol.

9 (2) A fuel which is a mixture of processed soybean
10 oil and diesel fuel. At least twenty percent of the
11 fuel by volume must be processed soybean oil.

12 (3) A renewable fuel approved by the office of
13 renewable fuel pursuant to section 159A.3.

14 b. Compressed natural gas.

15 c. Propane gas.

16 d. Solar energy.

17 e. Electricity.

18 The provisions of this subsection do not apply to
19 vehicles and trucks purchased and directly used for
20 law enforcement or off-road maintenance work.

21 Sec. 21. Section 307.21, Code Supplement 1993, is
22 amended by adding the following new subsection:

23 NEW SUBSECTION. 4A. Of all new passenger vehicles
24 and light pickup trucks purchased by the
25 administrator, a minimum of ten percent of all such
26 vehicles and trucks purchased shall be equipped with
27 engines which utilize alternative methods of
28 propulsion, including but not limited to any of the
29 following:

30 a. A flexible fuel which is either of the
31 following:

32 (1) A fuel blended with not more than fifteen
33 percent gasoline and at least eighty-five percent
34 ethanol.

35 (2) A fuel which is a mixture of processed soybean
36 oil and diesel fuel. At least twenty percent of the
37 fuel by volume must be processed soybean oil.

38 (3) A renewable fuel approved by the office of
39 renewable fuel pursuant to section 159A.3.

40 b. Compressed natural gas.

41 c. Propane gas.

42 d. Solar energy.

43 e. Electricity.

44 The provisions of this subsection do not apply to
45 vehicles and trucks purchased and directly used for
46 law enforcement or off-road maintenance work.

47 Sec. 22. Section 423.24, subsection 1, paragraph
48 b, Code Supplement 1993, is amended to read as
49 follows:

50 b. Beginning on July 1, 1993, three-and-one-half

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1 mixed fuel by volume must be processed soybean oil.

2 (3) A renewable fuel approved by the office of
3 renewable fuel pursuant to section 159A.3.

4 b. Compressed natural gas.

5 c. Propane gas.

6 d. Solar energy.

7 e. Electricity.

8 The provisions of this subsection do not apply to
9 vehicles and trucks purchased and directly used for
10 law enforcement or off-road maintenance work.

11 Sec. 24. SOYDIESEL DEMONSTRATION PROJECTS.

12 1. There is appropriated from the renewable fuel
13 coproduct enhancement account of the renewable fuel
14 fund created in section 159A.7 for the fiscal year
15 beginning July 1, 1993, and ending June 30, 1994, the
16 following amount, or so much thereof as is necessary,
17 to be used for the purpose designated:

18 For purposes of conducting soydiesel demonstration
19 projects administered by state agencies under the
20 oversight of the renewable fuel advisory committee:

21 \$ 100,000

22 2. a. The office of renewable fuel shall allocate
23 a portion of the moneys to the state department of
24 transportation and the department of general services
25 which shall conduct soydiesel demonstration projects
26 using diesel vehicles. Each vehicle shall operate
27 using soydiesel fuel for at least 20,000 miles. The
28 projects shall be conducted under the oversight of the
29 renewable fuel advisory committee.

30 b. The office shall allocate the remaining moneys
31 to the state department of transportation to assist
32 governmental bodies which seek to operate public
33 transit vehicles using a mixture of diesel fuel and
34 soybean oil. The department shall expend the moneys
35 on a dollar-for-dollar matching basis with
36 contributions from a nonstate source in order to
37 support one or more special project operation
38 assistance grants that demonstrate the use of
39 soydiesel fuel in one or more public transit vehicles.
40 All awards received by a governmental body shall be
41 used directly to subsidize the operation of public
42 transit vehicles using fuel which contains a mixture
43 of diesel fuel and soybean oil.

44 3. The state department of transportation and the
45 department of general services shall evaluate the
46 performance of vehicles operating on soydiesel fuel,
47 including the rate of repairs on the vehicles and
48 comments of persons operating and maintaining the
49 vehicles. The departments shall submit findings and
50 recommendations to the renewable fuel advisory

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~~1 percent-of-the-revenue-not-to-exceed-one-million
2 dollars-per-quarter, of the revenue derived from the
3 use tax on motor vehicles, trailers, and motor vehicle
4 accessories and equipment as collected pursuant to
5 section 423.77:~~

6 (1) Three and one-half percent of the revenue, not
7 to exceed nine hundred twenty-five thousand dollars
8 per quarter, shall be deposited in the ethanol
9 production-incentive renewable fuel coproduct
10 enhancement account of the renewable fuel fund created
11 in section 159A.7.

12 (2) One-half of one percent of the revenue, not to
13 exceed seventy-five thousand dollars per quarter,
14 shall be deposited in the renewable fuel activities
15 account of the renewable fuel fund created in section
16 159A.7.

17 PARAGRAPH DIVIDED. Moneys deposited according to
18 this paragraph are a continuing appropriation for
19 expenditure under ~~section 159A.8~~ section 159A.7.
20 ~~Moneys-deposited-during-a-state-fiscal-year-to-the~~
21 ~~ethanol-production-incentive-account-which-remain~~
22 ~~unobligated-and-unencumbered-on-July-31-of-the~~
23 ~~following-state-fiscal-year-shall-be-credited-to-the~~
24 ~~road-use-tax-fund-as-provided-in-this-section.~~

25 Sec. 23. NEW SECTION. 904.312A MOTOR VEHICLES.

26 1. A motor vehicle purchased by the department
27 shall not operate on gasoline other than gasoline
28 blended with at least ten percent ethanol. A state-
29 issued credit card used to purchase gasoline shall not
30 be valid to purchase gasoline other than gasoline
31 blended with at least ten percent ethanol. The motor
32 vehicle shall also be affixed with a brightly visible
33 sticker which notifies the traveling public that the
34 motor vehicle is being operated on gasoline blended
35 with ethanol. However, the sticker is not required to
36 be affixed to an unmarked vehicle used for purposes of
37 providing law enforcement or security.

38 2. Of all new passenger vehicles and light pickup
39 trucks purchased by the department, a minimum of ten
40 percent of all such vehicles and trucks purchased
41 shall be equipped with engines which utilize
42 alternative methods of propulsion, including but not
43 limited to any of the following:

44 a. A flexible fuel which is either of the
45 following:

46 (1) A fuel blended with not more than fifteen
47 percent gasoline and at least eighty-five percent
48 ethanol.

49 (2) A fuel which is a mixture of diesel fuel and
50 processed soybean oil. At least twenty percent of the

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1 committee which shall submit a report to the general
2 assembly, not later than March 1, 1995.

3 4. Moneys appropriated pursuant to this section
4 which remain unexpended or unobligated on June 30,
5 1994, shall continue to be available to support the
6 demonstration project and shall not revert pursuant to
7 section 8.33.

8 Sec. 25. REPEAL. 1992 Iowa Acts, chapter 1099,
9 section 11, is repealed.

10 Sec. 26. EFFECTIVE DATE. This Act, being deemed
11 of immediate importance, takes effect upon enactment."

12 2. Title page, by striking lines 2 and 3 and
13 inserting the following: "revitalization, by
14 providing for renewable fuel, providing for programs
15 and moneys,".

By SCHRADER of Marion

H-5875 FILED MARCH 30, 1994

WITHDRAWN

4-4-94

(P IIII)

HOUSE FILE 2337

H-5880

1 Amend House File 2337 as follows:

2 1. By striking everything after the enacting
3 clause and inserting the following:
4 "Section 1. Section 159A.8, subsection 3, Code
5 1993, is amended to read as follows:
6 3. A certified producer may participate in the
7 program by submitting a claim to the office for
8 approval in a manner and according to procedures
9 established by the office. The office shall provide a
10 certified ethanol producer with an incentive payment
11 of ~~twenty~~ fifty cents for each qualifying ~~gallon~~
12 bushel of corn used for ethanol produced production.
13 The producer shall be paid according to the total
14 number of gallons-produced bushels of grain purchased
15 by a new facility for use in producing ethanol or
16 according to the number of gallons-produced bushels of
17 grain purchased by an expanded facility for use in
18 producing ethanol which is used by that part of the
19 facility attributable to the expansion. In order to
20 qualify for the payment, all fermentation,
21 distillation, and dehydration of the ethanol must
22 occur at the facility. The ethanol produced at the
23 facility must be at least ninety-nine percent pure and
24 must be denatured and subsequently blended with
25 gasoline.

26 Sec. 2. Section 159A.8, subsection 4, paragraph c,
27 Code 1993, is amended to read as follows:

28 c. The ~~gallons~~ bushels of qualifying ~~ethanol~~ corn
29 which were produced purchased in the calculation
30 period.

31 Sec. 3. Section 159A.8, subsection 5, paragraph a,
32 unnumbered paragraph 1, Code 1993, is amended to read
33 as follows:

34 The payment shall be based on the number of ~~gallons~~
35 bushels of ethanol corn produced in a computation
36 period. The office shall establish a schedule of
37 computation periods. The computation periods shall be
38 equal divisions within a state fiscal year and
39 measured on a monthly basis. One computation period
40 shall equal three consecutive months in duration.
41 Moneys available for payments during the state fiscal
42 year shall be divided equally according to the
43 computation periods. The office shall allocate moneys
44 in the ethanol production incentive account as
45 follows:

46 Sec. 4. Section 159A.8, subsection 5, paragraph d,
47 Code 1993, is amended to read as follows:

48 d. The office shall begin making payments on and
49 after January 1, 1994. For the fiscal year beginning
50 on July 1, 1993, and ending on June 30, 1994, the fund

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1 shall not pay more than three million dollars for
 2 incentive payments. For each fiscal year following
 3 June 30, 1994, the fund shall not pay more than four
 4 million dollars for incentive payments. A producer is
 5 not eligible to receive more than twenty-percent five
 6 hundred thousand dollars of the moneys available for
 7 incentive payments during any computation period. A
 8 producer-is-not-eligible-to-receive-payments-in-a
 9 state-fiscal-year-after-receiving-payments-based-on
 10 claims-for-the-production-of-more-than-fifteen-million
 11 gallons-of-ethanol-during-the-fiscal-year."

12 2. Title page, by striking lines 3 through 5 and
 13 inserting the following: "products and processes."

By KOENIGS of Mitchell
 FOGARTY of Palo Alto
 MERTZ of Kossuth

H-5880 FILED MARCH 30, 1994

adopted 4-4-94
Lat (P 1113)

HOUSE FILE 2337

H-5896

1 Amend House File 2337 as follows:

2 1. Page 12, by striking lines 6 through 9 and
 3 inserting the following: "part derived from an
 4 organic compound,-including-a-photosynthate,-which-may
 5 be-used-to-power capable of powering machinery,
 6 including an engine or power plant. A renewable fuel
 7 includes but is not limited to ethanol-blended or
 8 soydiesel fuel."

By OSTERBERG of Linn

H-5896 FILED MARCH 30, 1994

adopted
4-4-94
(P 1107)

HOUSE FILE 2337

H-5897

- 1 Amend House File 2337 as follows:
- 2 1. By striking page 24, line 35 through page 25,
- 3 line 2 and inserting the following: "department. The
- 4 trucks shall operate using".
- 5 2. Page 25, line 5, by inserting after the word
- 6 "committee." the following: "The state department of
- 7 transportation shall evaluate the performance of
- 8 vehicles operating on soydiesel fuel, including the
- 9 rate of repairs on the vehicles and comments of
- 10 persons operating and maintaining the vehicles. The
- 11 department shall submit its findings and
- 12 recommendations to the renewable fuel and oil advisory
- 13 committee as part of the reports provided in
- 14 subsection 2."
- 15 3. Page 25, by striking lines 20 and 21 and
- 16 inserting the following:
- 17 " . The state department of transportation
- 18 shall evaluate the performance".
- 19 4. Page 25, line 24, by striking the word
- 20 "departments" and inserting the following:
- 21 "department".
- 22 5. Page 25, line 34, by striking the word
- 23 "departments" and inserting the following:
- 24 "department".
- 25 6. By relettering as necessary.

By HALVORSON of Clayton

H-5897 FILED MARCH 30, 1994

Adopted
4-4-94
(P 1111)

HOUSE FILE 2337

H-5913

1 Amend House File 2337 as follows:

2 1. Page 7, line 24, by inserting after the word
3 "facility." the following: "The business planning
4 assistance shall provide for adequate environmental
5 protection of this state's natural resources from the
6 operation of the facility."

By HENDERSON of Scott

H-5913 FILED MARCH 31, 1994

Adopted 4-4-94

HOUSE FILE 2337

H-5914

1 Amend House File 2337 as follows:

2 1. Page 3, line 26, by inserting after the word
3 "person." the following: "The department shall not
4 provide financial or technical assistance to support a
5 value-added production facility, if the facility or a
6 person owning a controlling interest in the facility,
7 has demonstrated a continuous disregard for the health
8 and safety of its employees, or the quality of the
9 environment. Evidence of such continuous disregard
10 shall include a history of violating state or federal
11 law protecting occupational health and safety or the
12 environment, including but not limited to violations
13 of occupational safety and health standards enforced
14 by the division of labor services of the department of
15 employment services pursuant to chapter 84A, or rules
16 enforced by the environmental protection division of
17 the department of natural resources pursuant to
18 chapter 455B."

By HENDERSON of Scott

H-5914 FILED MARCH 31, 1994

Adopted 4-4-94 (P.1096)

HOUSE FILE 2337

H-5910

- 1 Amend House File 2337 as follows:
- 2 1. Page 1, by striking lines 20 through 22 and
- 3 inserting the following: "dependency upon petroleum
- 4 products, reduce atmospheric contamination of this
- 5 state's environment from the combustion of fossil
- 6 fuels, and produce coproducts, such".

By HENDERSON of Scott

H-5910 FILED MARCH 31, 1994

Adopted
4-4-94
(p. 1095)

HOUSE FILE 2337

H-5911

- 1 Amend House File 2337 as follows:
- 2 1. Page 6, by striking lines 11 and 12 and
- 3 inserting the following:
- 4 " The ethanol produced at the proposed
- 5 facility must be denatured."
- 6 2. By renumbering as necessary.

By HENDERSON of Scott

H-5911 FILED MARCH 31, 1994

Lost 4-4-94 p. (1096)

HOUSE FILE 2337

H-5912

- 1 Amend House File 2337 as follows:
- 2 1. Page 6, line 18, by striking the words "one
- 3 thousand" and inserting the following: "two hundred".

By HENDERSON of Scott

H-5912 FILED MARCH 31, 1994

Lost 4-4-94 (p. 1096)

HOUSE FILE 2337

H-5926

- 1 Amend House File 2337 as follows:
- 2 1. Page 8, line 28, by striking the word "Moneys"
- 3 and inserting the following: "Moneys Until July 1,
- 4 2000, moneys".
- 5 2. Page 9, line 30, by inserting after the word
- 6 "fund." the following: "Unencumbered or unobligated
- 7 moneys in the fund derived from moneys deposited
- 8 pursuant to section 423.24, which are in excess of
- 9 four million dollars of unencumbered or unobligated
- 10 moneys in the fund deposited pursuant to that section,
- 11 which are remaining on June 30 of each fiscal year,
- 12 shall be credited on August 31 to the road use tax
- 13 fund as created in section 312.1."
- 14 3. Page 17, line 32, by striking the word
- 15 "Moneys" and inserting the following: "Moneys Until
- 16 July 1, 2000, moneys".
- 17 4. Page 29, line 14, by striking the word
- 18 "Supplement".
- 19 5. Page 29, by inserting after line 14 the
- 20 following:
- 21 "Sec. ____ . ELIMINATION OF FUNDING SOURCE --
- 22 DIRECTIONS TO CODE EDITOR.
- 23 1. Section 423.24, subsection 1, paragraph b, Code
- 24 Supplement 1993, is amended by striking the paragraph.
- 25 2. No moneys shall be deposited into the value-
- 26 added agricultural products and processes financial
- 27 assistance fund or the renewable fuel and oil fund,
- 28 pursuant to section 423.24, as provided in this Act,
- 29 after June 30, 2000.
- 30 3. Notwithstanding this section, restrictions upon
- 31 the amount of money used to support administrative
- 32 expenses by the department of economic development
- 33 shall continue to apply to moneys deposited in the
- 34 value-added agricultural products and processes
- 35 financial assistance fund, pursuant to section 423.24,
- 36 as provided in this Act, after June 30, 2000.
- 37 4. Any unencumbered or unobligated moneys in the
- 38 value-added agricultural products and processes
- 39 financial assistance fund derived from moneys
- 40 deposited pursuant to section 423.24, which are in
- 41 excess of four million dollars of the unencumbered or
- 42 unobligated moneys in the fund deposited pursuant to
- 43 that section, which are remaining on June 30, 2000,
- 44 shall be credited on August 31, 2000, to the road use
- 45 tax fund as created in section 312.1.
- 46 5. The Code editor is directed to eliminate
- 47 provisions within sections of this Act wherever
- 48 references to section 423.24, subsection 1, paragraph
- 49 "b", appear in those provisions.
- 50 6. This section takes effect on July 1, 2000."

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Page 2

1 6. Title page, lines 4 and 5, by striking the
 2 words "an effective date" and inserting the following:
 3 "effective dates".

4 7. By renumbering as necessary.

By HALVORSON of Clayton

GREIG of Emmet

BLACK of Jasper

BRANSTAD of Winnebago

MAY of Worth

EDDIE of Buena Vista

DRAKE of Pottawattamie

H-5926 FILED APRIL 4, 1994

ADOPTED

HOUSE FILE 2337

H-5934

1 Amend the amendment, H-5880, to House File 2337 as
 2 follows:

3 1. Page 1, by inserting after line 3 the
 4 following:

5 "Section 101. Section 15.318, Code 1993, is
 6 amended by adding the following new subsections:

7 NEW SUBSECTION. 16. The capacity of the proposed
 8 project to create products by adding value to
 9 agricultural commodities.

10 NEW SUBSECTION. 17. The degree to which the
 11 proposed project relies upon agricultural or value-
 12 added research conducted at a college or university,
 13 including a regents institution, community college, or
 14 a private university or college."

15 2. By renumbering as necessary.

By WISE of Lee

MUNDIE of Webster

KOENIGS of Mitchell

MAY of Worth

MERTZ of Kossuth

H-5934 FILED APRIL 4, 1994

ADOPTED

HOUSE FILE 2337

H-5941

1 Amend the amendment, H-5880, to House File 2337, as
 2 follows:

3 1. Page 1, by striking lines 4 through 45.

4 2. By renumbering as necessary.

By KOENIGS of Mitchell

FOGARTY of Palo Alto

MERTZ of Kossuth

H-5941 FILED APRIL 4, 1994

ADOPTED

HOUSE FILE 2337

H-5935

1 Amend House File 2337 as follows:

2 1. Page 23, by inserting after line 5 the
3 following:

4 "Sec. ____ . Section 321.109, subsection 1,
5 unnumbered paragraph 1, Code Supplement 1993, is
6 amended to read as follows:

7 The annual fee for all motor vehicles including
8 vehicles designated by manufacturers as station
9 wagons, and 1993 and subsequent model years for
10 multipurpose vehicles, except 1996 and subsequent
11 model years for pickup trucks as defined in section
12 321.124A, but not including motor trucks, 1995 and
13 older model years for pickup trucks, motor homes,
14 ambulances, hearses, motorcycles, motor bicycles, and
15 1992 and older model years for multipurpose vehicles,
16 shall be equal to one percent of the value as fixed by
17 the department plus forty cents for each one hundred
18 pounds or fraction thereof of weight of vehicle, as
19 fixed by the department. The weight of a motor
20 vehicle, fixed by the department for registration
21 purposes, shall include the weight of a battery,
22 heater, bumpers, spare tire, and wheel. Provided,
23 however, that for any new vehicle purchased in this
24 state by a nonresident for removal to the
25 nonresident's state of residence the purchaser may
26 make application to the county treasurer in the county
27 of purchase for a transit plate for which a fee of ten
28 dollars shall be paid. And provided, however, that
29 for any used vehicle held by a registered dealer and
30 not currently registered in this state, or for any
31 vehicle held by an individual and currently registered
32 in this state, when purchased in this state by a
33 nonresident for removal to the nonresident's state of
34 residence, the purchaser may make application to the
35 county treasurer in the county of purchase for a
36 transit plate for which a fee of three dollars shall
37 be paid. The county treasurer shall issue a
38 nontransferable certificate of registration for which
39 no refund shall be allowed; and the transit plates
40 shall be void thirty days after issuance. Such
41 purchaser may apply for a certificate of title by
42 surrendering the manufacturer's or importer's
43 certificate or certificate of title, duly assigned as
44 provided in this chapter. In this event, the
45 treasurer in the county of purchase shall, when
46 satisfied with the genuineness and regularity of the
47 application, and upon payment of a fee of ten dollars,
48 issue a certificate of title in the name and address
49 of the nonresident purchaser delivering the same to
50 the person entitled to the title as provided in this

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1 chapter. The provisions of this subsection relating
2 to multipurpose vehicles are effective January 1,
3 1993, for all 1993 and subsequent model years. The
4 annual registration fee for multipurpose vehicles that
5 are 1992 model years and older shall be in accordance
6 with section 321.124.

7 Sec. _____. Section 321.122, subsection 1,
8 unnumbered paragraph 1, Code 1993, is amended to read
9 as follows:

10 The annual registration fee for truck tractors,
11 road tractors, and motor trucks, except motor trucks
12 registered as special trucks or pickup trucks, shall
13 be based on the combined gross weight of the vehicle
14 or combination of vehicles. All trucks, truck
15 tractors, or road tractors shall be registered for a
16 gross weight equal to or in excess of the unladen
17 weight of the vehicle or combination of vehicles. The
18 annual registration fee for such vehicles or
19 combination of vehicles, except special trucks or
20 pickup trucks, shall be:

21 Sec. _____. NEW SECTION. 321.124A PICKUP TRUCKS.

22 1. As used in this section, "pickup truck" means a
23 light delivery truck having a combined gross weight
24 not exceeding ten tons, having a low-sided open body
25 in the rear forming a compartment, whether covered or
26 uncovered, which is designed to haul freight or cargo.

27 2. The annual registration fee for pickup trucks
28 shall be as follows:

29 a. Two hundred dollars for registration for the
30 first and second model years.

31 b. One hundred seventy-five dollars for
32 registration for the third and fourth model years.

33 c. One hundred fifty dollars for registration for
34 the fifth model year.

35 d. Seventy-five dollars for registration for the
36 sixth model year.

37 e. Fifty-five dollars for registration for each
38 succeeding model year.

39 3. The registration fees required by this section
40 are applicable to all 1996 and older model years for
41 pickup trucks beginning January 1, 1996. The
42 registration fees for pickup trucks that are 1995 and
43 older model years shall be in accordance with section
44 321.109.

45 For purposes of determining that portion of the
46 annual registration fee which is based upon the value
47 of the pickup truck, sixty percent of the annual fee
48 is attributable to the value of the vehicle."

By GILL of Woodbury

H-5935 FILED APRIL 4, 1994

NOT GERMANE

HOUSE FILE 2337

H-5942

1 Amend the amendment H-5926, to House File 2337, as
2 follows:

3 1. Page 1, by inserting after line 1 the
4 following:

5 "____. Page 6, by inserting after line 8, the
6 following:

7 "(____) The proposed facility must have an annual
8 production capacity of not less than one million
9 gallons of ethanol."

10 2. Page 1, line 4, by striking the figure "2000"
11 and inserting the following: "1998".

12 3. Page 1, line 16, by striking the figure "2000"
13 and inserting the following: "1998".

14 4. Page 1, by inserting after line 16, the
15 following:

16 "____. Page 25, by striking lines 6 through 10 and
17 inserting the following:

18 "____. For the period beginning July 1, 1994, and
19 ending June 30, 1995, not more than one hundred
20 thousand dollars shall be allocated to the office of
21 renewable fuel and oil by the soybean promotion board
22 from moneys under the control of the board for
23 purposes of supporting".

24 _____. Page 26, by striking lines 4 through 8.

25 _____. Page 26, by striking lines 9 through 15,
26 and inserting the following:

27 "____. Moneys available under this section which
28 remain unexpended or unobligated on June 30, 1995,
29 shall be credited to the soybean promotion fund,
30 pursuant to section 8.33.""

31 5. Page 1, by inserting after line 20 the
32 following:

33 ""Sec. _____. MONEYS DEPOSITED FOR THE 1994-1995
34 FISCAL YEAR. Notwithstanding section 423.24, as
35 amended in this Act, for each quarter beginning on
36 July 1, 1994, and ending on June 30, 1995, not more
37 than five hundred thousand dollars per quarter shall
38 be allocated as provided in that section. The moneys
39 shall be considered the total moneys available to
40 support value-added agricultural products and
41 processes as provided in this Act."

42 6. Page 1, line 29, by striking the figure "2000"
43 and inserting the following: "1998".

44 7. Page 1, line 36, by striking the figure "2000"
45 and inserting the following: "1998".

46 8. Page 1, line 43, by striking the figure "2000"
47 and inserting the following: "1998".

48 9. Page 1, line 44, by striking the figure "2000"
49 and inserting the following: "1998".

50 10. Page 1, line 50, by striking the figure

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1 "2000" and inserting the following: "1998".

2 11. By renumbering and relettering as necessary.
By KOENIGS of Mitchell

H-5942 FILED APRIL 4, 1994

LOST

HOUSE FILE 2337

H-5943

1 Amend the amendment, H-5935, to House File 2337 as
2 follows:

3 1. By striking page 1, line 2 through page 2,
4 line 48 and inserting the following:

5 "____. Page 23, by inserting after line 5 the
6 following:

7 "Sec. _____. Section 321.122, subsection 1,
8 paragraphs a and b, Code 1993, are amended to read as
9 follows:

10 a. For a combined gross weight of three tons or
11 less ~~sixty-five~~ seventy-five dollars and a vehicle
12 which is more than ten model years old ~~fifty-five~~
13 sixty-five dollars and a vehicle which is more than
14 thirteen model years old forty-five dollars and a
15 vehicle which is more than fifteen years old thirty-
16 five dollars.

17 b. For a combined gross weight exceeding three
18 tons, the annual registration fee shall be as set
19 forth in the following schedule:

20 For a combined	And not	The annual
21 gross weight	exceeding:	registration
22 exceeding:		fee shall be:
23 3 Tons.....	4 Tons.....	\$ 80 <u>90</u>
24 4 Tons.....	5 Tons.....	\$ 90 <u>100</u>
25 5 Tons.....	6 Tons.....	\$ 105
26 6 Tons.....	7 Tons.....	\$ 130
27 7 Tons.....	8 Tons.....	\$ 165
28 8 Tons.....	9 Tons.....	\$ 200
29 9 Tons.....	10 Tons.....	\$ 235
30 10 Tons.....	11 Tons.....	\$ 270
31 11 Tons.....	12 Tons.....	\$ 305
32 12 Tons.....	13 Tons.....	\$ 340
33 13 Tons.....	14 Tons.....	\$ 375
34 14 Tons.....	15 Tons.....	\$ 445
35 15 Tons.....	16 Tons.....	\$ 485
36 16 Tons.....	17 Tons.....	\$ 525
37 17 Tons.....	18 Tons.....	\$ 565
38 18 Tons.....	19 Tons.....	\$ 610
39 19 Tons.....	20 Tons.....	\$ 675
40 20 Tons.....	21 Tons.....	\$ 715
41 21 Tons.....	22 Tons.....	\$ 755
42 22 Tons.....	23 Tons.....	\$ 795
43 23 Tons.....	24 Tons.....	\$ 835
44 24 Tons.....	25 Tons.....	\$ 965
45 25 Tons.....	26 Tons.....	\$1,010
46 26 Tons.....	27 Tons.....	\$1,060
47 27 Tons.....	28 Tons.....	\$1,105
48 28 Tons.....	29 Tons.....	\$1,150
49 29 Tons.....	30 Tons.....	\$1,200
50 30 Tons.....	31 Tons.....	\$1,245

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1	31 Tons.....	32 Tons.....	\$1,295
2	32 Tons.....	33 Tons.....	\$1,340
3	33 Tons.....	34 Tons.....	\$1,415
4	34 Tons.....	35 Tons.....	\$1,465
5	35 Tons.....	36 Tons.....	\$1,510
6	36 Tons.....	37 Tons.....	\$1,555
7	37 Tons.....	38 Tons.....	\$1,605
8	38 Tons.....	39 Tons.....	\$1,650
9	39 Tons.....	40 Tons.....	\$1,695".
10	2. By renumbering as necessary.		

By GILL of Woodbury

H-5943 FILED APRIL 4, 1994

ADOPTED

HOUSE FILE 2337

H-5946

1 Amend the amendment, H-5228, to House File 2337 as
2 follows:
3 1. Page 1, by striking lines 2 through 21 and
4 inserting the following:
5 "____. Page 8, by striking lines 28 through 32 and
6 inserting the following: "in the ~~account~~ fund. Not
7 more than one percent of the total moneys deposited in
8 the fund shall be used by the department for
9 administration of".
10 _____. Page 16, by striking lines 27 through 28 and
11 inserting the following:
12 "e. Review the distribution of ethanol production
13 incentive payments to qualified persons, pursuant to
14 section 159A.8."
15 _____. By striking page 17, line 5, through page
16 18, line 29, and inserting the following:
17 "Sec. _____. Section 159A.7, subsection 1,
18 unnumbered paragraph 1, Code Supplement 1993, is
19 amended to read as follows:
20 A renewable fuel and oil fund is created in the
21 state treasury under the control of the office of
22 renewable fuel and oil. The fund is composed of
23 moneys accepted by the office. Moneys in the fund
24 shall be deposited into the renewable fuel activities
25 account or the ethanol production incentive account.
26 The fund may include moneys appropriated by the
27 general assembly, and other moneys available to and
28 obtained or accepted by the office, including moneys
29 from the United States, other states in the union,
30 foreign nations, state agencies, political
31 subdivisions, and private sources."
32 _____. Page 25, by striking lines 8 through 10 and
33 inserting the following: "one-half percent of the
34 total moneys required to be deposited in the ethanol
35 production incentive account of the renewable fuel
36 fund as provided in section 159A.7 for purposes of
37 conducting".
38 _____. Page 26, by striking lines 14 and 15 and
39 inserting the following: "ethanol production
40 incentive account."
41 _____. Page 26, by striking lines 20 through 22 and
42 inserting the following: "allocate one and one-
43 quarter percent of the total moneys required to be
44 deposited in the ethanol production incentive account
45 of the renewable fuel fund as provided in section
46 159A.7 for".
47 _____. Page 28, by striking lines 1 through 3 and
48 inserting the following:
49 "____. The department shall allocate two and one-
50 half percent of the total moneys required to be

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1 deposited in the ethanol production incentive account
2 of the renewable fuel fund as provided in section
3 159A.7 to be".

4 _____. Page 29, by striking lines 12 through 16 and
5 inserting the following:

6 "Sec. _____. EFFECTIVE DATE. Sections 29, 30, and
7 31 of this Act, relating to soydiesel demonstration,
8 ethanol production and livestock feeding education,
9 and microbusiness rural enterprise demonstration
10 projects, being deemed of immediate importance, take
11 effect upon enactment.""

12 2. By renumbering and correction internal
13 references as necessary.

By KOENIGS of Mitchell

H-5946 FILED APRIL 4, 1994
ADOPTED

HOUSE FILE 2337

H-5947

1 Amend the amendment, H-5926, to House File 2337, as
2 follows:

3 1. Page 1, by striking lines 2 through 13 and
4 inserting the following:

5 "_____. Page 8, line 29, by striking the figure
6 "423.24" and inserting the following: "99F.6".

7 "_____. Page 8, line 31, by striking the figure
8 "423.24" and inserting the following: "99F.6".

9 "_____. Page 11, by inserting after line 11 the
10 following:

11 "Sec. _____. Section 99F.6, Code 1993, as amended in
12 House File 2179, as enacted by the Seventy-fifth
13 General Assembly, is amended by adding the following
14 new subsection:

15 NEW SUBSECTION. 4A. Beginning on July 1, 1994,
16 not more than three million dollars shall be allocated
17 on July 1 of each fiscal year from remaining receipts
18 of gambling games of each track as provided in
19 subsection 4. Each track shall contribute the same
20 percentage amount as collected by the track from total
21 receipts of gambling games produced by the track, as
22 provided by rules adopted by the commission. The
23 moneys shall be used to support value-added
24 agricultural products and processes. Ninety-nine
25 percent of these moneys shall be deposited in the
26 value-added agricultural products and processes
27 financial assistance fund as created in section
28 15E.112. One percent of the moneys shall be deposited
29 in the renewable fuel and oil fund as created in
30 section 159A.7."

31 2. Page 1, by inserting after line 16 the
32 following:

33 "_____. Page 17, by striking line 33 and inserting
34 the following: "incentive-account fund as provided in
35 section ~~423.24~~ 99F.6. One Not".

36 "_____. Page 18, line 1, by striking the figure
37 "423.24" and inserting the following: "99F.6".

38 "_____. Page 23, by striking lines 7 through 27 and
39 inserting the following: "Supplement 1993, is amended
40 by striking the paragraph."

41 "_____. Page 25, line 6, by striking the figure
42 "423.24" and inserting the following: "99F.6".

43 "_____. Page 25, by striking line 7 and inserting
44 the following: "beginning on July 1, 1994, and ending
45 June 30, 1995, two and".

46 "_____. Page 26, by striking lines 9 through 13 and
47 inserting the following:

48 "_____. Moneys which remain unexpended or
49 unobligated on June 30, 1995, shall be credited to
50 the".

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Page 2

1 _____ Page 26, by striking lines 18 and 19 and
2 inserting the following:
3 " _____ For the fiscal year beginning July 1, 1994,
4 and ending June 30, 1995, the department of economic
5 development shall".

6 _____ Page 26, line 22, by striking the figure
7 "423.24" and inserting the following: "99F.6".
8 _____ Page 27, by striking lines 13 through 17 and
9 inserting the following:

10 " _____ Moneys which remain unexpended or
11 unobligated on June 30, 1995, shall be credited to
12 the".

13 _____ Page 28, line 1, by striking the words "The
14 department" and inserting the following: "For the
15 fiscal year beginning July 1, 1994, and ending June
16 30, 1995, the department".

17 _____ Page 28, line 3, by striking the figure
18 "423.24" and inserting the following: "99F.6".

19 _____ Page 28, by striking lines 25 through 31 and
20 inserting the following:

21 " _____ Moneys which remain unobligated and
22 unencumbered on June 30, 1995, shall be credited to
23 the value-added".

24 3. Page 1, by striking lines 23 and 24 and
25 inserting the following:

26 " _____ Section 99F.6, subsection 4A, as enacted in
27 this Act, is amended by striking the subsection."

28 4. Page 1, line 28, by striking the figure
29 "423.24" and inserting the following: "99F.6".

30 5. Page 1, line 35, by striking the figure
31 "423.24" and inserting the following: "99F.6".

32 6. Page 1, line 40, by striking the figure
33 "423.24" and inserting the following: "99F.6".

34 7. Page 1, by striking lines 48 and 49 and
35 inserting the following: "references to section
36 99F.6, subsection 4A."

By WISE of Lee

H-5947 FILED APRIL 4, 1994
NOT GERMANE

HOUSE FILE 2337

H-5954

1 Amend House File 2337 as follows:

2 1. By striking page 1, line 32 through page 2,
3 line 21.

4 2. By striking page 2, line 32 through page 10,
5 line 1.

6 3. By striking page 17, line 5 through page 18,
7 line 29, and inserting the following:

8 "Sec. _____. Section 159A.7, subsection 1,
9 unnumbered paragraph 1, Code Supplement 1993, is
10 amended to read as follows:

11 A renewable fuel and oil fund is created in the
12 state treasury under the control of the office of
13 renewable fuel. The fund is composed of moneys
14 accepted by the office. Moneys in the fund shall be
15 deposited into the renewable fuel activities account
16 or the ethanol production incentive account. The fund
17 may include moneys appropriated by the general
18 assembly, and other moneys available to and obtained
19 or accepted by the office, including moneys from the
20 United States, other states in the union, foreign
21 nations, state agencies, political subdivisions, and
22 private sources.

23 Sec. _____. Section 159A.8, subsection 2, unnumbered
24 paragraph 1, Code 1993, is amended to read as follows:

25 The office shall certify that a production facility
26 is eligible to participate in the program. In order
27 to receive a certificate, the producer must submit an
28 application, and provide a test claim for one
29 computation period immediately preceding a claim for
30 payment. A test claim shall provide the same
31 information required for a claim for payment under
32 subsection 3. The office shall approve a claim after
33 the claim is evaluated by the agricultural products
34 advisory council as established in section 15.203. A
35 person applying to be certified under this section
36 must satisfy the following requirements:"

37 4. Page 23, by striking lines 6 through 27.

38 5. Page 25, by striking lines 8 and 9 and
39 inserting the following: "one-half percent of the
40 total moneys used to support ethanol production as
41 provided in that".

42 6. Page 26, by striking lines 9 through 15 and
43 inserting the following:

44 "_____. Remaining moneys shall be credited to the
45 renewable fuel and oil fund as provided in section
46 423.24."

47 7. Page 26, line 21, by striking the words
48 "value-added agricultural products and processes" and
49 inserting the following: "ethanol production".

50 8. Page 27, by striking lines 13 through 19 and

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Page 2

1 inserting the following:

2 "_____. Remaining moneys shall be credited to the
3 renewable fuel and oil fund as provided in section
4 423.24."

5 9. Page 28, by striking lines 2 and 3 and
6 inserting the following: "of the total moneys used to
7 support ethanol as provided in section 423.24 to be".

8 10. Page 28, by striking lines 25 through 33 and
9 inserting the following:

10 "_____. Remaining money shall be credited to
11 renewable fuel and oil fund as provided in section
12 423.24."

13 11. Page 29, by striking lines 4 through 16 and
14 inserting the following:

15 "Sec. _____. REPEAL. 1992 Iowa Acts, chapter 1099,
16 section 11, is repealed.

17 Sec. _____. EFFECTIVE DATE. This Act, being deemed
18 of immediate importance, takes effect upon enactment."

19 2. Title page, by striking lines 2 and 3 and
20 inserting the following: "revitalization, by
21 providing for renewable fuel, providing for programs
22 and moneys,".

By SCHRADER of Marion

H-5954 FILED APRIL 4, 1994

LOST

HOUSE FILE 2337

H-5955

1 Amend House File 2337 as follows:

2 1. Page 23, by inserting after line 27 the
3 following: "Beginning on July 1, 1994, not more than
4 four million dollars shall be allocated on July 1 of
5 each fiscal year from remaining receipts of gambling
6 games of each track as provided in section 99F.6,
7 subsection 4, for purposes of replacing moneys
8 allocated pursuant to this subsection. Each track
9 shall contribute the same percentage amount as
10 collected by the track from total receipts of gambling
11 games produced by the track, as provided by rules
12 adopted by the commission."

By WISE of Lee

H-5955 FILED APRIL 4, 1994

NOT GERMANE

*Substituted for
SF 2294 4-8-94 (P. 1111)*

HOUSE FILE 2337
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 2078)
(SUCCESSOR TO HSB 535)

(As Amended and Passed by the House April 4, 1994)

Passed House, ^(P. 1571) Date 4/14/94 Passed Senate, Date ^(P. 1193) 4/13/94
Vote: Ayes 77 Nays 20 Vote: Ayes 27 Nays 23
Approved April 26, 1994

A BILL FOR

1 An Act relating to agricultural development and rural
2 revitalization, by providing for value-added agricultural
3 products and processes, providing for programs and moneys,
4 providing for repeal of provisions, and providing effective
5 dates.

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

7
8
9
10

House Amendments _____
Deleted Language *

HOUSE FILE 2337

S-5567

1 Amend House File 2337, as amended, passed, and
2 reprinted by the House, as follows:
3 1. Page 7, line 22, by striking the word "shall"
4 and inserting the following: "may".
5 2. Page 9, line 30, by striking the word "with"
6 and inserting the following: "which may be executed
7 between the department and".

By WAYNE BENNETT

S-5567 FILED APRIL 11, 1994

out of order 4-13-94 (P. 1192)

HF 2337
da/pk/25

1 Section 1. FINDINGS AND POLICY.

2 1. The general assembly finds and declares the following:

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

8 b. The future economic prosperity of this state depends
9 upon new innovations that improve processes and products
10 utilizing agricultural commodities and livestock.

11 c. Iowa's traditional investment in livestock production
12 is an essential part of this state's continuing efforts to
13 revitalize its rural economy, and to ensure general prosperity
14 for all of the state's population.

15 d. It is increasingly necessary to support industries in
16 this state which rely upon agricultural commodities to
17 manufacture value-added products.

18 e. Renewable fuel and oil industries promise to utilize
19 agricultural products in order to reduce the state's
20 dependency upon petroleum products, reduce atmospheric
21 contamination of this state's environment from the combustion
22 of fossil fuels, and produce coproducts, such as corn gluten
23 feed, distillers grain, and solubles, which can be used to
24 increase livestock production in this state.

25 2. This state adopts a policy of enhancing agricultural
26 production, including livestock production, through support of
27 the renewable fuel industry. State agencies including the
28 department of agriculture and land stewardship, the department
29 of economic development, and the department of natural
30 resources shall cooperate in order to ensure that this policy
31 is carried out.

32 Sec. 2. Section 15.313, subsection 2, paragraph b, Code
33 1993, is amended by striking the paragraph.

34 Sec. 3. Section 15.313, subsection 3, Code 1993, is
35 amended to read as follows:

1 3. The director shall submit annually at a regular or
2 special meeting preceding the beginning of the fiscal year,
3 for approval by the economic development board, the proposed
4 allocation of funds from the strategic investment fund to be
5 made for that fiscal year to the community economic betterment
6 program, ~~the value-added-agricultural-products-and-processes~~
7 ~~financial-assistance-program~~, the business development finance
8 corporation, the self-employment loan program, and the
9 targeted small business financial assistance program and for
10 comprehensive management assistance. If funds are available
11 under a federal microloan demonstration program, the director
12 may recommend an allocation for that purpose. The plans may
13 provide for increased or decreased allocations if the demand
14 in a program indicates that the need exceeds the allocation
15 for that program. The director shall report on a monthly
16 basis to the board on the status of the funds and may present
17 proposed revisions for approval by the board in January and
18 April of each year. Unobligated and unencumbered moneys
19 remaining in the strategic investment fund or any of its
20 accounts on June 30 of each year shall be considered part of
21 the fund for purposes of the next year's allocation.

22 Sec. 4. Section 15.318, Code 1993, is amended by adding
23 the following new subsections:

24 NEW SUBSECTION. 16. The capacity of the proposed project
25 to create products by adding value to agricultural
26 commodities.

27 NEW SUBSECTION. 17. The degree to which the proposed
28 project relies upon agricultural or value-added research
29 conducted at a college or university, including a regents
30 institution, community college, or a private university or
31 college.

32 Sec. 5. Section 15E.111, Code 1993, is amended to read as
33 follows:

34 15E.111 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES
35 FINANCIAL ASSISTANCE PROGRAM.

1 ~~1. Contingent-on-the-availability-of-funding-for-this~~
2 ~~program,-the~~ The department may shall establish a value-added
3 agricultural products and processes financial assistance
4 program. The purpose of the program is to foster encourage
5 the increased utilization of agricultural commodities produced
6 in this state. The program shall assist in efforts to
7 revitalize rural regions of this state, by committing
8 resources to provide financial or technical assistance to new
9 or existing value-added production facilities. In awarding
10 financial assistance, the department shall commit resources to
11 assist the following:

12 a. Facilities which are involved in the development of new
13 innovative products, practices, and processes related to
14 agriculture through-specialized-financial-or-technical
15 assistance-to-facilitate-the-acquisition-of-capital.

16 b. Renewable fuel production facilities. As used in this
17 section, "renewable fuel" means an energy source which is
18 derived from an organic compound capable of powering
19 machinery, including an engine or power plant.

20 Financial assistance awarded under this section may be in
21 the form of a loan, loan guarantee, grant, production
22 incentive payment, or a combination of financial assistance.
23 The department shall not award more than twenty-five percent
24 of the amount allocated to the value-added agricultural
25 products and processes financial assistance fund during any
26 fiscal year to support a single person. The department shall
27 not provide financial or technical assistance to support a
28 value-added production facility, if the facility or a person
29 owning a controlling interest in the facility, has
30 demonstrated a continuous disregard for the health and safety
31 of its employees, or the quality of the environment. Evidence
32 of such continuous disregard shall include a history of
33 violating state or federal law protecting occupational health
34 and safety or the environment, including but not limited to
35 violations of occupational safety and health standards

1 enforced by the division of labor services of the department
2 of employment services pursuant to chapter 84A, or rules
3 enforced by the environmental protection division of the
4 department of natural resources pursuant to chapter 455B.

5 2. A person is eligible to apply for assistance under this
6 section, if the person satisfies the following requirements:

7 a. ~~The person is a resident of this state, or the person's~~
8 ~~principal place of business is~~ The existing or proposed
9 facility is located in this state.

10 b. The person applies to the department of economic
11 development in a manner and according to procedures required
12 by the department.

13 c. The person submits a business plan which demonstrates
14 managerial and technical expertise.

15 ~~d. The person operates for profit or not for profit and~~
16 ~~under a single management, and either employs fewer than~~
17 ~~twenty employees or has an annual gross income of less than~~
18 ~~three million dollars computed as the average of the three~~
19 ~~preceding fiscal years.~~

20 3. The department of economic development ~~may~~ shall grant
21 financial or technical assistance to a person determined by
22 the department to be eligible to receive assistance under this
23 section, upon review and evaluation of the person's
24 application by the agricultural products advisory council as
25 established in section 15.203. The department shall consider
26 the council's evaluation in granting or denying assistance.
27 The department shall not approve an application for assistance
28 under this section to refinance an existing loan or to finance
29 traditional agricultural production or processing operations,
30 except as provided in this section. A traditional production
31 or processing operation means any activity relating to farming
32 as defined in section 9H.1, or the processing of agricultural
33 commodities produced from farming, including crops or
34 livestock, into goods which are commonly processed from
35 agricultural commodities. The size of a production or

1 processing operation shall not be considered in determining
2 whether an operation is traditional. An application is
3 eligible for consideration if the application seeks assistance
4 for any of the following purposes: The department shall not
5 directly award financial assistance for the establishment or
6 operation of a livestock production operation, regardless of
7 whether the operation is related to a renewable fuel
8 production facility.

9 4. The department shall select an applicant to receive
10 financial or technical assistance based on the following
11 criteria:

12 a. The feasibility of the existing or proposed facility to
13 remain a viable enterprise and the degree to which the
14 facility will increase the utilization of agricultural
15 commodities produced in this state.

16 b. The extent to which the existing or proposed facility
17 is located in a rural region of the state.

18 c. The proportion of local match to be contributed to the
19 project.

20 d. The level of need of the region where the existing
21 facility is or the proposed facility is to be located.

22 5. An application based on innovation shall be considered
23 if any of the following apply:

24 a. The development of value-added agricultural processes
25 production process is not commonly available in this state
26 which are to be carried out by the person in this state.

27 b. The development of an innovative or diversified
28 agricultural product is not commonly produced in this state
29 which is to be carried out by the person in this state.

30 c. The development of an innovative processing, packaging,
31 marketing, or management practice not commonly available in
32 this state which is to be carried out by the person in this
33 state.

34 d. Assistance by the department granted to an eligible
35 person shall be subject to the following restrictions:

- 1 a:--The person shall not receive financial assistance
2 totaling more than eighty thousand dollars under this program.
- 3 b:--Interest on a loan shall not exceed the current fair
4 market interest rate.--A loan shall not exceed fifty thousand
5 dollars.
- 6 c:--A loan guarantee shall not exceed eighty thousand
7 dollars.--A loan guarantee shall guarantee not more than
8 eighty percent of a conventionally obtained loan.
- 9 d:--A grant shall not exceed twenty five thousand dollars.
10 A grant shall be made only to provide leverage for a
11 conventionally obtained loan.--The conventionally obtained
12 loan must be for an amount significantly larger than the
13 amount of the grant.
- 14 5:--Notwithstanding restrictions contained in subsection 4,
15 the department may use up to five thousand dollars to contract
16 for technical assistance in order to aid a person having a
17 pending or approved application under this section.
- 18 6. a. The department shall consider an application to
19 assist a renewable fuel production facility. An application
20 based on ethanol fuel production shall be considered by the
21 department if all of the following apply:
- 22 (1) All fermentation, distillation, and dehydration of the
23 ethanol will occur at the proposed facility.
- 24 (2) The ethanol produced at the proposed facility will be
25 at least one hundred ninety-nine proof and must be denatured.
- 26 b. The department shall give priority to supporting
27 proposed renewable fuel production facilities which directly
28 support livestock production operations as follows:
- 29 (1) The highest priority shall be given to a project
30 involving a facility which utilizes a coproduct of renewable
31 fuel production to support at least one thousand head of
32 cattle, or a number of other species of livestock based upon
33 an equivalency formula established by the department.
- 34 (2) If the department has several proposals having the
35 highest priority, a preference shall be given to a proposal in

1 which the livestock operation:

2 (a) Is located in an agricultural area as provided in
3 chapter 352.

4 (b) Is located in close proximity to and is an integral
5 part of the renewable fuel production facility. However, the
6 owner of the facility is not required to hold an interest in
7 the land on which the livestock are produced. The livestock
8 may be produced under the terms of a contract, in which a
9 person regularly engaged in livestock production provides for
10 the care and feeding of the livestock on behalf of the
11 facility's owner.

12 c. The department of natural resources shall cooperate
13 with the department of economic development in order to assist
14 an applicant in complying with all applicable environmental
15 regulations. The department of natural resources shall
16 acknowledge receipt of an application for a permit not later
17 than two weeks following receipt of the application by the
18 department. Within twelve weeks following receipt of the
19 application, the department shall issue the permit or reply to
20 the applicant describing reasons why the permit cannot be
21 issued.

22 d. The department of economic development shall contract
23 with a consultant who is knowledgeable regarding the
24 establishment and operation of renewable fuel production
25 facilities, and specifically facilities which support
26 livestock production operations. The consultant shall be
27 available to provide business planning assistance to persons
28 who have received financial incentives pursuant to this
29 section. The business planning assistance shall include
30 evaluation of methods to most profitably manage operations and
31 market livestock produced at the facility. The business
32 planning assistance shall provide for adequate environmental
33 protection of this state's natural resources from the
34 operation of the facility.

35 7. The university of Iowa, Iowa state university, and the

1 university of northern Iowa shall cooperate in assisting
2 facilities receiving financial assistance under this section.
3 Iowa state university, including the Iowa cooperative
4 extension service in agriculture and home economics, shall
5 cooperate in assisting each renewable fuel production facility
6 supporting livestock operations, including advising producers
7 regarding nutrition and management practices. Community
8 colleges and private universities and colleges are not
9 precluded from providing this assistance.

10 8. The department of economic development shall prepare a
11 report each three months detailing the progress of the
12 department and other agencies provided in this section. The
13 office of renewable fuel and oil, the department of natural
14 resources, and Iowa state university may contribute a summary
15 of their activities. The report shall describe and evaluate
16 the performance of the consultant. The report shall be
17 delivered to the secretary of the senate and the chief clerk
18 of the house; the legislative service bureau; the chairpersons
19 and ranking members of the senate standing committee on
20 agriculture; the senate standing committee on small business,
21 economic development, and tourism; the house of
22 representatives standing committee on agriculture; and the
23 house of representatives standing committee on small business,
24 economic development, and trade.

25 Sec. 6. Section 15E.112, Code 1993, is amended to read as
26 follows:

27 15E.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES
28 FINANCIAL ASSISTANCE ACCOUNT FUND.

29 1. A value-added agricultural products and processes
30 financial assistance account fund is established within the
31 ~~strategic investment fund created in section 15-313~~ created
32 within the state treasury under the control of the department.
33 The account fund shall consist of any money appropriated by
34 the general assembly for that purpose, ~~moneys allocated to the~~
35 ~~account from the strategic investment fund,~~ and any other

1 moneys available to and obtained or accepted by the department
2 from the federal government or private sources for placement
3 in the account fund. Until July 1, 2000, moneys shall be
4 deposited in the fund as provided in section 423.24. Not more
5 than one percent of the total moneys available to support
6 value-added agricultural products and processes pursuant to
7 section 423.24 during each quarter shall be used by the
8 department for administration of the value-added agricultural
9 products and processes financial assistance program, as
10 provided in section 15E.111. Except-as-otherwise-provided-in
11 subsection-27-the The assets of the account fund shall be used
12 by the department only for carrying out the purposes of
13 section 15E.111.

14 2. The In administering the fund and the value-added
15 agricultural products and processes financial assistance
16 program, the department may use-moneys-in-the-account-to do
17 any of the following:

18 a. Contract, sue and be sued, and adopt administrative
19 rules necessary to carry out the provisions of this section
20 and section 15E.111; but. However, the department shall not
21 in any manner directly or indirectly pledge the credit of the
22 state.

23 b. Authorize payment from the account fund for costs,
24 commissions, attorney fees, and other reasonable expenses,
25 including expenses related to and the following:

26 (1) Carrying out duties necessary for insuring or
27 guaranteeing loans under section 15E.111, and for the recovery
28 of loan moneys insured or guaranteed or the management of
29 property acquired in connection with such loans.

30 (2) Supporting a contract with a consultant knowledgeable
31 regarding the establishment and operation of renewable fuel
32 production facilities as provided in section 15E.111. The
33 department may require a person receiving financial incentives
34 to contribute to the amount required to support the
35 consultant. However, the person shall not be required to

1 contribute more than the department.

2 3. Payments of interest, recaptures of awards, or
3 repayments of moneys loaned under the value-added agricultural
4 products and processes financial assistance program shall be
5 deposited ~~into the strategic investment~~ into the fund.
6 Section 8.33 does not apply to any moneys in the fund.
7 Unencumbered or unobligated moneys in the fund derived from
8 moneys deposited pursuant to section 423.24, which are in
9 excess of four million dollars of unencumbered or unobligated
10 moneys in the fund deposited pursuant to that section, which
11 are remaining on June 30 of each fiscal year, shall be
12 credited on August 31 to the road use tax fund as created in
13 section 312.1.

14 4. The fund is subject to an annual audit by the auditor
15 of state. Moneys in the fund, which may be subject to
16 warrants written by the director of revenue and finance, shall
17 be drawn upon the written requisition of the director of the
18 department of economic development or an authorized
19 representative of the director.

20 Sec. 7. Section 18.115, subsection 5, Code Supplement
21 1993, is amended to read as follows:

22 5. Of all new passenger vehicles and light pickup trucks
23 purchased by the state vehicle dispatcher, ~~institutions under~~
24 ~~the control of the state board of regents, community colleges,~~
25 ~~and any other state agency purchasing such new vehicles and~~
26 ~~trucks, beginning July 1, 1992, a minimum of five percent, and~~
27 ~~beginning July 1, 1994,~~ a minimum of ten percent of all such
28 vehicles and trucks purchased shall be equipped with engines
29 which utilize alternative methods of propulsion including but
30 not limited to ~~those propelled by flexible fuels, compressed~~
31 any of the following:

32 a. A flexible fuel, which is any of the following:

33 (1) A fuel blended with not more than fifteen percent
34 gasoline and at least eighty-five percent ethanol.

35 (2) A fuel which is a mixture of diesel fuel and processed

1 soybean oil. At least twenty percent of the mixed fuel by
2 volume must be processed soybean oil.

3 (3) A renewable fuel approved by the office of renewable
4 fuel and oil pursuant to section 159A.2.

5 b. Compressed or liquified natural gas, propane.

6 c. Propane gas solar.

7 d. Solar energy, or electricity.

8 e. Electricity. For the purpose of this subsection,
9 "flexible-fuels" means fuels which are blended with eighty-
10 five percent ethanol and fifteen percent gasoline.

11 PARAGRAPH DIVIDED. The provisions of this subsection do
12 not apply to such vehicles and trucks purchased and directly
13 used for the following purposes: law enforcement, or off-road
14 maintenance work, or work vehicles used to pull loaded
15 trailers. This subsection also does not apply to school
16 corporations, with the exceptions of those designated above.

17 PARAGRAPH DIVIDED. It is the intent of the general
18 assembly that the members of the midwest energy compact
19 promote the development and purchase of motor vehicles
20 equipped with engines which utilize alternative methods of
21 propulsion.

22 Sec. 8. Section 19A.3, subsection 22, Code 1993, is
23 amended to read as follows:

24 22. The appointee serving as the coordinator of the office
25 of renewable fuel and oil, as provided in section 159A.3.

26 Sec. 9. Section 20.4, subsection 13, Code 1993, is amended
27 to read as follows:

28 13. The appointee serving as the coordinator of the office
29 of renewable fuel and oil, as provided in section 159A.3.

30 Sec. 10. Section 159.20, subsection 10, Code 1993, is
31 amended to read as follows:

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

35 Sec. 11. Section 159A.1, subsection 3, Code 1993, is

1 amended to read as follows:

2 3. This state adopts a policy of enhancing agricultural
3 ~~production through support of the renewable fuel industry by~~
4 encouraging the development and consumption of fuels and oils
5 produced by agricultural commodities, as provided in this
6 chapter, including rules adopted by the office of renewable
7 fuel and oil and the renewable fuel and oil advisory
8 committee.

9 Sec. 12. Section 159A.2, Code 1993, is amended to read as
10 follows:

11 159A.2 DEFINITIONS.

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

14 1. "Committee" means the renewable fuel and oil advisory
15 committee established pursuant to section 159A.4.

16 2. "Coordinator" means the administrative head of the
17 office of renewable fuel and oil appointed by the department
18 as provided in section 159A.3.

19 3. "Fund" means the renewable fuel and oil fund
20 established pursuant to section 159A.7.

21 4. "Office" means the office of renewable fuel and oil
22 created pursuant to section 159A.3.

23 5. "Renewable fuel" means an energy source at least in
24 part derived from an organic compound, including a
25 photosynthate, which may be used to power capable of powering
26 machinery, including an engine or power plant. A renewable
27 fuel includes but is not limited to ethanol-blended or
28 soydiesel fuel.

29 6. "Renewable fuel and oil activities" means either of the
30 following:

31 a. The research, development, production, promotion,
32 marketing, or consumption of a renewable fuel or oil.

33 b. The research, development, transfer, or use of
34 technologies which directly or indirectly increase the supply
35 or demand of a renewable fuel or oil.

1 7. "Renewable oil" means a fluid, other than a renewable
2 fuel, and including a lubricant, at least in part containing a
3 product derived from harvesting and processing crops or
4 slaughtering and processing livestock, which may be used in
5 the operation of a mechanism, including an engine or motor.

6 8. "Soydiesel fuel" means a fuel which is a mixture of
7 diesel fuel and processed soybean oil, if at least twenty
8 percent of the mixed fuel by volume is processed soybean oil.

9 Sec. 13. Section 159A.3, Code 1993, is amended to read as
10 follows:

11 159A.3 OFFICE OF RENEWABLE FUEL AND OIL.

12 1. An office of renewable fuel and oil is created within
13 the department and shall be staffed by a coordinator who shall
14 be appointed by the secretary. It shall be the policy of the
15 office to further renewable fuel and oil activities. The
16 office shall first further renewable fuel and oil activities
17 based on the following considerations:

18 a. The price competitiveness of the renewable fuel or oil.

19 b. The production capacity and supply of the renewable
20 fuel or oil.

21 c. The ease and safety of transporting and storing the
22 renewable fuel or oil.

23 d. The degree to which the renewable fuel or oil is
24 currently developed for ready transfer to current engine
25 technology.

26 e. The degree to which the renewable fuel or oil is
27 environmentally protective.

28 f. The degree to which the renewable fuel or oil provides
29 economic development opportunities.

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

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

35 b. Serving as advisor to the department regarding

1 renewable fuel and oil programs.

2 c. Serving as monitor of regulations administered in the
3 state, in other states, or by the federal government. The
4 office shall collect information and data prepared by state
5 agencies related to these regulations, and provide referral
6 and assistance to interested persons and agencies.

7 d. Cooperating with persons and agencies involved in
8 renewable fuel or oil activities, including other states and
9 the federal government, to standardize regulations and
10 coordinate programs, in order to increase administrative
11 effectiveness and reduce administrative duplication.

12 e. Implementing policies and procedures designed to
13 facilitate communication between persons involved in renewable
14 fuel or oil activities.

15 f. Assisting state or federal agencies, or assisting
16 commercial enterprises or commodity organizations which are
17 located in or desiring to locate in the state. The assistance
18 may include support of public research relating to renewable
19 fuel or oil activities.

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

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

29 i. Promoting the use of by-products resulting from the
30 production of renewable fuel and oil.

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

1 k. Approve a renewable fuel which may be used as a
2 flexible fuel powering a motor vehicle required to be
3 purchased by state agencies.

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

8 b. The office shall promote the production and consumption
9 of soydiesel fuel in this state.

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

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

22 Sec. 14. Section 159A.4, subsection 1, unnumbered
23 paragraph 1, Code 1993, is amended to read as follows:

24 A renewable fuel and oil advisory committee is established
25 within the department. The committee shall be composed of the
26 following persons:

27 Sec. 15. Section 159A.4, subsection 1, Code 1993, is
28 amended by adding the following new paragraph after paragraph
29 h and relettering the subsequent paragraphs:

30 NEW PARAGRAPH. i. A person representing the Iowa soybean
31 association.

32 Sec. 16. Section 159A.4, unnumbered paragraph 2, Code
33 1993, is amended to read as follows:

34 The governor shall appoint persons who shall be confirmed
35 by the senate, pursuant to section 2.32, to serve as voting

1 members of the committee. However, the secretary of
2 agriculture shall appoint the person representing the
3 department of agriculture and land stewardship, the director
4 of the Iowa department of economic development shall appoint
5 the person representing that department, the director of the
6 state department of transportation shall appoint the person
7 representing that department, and the director of the
8 department of natural resources shall appoint the person
9 representing that department. The governor may make
10 appointments of persons representing organizations listed
11 under paragraphs "g" and "h" through "i" from a list of
12 candidates which shall be provided by the organization upon
13 request by the governor.

14 Sec. 17. Section 159A.5, subsections 1, 2, 4, 5, Code
15 Supplement 1993, are amended to read as follows:

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

22 2. The committee shall monitor conditions, practices,
23 policies, programs, and procedures affecting the production
24 and consumption of renewable fuel and oil.

25 4. The committee shall review the annual report to the
26 secretary regarding renewable fuel and oil activities, as
27 provided in section 159A.3. The committee may make written
28 comments concerning the contents of the report. Upon request
29 of the committee, the coordinator shall include the comments
30 as part of the report.

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

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

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

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

7 d. Support promotional programs or marketing strategies
8 designed to encourage public consumption of renewable fuel and
9 oil.

10 ~~e. --Review the distribution of ethanol production incentive~~
11 ~~payments to qualified persons, pursuant to section 159A.8.~~

12 Sec. 18. Section 159A.6, Code 1993, is amended to read as
13 follows:

14 159A.6 POINT-OF-SALE PUBLIC PROMOTION PROGRAM.

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

23 Sec. 19. Section 159A.7, Code Supplement 1993, is amended
24 to read as follows:

25 159A.7 RENEWABLE FUEL AND OIL FUND.

26 1. A renewable fuel and oil fund is created in the state
27 treasury under the control of the office of renewable fuel and
28 oil. The fund is composed of moneys accepted by the office.
29 ~~Moneys in the fund shall be deposited into the renewable fuel~~
30 ~~activities account or the ethanol production incentive~~
31 ~~account.~~ The fund may include moneys appropriated by the
32 general assembly, and other moneys available to and obtained
33 or accepted by the office, including moneys from the United
34 States, other states in the union, foreign nations, state
35 agencies, political subdivisions, and private sources.

1 Moneys in the fund shall be used only to administer carry
2 out the provisions of this chapter.

3 2. Moneys in the ~~renewable-fuel-activities-account~~ fund
4 shall be allocated at the beginning of each fiscal year as
5 follows:

6 a. ~~Up-to~~ At least forty percent ~~may~~ shall be dedicated to
7 support promotion and advertising ~~of-ethanol-fuel.~~

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

10 ~~e.--Up-to-thirty-percent-may-be-dedicated-to-support~~
11 ~~research-at Iowa state university of science and technology,~~
12 and the university of northern Iowa.

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

15 3. Moneys Until July 1, 2000, moneys shall be deposited
16 in the ~~ethanol-production-incentive-account~~ fund as provided
17 in section 423.24. ~~One~~ Not more than one percent of the total
18 moneys available to support value-added agricultural products
19 and processes pursuant to section 423.24 ~~deposited-in-the~~
20 ~~account-during-each-quarter~~ shall be allocated to the
21 department for administration of the office. ~~Remaining-moneys~~
22 ~~shall-be-allocated-to-provide-financial-incentives-to-support~~
23 ~~the-increased-production-of-ethanol-derived-from-an-organic~~
24 ~~compound,-including-a-photosynthate,-as-provided-in-section~~
25 ~~459A:8.~~

26 4. Moneys in the fund are subject to an annual audit by
27 the auditor of state. The fund is subject to warrants by the
28 director of revenue and finance, drawn upon the written
29 requisition of the coordinator.

30 5. In administering the fund, the office may do all of the
31 following:

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

1 b. Authorize payment from the ~~accounts, from income~~
2 ~~received by investment of moneys in the fund,~~ fund for
3 ~~administrative costs,~~ commissions, attorney and accountant
4 fees, and other reasonable expenses related to and necessary
5 for administering the ~~accounts~~ fund.

6 6. Section 8.33 does not apply to moneys in the ~~renewable~~
7 ~~fuel activities account~~ fund. Income received by investment
8 of moneys in the ~~account~~ fund shall remain in ~~that account~~ the
9 fund. ~~Moneys appropriated for a state fiscal year to the~~
10 ~~ethanol production incentive account which remain unobligated~~
11 ~~and unencumbered on July 31 of the following state fiscal year~~
12 ~~shall be credited to the road use tax fund as provided in~~
13 ~~section 423.24.~~

14 Sec. 20. Section 214A.16, Code 1993, is amended to read as
15 follows:

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

17 All motor vehicle fuel kept, offered, or exposed for sale,
18 or sold at retail containing over one percent ethanol,
19 methanol, or any combination of oxygenate octane enhancers
20 shall be identified as "with" either "ethanol", "methanol",
21 "ethanol/methanol", or similar wording on a decal. All diesel
22 fuel kept, offered, or exposed for sale, or sold at retail
23 containing over one percent soybean oil by volume shall be
24 identified as "with soydiesel" or similar wording on a decal.
25 The design and location of the decals ~~may~~ shall be prescribed
26 by rules adopted by the department. The department shall
27 adopt the rules to be effective by January 1, 1995. A decal
28 identifying a renewable fuel shall be consistent with
29 standards adopted pursuant to section 159A.6. ~~if~~ Until the
30 ~~department does not establish~~ establishes standards for a
31 ~~decal relating to a specific oxygenate octane enhancer~~ decals,
32 the wording shall be on a white adhesive decal with black
33 letters at least one-half inch high and at least one-quarter
34 inch wide placed between thirty and forty inches above the
35 driveway level on the front sides of any container or pump

1 from which the motor fuel is sold. The department may approve
2 an application to place a decal in a special location on a
3 pump or container or use a decal with special lettering or
4 colors, if the decal appears clear and conspicuous to the
5 consumer. The application shall be made in writing pursuant
6 to procedures adopted by the department. Designs for a decal
7 identifying a renewable fuel shall be consistent with
8 standards adopted pursuant to section 159A.6.

9 Sec. 21. Section 216B.3, subsection 16, Code Supplement
10 1993, is amended to read as follows:

11 16. a. A motor vehicle purchased by the commission shall
12 not operate on gasoline other than gasoline blended with at
13 least ten percent ethanol. A state issued credit card used to
14 purchase gasoline shall not be valid to purchase gasoline
15 other than gasoline blended with at least ten percent ethanol.
16 The motor vehicle shall also be affixed with a brightly
17 visible sticker which notifies the traveling public that the
18 motor vehicle is being operated on gasoline blended with
19 ethanol. However, the sticker is not required to be affixed
20 to an unmarked vehicle used for purposes of providing law
21 enforcement or security.

22 b. Of all new passenger vehicles and light pickup trucks
23 purchased by the commission, a minimum of ten percent of all
24 such vehicles and trucks purchased shall be equipped with
25 engines which utilize alternative methods of propulsion,
26 including but not limited to any of the following:

27 (1) A flexible fuel which is either of the following:

28 (a) A fuel blended with not more than fifteen percent
29 gasoline and at least eighty-five percent ethanol.

30 (b) A fuel which is a mixture of diesel fuel and processed
31 soybean oil. At least twenty percent of the mixed fuel by
32 volume must be processed soybean oil.

33 (c) A renewable fuel approved by the office of renewable
34 fuel and oil pursuant to section 159A.3.

35 (2) Compressed or liquified natural gas.

1 (3) Propane gas.

2 (4) Solar energy.

3 (5) Electricity.

4 The provisions of this paragraph "b" do not apply to
5 vehicles and trucks purchased and directly used for law
6 enforcement or off-road maintenance work.

7 Sec. 22. Section 260C.19A, Code Supplement 1993, is
8 amended to read as follows:

9 260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-
10 BLENDED-GASOLINE ALTERNATIVE FUELS.

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

21 2. Of all new passenger vehicles and light pickup trucks
22 purchased by or under the direction of the board of directors
23 to provide services to a merged area, a minimum of ten percent
24 of all such vehicles and trucks purchased shall be equipped
25 with engines which utilize alternative methods of propulsion,
26 including but not limited to any of the following:

27 a. A flexible fuel which is either of the following:

28 (1) A fuel blended with not more than fifteen percent
29 gasoline and at least eighty-five percent ethanol.

30 (2) A fuel which is a mixture of diesel fuel and processed
31 soybean oil. At least twenty percent of the mixed fuel by
32 volume must be processed soybean oil.

33 (3) A renewable fuel approved by the office of renewable
34 fuel and oil pursuant to section 159A.3.

35 b. Compressed or liquified natural gas.

1 c. Propane gas.

2 d. Solar energy.

3 e. Electricity.

4 The provisions of this subsection do not apply to vehicles
5 and trucks purchased and directly used for law enforcement or
6 off-road maintenance work.

7 Sec. 23. Section 262.25A, Code Supplement 1993, is amended
8 by adding the following new subsection:

9 NEW SUBSECTION. 3. Of all new passenger vehicles and
10 light pickup trucks purchased by or under the direction of the
11 state board of regents to provide services to a merged area, a
12 minimum of ten percent of all such vehicles and trucks
13 purchased shall be equipped with engines which utilize
14 alternative methods of propulsion, including but not limited
15 to any of the following:

16 a. A flexible fuel which is either of the following:

17 (1) A fuel blended with not more than fifteen percent
18 gasoline and at least eighty-five percent ethanol.

19 (2) A fuel which is a mixture of processed soybean oil and
20 diesel fuel. At least twenty percent of the fuel by volume
21 must be processed soybean oil.

22 (3) A renewable fuel approved by the office of renewable
23 fuel and oil pursuant to section 159A.3.

24 b. Compressed or liquified natural gas.

25 c. Propane gas.

26 d. Solar energy.

27 e. Electricity.

28 The provisions of this subsection do not apply to vehicles
29 and trucks purchased and directly used for law enforcement or
30 off-road maintenance work.

31 Sec. 24. NEW SECTION. 266.19 RENEWABLE FUEL --
32 ASSISTANCE.

33 The university shall cooperate in assisting renewable fuel
34 production facilities supporting livestock operations managed
35 by persons receiving assistance pursuant to the value-added

1 agricultural products and processes financial assistance
2 program established in section 15E.111.

3 Sec. 25. Section 307.21, Code Supplement 1993, is amended
4 by adding the following new subsection:

5 NEW SUBSECTION. 4A. Of all new passenger vehicles and
6 light pickup trucks purchased by the administrator, a minimum
7 of ten percent of all such vehicles and trucks purchased shall
8 be equipped with engines which utilize alternative methods of
9 propulsion, including but not limited to any of the following:

10 a. A flexible fuel which is either of the following:

11 (1) A fuel blended with not more than fifteen percent
12 gasoline and at least eighty-five percent ethanol.

13 (2) A fuel which is a mixture of processed soybean oil and
14 diesel fuel. At least twenty percent of the fuel by volume
15 must be processed soybean oil.

16 (3) A renewable fuel approved by the office of renewable
17 fuel and oil pursuant to section 159A.3.

18 b. Compressed or liquified natural gas.

19 c. Propane gas.

20 d. Solar energy.

21 e. Electricity.

22 The provisions of this subsection do not apply to vehicles
23 and trucks purchased and directly used for law enforcement or
24 off-road maintenance work.

25 Sec. 26. Section 423.24, subsection 1, paragraph b, Code
26 Supplement 1993, is amended to read as follows:

27 b. Beginning on July 1, 1993, three and one-half percent
28 of the revenue, not to exceed one million dollars per quarter,
29 derived from the use tax on motor vehicles, trailers, and
30 motor vehicle accessories and equipment as collected pursuant
31 to section 423.7, shall be ~~deposited-in-the-ethanol-production~~
32 ~~incentive-account-of-the-renewable-fuel-fund-created-in~~
33 section-159A-7 used to support value-added agricultural
34 products and processes.

35 Ninety-nine percent of these moneys shall be deposited in

1 the value-added agricultural products and processes financial
2 assistance fund as created in section 15E.112. One percent of
3 these moneys shall be deposited in the renewable fuel and oil
4 fund as created in section 159A.7.

5 PARAGRAPH DIVIDED. Moneys deposited according to this
6 paragraph "b" are a continuing appropriation for expenditure
7 under ~~section-159A-8~~ sections 15E.112 and 159A.7. Moneys
8 ~~deposited-during-a-state-fiscal-year-to-the-ethanol-production~~
9 ~~incentive-account-which-remain-unobligated-and-unencumbered-on~~
10 ~~July-31-of-the-following-state-fiscal-year-shall-be-credited~~
11 ~~to-the-road-use-tax-fund-as-provided-in-this-section-~~

12 Sec. 27. Section 455B.104, Code Supplement 1993, is
13 amended by adding the following new unnumbered paragraph:

14 NEW UNNUMBERED PARAGRAPH. The department shall assist
15 persons applying for assistance to establish and operate
16 renewable fuel production facilities pursuant to the value-
17 added agricultural products and processes financial assistance
18 program established in section 15E.111.

19 Sec. 28. NEW SECTION. 904.312A MOTOR VEHICLES.

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

31 2. Of all new passenger vehicles and light pickup trucks
32 purchased by the department, a minimum of ten percent of all
33 such vehicles and trucks purchased shall be equipped with
34 engines which utilize alternative methods of propulsion,
35 including but not limited to any of the following:

1 a. A flexible fuel which is either of the following:

2 (1) A fuel blended with not more than fifteen percent
3 gasoline and at least eighty-five percent ethanol.

4 (2) A fuel which is a mixture of diesel fuel and processed
5 soybean oil. At least twenty percent of the mixed fuel by
6 volume must be processed soybean oil.

7 (3) A renewable fuel approved by the office of renewable
8 fuel and oil pursuant to section 159A.3.

9 b. Compressed or liquified natural gas.

10 c. Propane gas.

11 d. Solar energy.

12 e. Electricity.

13 The provisions of this subsection do not apply to vehicles
14 and trucks purchased and directly used for law enforcement or
15 off-road maintenance work.

16 Sec. 29. SOYDIESEL DEMONSTRATION PROJECTS.

17 1. The state department of transportation shall conduct a
18 demonstration project using diesel trucks owned by the
19 department. The trucks shall operate using soydiesel fuel for
20 at least twenty thousand miles. The projects shall be under
21 the oversight of the renewable fuel and oil advisory
22 committee. The state department of transportation shall
23 evaluate the performance of vehicles operating on soydiesel
24 fuel, including the rate of repairs on the vehicles and
25 comments of persons operating and maintaining the vehicles.
26 The department shall submit its findings and recommendations
27 to the renewable fuel and oil advisory committee as part of
28 the reports provided in subsection 2.

29 2. Notwithstanding section 423.24, for the period
30 beginning on July 1, 1993, and ending July 1, 1994, two and
31 one-half percent of the total moneys used to support value-
32 added agricultural products and processes as provided in that
33 section shall be allocated for purposes of conducting
34 soydiesel demonstration projects administered by the state
35 department of transportation under the oversight of the

1 renewable fuel and oil advisory committee.

2 a. The office of renewable fuel and oil shall allocate the
3 moneys to the state department of transportation. The
4 department shall apply the moneys to match moneys used to
5 support one or more special projects operations assistance
6 grants which demonstrate the use of soydiesel fuel in one or
7 more public transit systems.

8 b. The state department of transportation shall evaluate
9 the performance of vehicles operating on soydiesel fuel,
10 including the rate of repairs on the vehicles and comments of
11 persons operating and maintaining the vehicles. The
12 department shall submit initial findings and recommendations
13 to the renewable fuel and oil advisory committee which shall
14 submit a report to the senate and chief clerk of the house,
15 the legislative service bureau, the chairpersons and ranking
16 members of the senate standing committee on agriculture, the
17 senate standing committee on small business, economic
18 development and tourism, the house of representatives standing
19 committee on agriculture, and the house of representatives
20 standing committee on small business, economic development and
21 trade. The department shall submit final findings and
22 recommendations to the renewable fuel and oil advisory
23 committee which shall submit a report to the general assembly.
24 The initial report shall be due on October 1, 1994. The final
25 report shall be due on March 1, 1995.

26 c. Moneys described pursuant to this subsection are
27 allocated contingent upon a contribution made by either a
28 private or public source to support soydiesel fuel
29 demonstration projects in Iowa commencing during the fiscal
30 year beginning July 1, 1993, and ending June 30, 1994.

31 d. Moneys available under this section which remain
32 unexpended or unobligated on June 30, 1994, shall remain
33 available to support the demonstration project and shall not
34 revert pursuant to section 8.33. Moneys remaining unexpended
35 or unobligated on June 30, 1995, shall be credited to the

1 value-added agricultural products and processes financial
2 assistance fund as created in section 15E.112.

3 Sec. 30. ETHANOL PRODUCTION AND LIVESTOCK FEEDING
4 EDUCATION PROJECT.

5 1. For the period beginning July 1, 1993, and ending June
6 30, 1994, the department of economic development shall
7 allocate one and one-quarter percent of the total moneys used
8 to support value-added agricultural products and processes as
9 provided in section 423.24 to Iowa state university for
10 purposes of sponsoring at least four seminars in different
11 regions throughout the state, and a conference in a central
12 location of the state. The seminars and the conference shall
13 provide information relating to establishing and managing
14 ethanol production facilities, the use of ethanol production
15 coproducts to feed livestock, and the relationship between
16 ethanol production and livestock feeding operations. The
17 university shall, to every extent possible, invite nationally
18 recognized experts to provide information regarding ethanol
19 production processes, livestock nutrition, capitalization of
20 production facilities, operational requirements, and marketing
21 opportunities.

22 2. The department of economic development and relevant
23 organizations representing agricultural producers as
24 designated by the department shall cooperate with the
25 university, and shall provide information and a representative
26 to appear at each seminar and the conference. The department
27 shall provide information regarding financial and technical
28 assistance available from the department.

29 3. The university shall submit a report not later than
30 December 1 to the secretary of the senate and the chief clerk
31 of the house, describing the seminars and conference,
32 including attendance numbers, and an analysis regarding the
33 results of the project in attracting persons to begin ethanol
34 production and livestock feeding operations.

35 4. Moneys available under this section which remain

1 unexpended or unobligated on June 30, 1994, shall remain
2 available to support the education project and shall not
3 revert pursuant to section 8.33. Moneys remaining unexpended
4 or unobligated on June 30, 1995, shall be credited to the
5 value-added agricultural products and processes financial
6 assistance fund as created in section 15E.112.

7 Sec. 31. MICROBUSINESS RURAL ENTERPRISE DEMONSTRATION
8 PROJECT.

9 1. As used in this section:

10 a. "Department" means the department of economic
11 development.

12 b. "Microbusiness or microbusiness enterprise" means a
13 business producing services with five or fewer full-time
14 equivalent employee positions, and with asset requirements of
15 up to twenty-five thousand dollars.

16 c. "Microbusiness organization" means a nonprofit
17 corporation organized under chapter 504A which is exempt from
18 taxation pursuant to section 501(c) of the Internal Revenue
19 Code, and which has a principal mission of actively engaging
20 in microbusiness development, training, technical assistance,
21 and access to capital for the start-up or expansion of
22 microbusinesses.

23 2. For the period beginning July 1, 1993, and ending June
24 30, 1994, the department shall allocate two and one-half
25 percent of the total moneys used to support value-added
26 agriculture products and processes as provided in section
27 423.24 to be used for the purpose of conducting a
28 microbusiness rural enterprise demonstration project.

* 29 3. The department shall contract with a microenterprise
30 organization actively engaged in microbusiness enterprise in
31 order to assist the establishment of this demonstration
32 project. In order to qualify as the demonstration project,
33 the microenterprise organization must:

34 a. Demonstrate a past performance and a capacity to
35 successfully engage in microbusiness development.

1 b. Have a statewide commitment and focus to microbusiness
2 development.

3 c. Provide training and technical assistance.

4 d. Demonstrate an ability to provide access to capital for
5 start-up or expansion of a microbusiness.

6 e. Have established linkages with financial institutions.

7 f. Demonstrate an ability to provide follow-up technical
8 assistance after a microbusiness start-up or expansion.

9 4. Moneys appropriated pursuant to this section which
10 remain unexpended or unobligated on June 30, 1994, shall be
11 available to support the demonstration project and shall not
12 revert pursuant to section 8.33. Moneys remaining unexpended
13 or unobligated on June 30, 1995, shall be available to support
14 the demonstration project and shall not revert pursuant to
15 section 8.33, but may be credited to the value-added
16 agricultural products and processes financial assistance fund
17 as created in section 15E.112.

18 5. The department shall submit a report to the secretary
19 of the senate and the chief clerk of the house not later than
20 November 1, 1994. The report shall detail the activities of
21 the microenterprise organization, and describe the success of
22 the project.

23 Sec. 32. TRANSFER OF UNOBLIGATED MONEYS. Any unobligated
24 moneys required to be or actually deposited in the ethanol
25 production incentive account of the renewable fuel fund as
26 provided in section 423.24 prior to the effective date of this
27 Act, other than moneys dedicated to the administration of the
28 office of renewable fuel, shall be transferred to the value-
29 added agricultural products and processes assistance fund as
30 created in section 15E.112, in order to carry out the
31 provisions of this Act.

32 Sec. 33. REPEALS.

33 1. 1992 Iowa Acts, chapter 1099, section 11, is repealed.

* 34 2. Section 159A.8, Code 1993, is repealed.

35 Sec. 34. ELIMINATION OF FUNDING SOURCE --DIRECTIONS TO

1 CODE EDITOR.

2 1. Section 423.24, subsection 1, paragraph b, Code
3 Supplement 1993, is amended by striking the paragraph.

4 2. No moneys shall be deposited into the value-added
5 agricultural products and processes financial assistance fund
6 or the renewable fuel and oil fund, pursuant to section
7 423.24, as provided in this Act, after June 30, 2000.

8 3. Notwithstanding this section, restrictions upon the
9 amount of money used to support administrative expenses by the
10 department of economic development shall continue to apply to
11 moneys deposited in the value-added agricultural products and
12 processes financial assistance fund, pursuant to section
13 423.24, as provided in this Act, after June 30, 2000.

14 4. Any unencumbered or unobligated moneys in the value-
15 added agricultural products and processes financial assistance
16 fund derived from moneys deposited pursuant to section 423.24,
17 which are in excess of four million dollars of the
18 unencumbered or unobligated moneys in the fund deposited
19 pursuant to that section, which are remaining on June 30,
20 2000, shall be credited on August 31, 2000, to the road use
21 tax fund as created in section 312.1.

22 5. The Code editor is directed to eliminate provisions
23 within sections of this Act wherever references to section
24 423.24, subsection 1, paragraph "b", appear in those
25 provisions.

26 6. This section takes effect on July 1, 2000.

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

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HOUSE FILE 2337

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1 Amend House File 2337, as amended, passed, and
2 reprinted by the House, as follows:
3 1. By striking everything after the enacting
4 clause and inserting the following:
5 "Section 1. FINDINGS AND POLICY.
6 1. The general assembly finds and declares the
7 following:
8 a. The production and processing of agricultural
9 commodities and products represents the foundation of
10 this state's economy, and the economic viability of
11 this nation is contingent upon the production of
12 wealth generated primarily from materials, including
13 food and fiber, produced on farms.
14 b. The future economic prosperity of this state
15 depends upon new innovations that improve processes
16 and products utilizing agricultural commodities and
17 livestock.
18 c. Iowa's traditional investment in livestock
19 production is an essential part of this state's
20 continuing efforts to revitalize its rural economy,
21 and to ensure general prosperity for all of the
22 state's population.
23 d. It is increasingly necessary to support
24 industries in this state which rely upon agricultural
25 commodities to manufacture value-added products.
26 e. Renewable fuels and coproducts industries
27 promise to utilize agricultural products in order to
28 reduce the state's dependency upon petroleum products,
29 reduce atmospheric contamination of this state's
30 environment from the combustion of fossil fuels, and
31 produce coproducts, such as corn gluten feed,
32 distillers grain, and solubles, which can be used to
33 increase livestock production in this state.
34 2. This state adopts a policy of enhancing
35 agricultural production, including livestock
36 production, through support of the renewable fuel
37 industry. State agencies including the department of
38 agriculture and land stewardship, the department of
39 economic development, and the department of natural
40 resources shall cooperate in order to ensure that this
41 policy is carried out.
42 Sec. 2. Section 15.313, subsection 2, paragraph b,
43 Code 1993, is amended by striking the paragraph.
44 Sec. 3. Section 15.313, subsection 3, Code 1993,
45 is amended to read as follows:
46 3. The director shall submit annually at a regular
47 or special meeting preceding the beginning of the
48 fiscal year, for approval by the economic development
49 board, the proposed allocation of funds from the
50 strategic investment fund to be made for that fiscal

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1 year to the community economic betterment program, the
 2 value-added-agricultural-products-and-processes
 3 financial-assistance-program, the business development
 4 finance corporation, the self-employment loan program,
 5 and the targeted small business financial assistance
 6 program and for comprehensive management assistance.
 7 If funds are available under a federal microloan
 8 demonstration program, the director may recommend an
 9 allocation for that purpose. The plans may provide
 10 for increased or decreased allocations if the demand
 11 in a program indicates that the need exceeds the
 12 allocation for that program. The director shall
 13 report on a monthly basis to the board on the status
 14 of the funds and may present proposed revisions for
 15 approval by the board in January and April of each
 16 year. Unobligated and unencumbered moneys remaining
 17 in the strategic investment fund or any of its
 18 accounts on June 30 of each year shall be considered
 19 part of the fund for purposes of the next year's
 20 allocation.

21 Sec. 4. Section 15.318, Code 1993, is amended by
 22 adding the following new subsections:

23 NEW SUBSECTION. 16. The capacity of the proposed
 24 project to create products by adding value to
 25 agricultural commodities.

26 NEW SUBSECTION. 17. The degree to which the
 27 proposed project relies upon agricultural or value-
 28 added research conducted at a college or university,
 29 including a regents institution, community college, or
 30 a private university or college.

31 Sec. 5. Section 15E.111, Code 1993, is amended to
 32 read as follows:

33 15E.111 VALUE-ADDED AGRICULTURAL PRODUCTS AND
 34 PROCESSES FINANCIAL ASSISTANCE PROGRAM.

35 1. Contingent-on-the-availability-of-funding-for
 36 this-program,-the The department may shall establish a
 37 value-added agricultural products and processes
 38 financial assistance program. The department shall
 39 consult with the Iowa corn growers association and the
 40 Iowa soybean association. The purpose of the program
 41 is to foster encourage the increased utilization of
 42 agricultural commodities produced in this state. The
 43 program shall assist in efforts to revitalize rural
 44 regions of this state, by committing resources to
 45 provide financial assistance to new or existing value-
 46 added production facilities. In awarding financial
 47 assistance, the department shall commit resources to
 48 assist the following:

49 a. Facilities which are involved in the
 50 development of new innovative products,-practices and

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1 processes related to agriculture through-specialized
2 ~~financial-or-technical-assistance-to-facilitate-the~~
3 ~~acquisition-of-capital~~. The facility must do either
4 of the following: produce a good derived from an
5 agricultural commodity, if the good is not commonly
6 produced from an agricultural commodity; or use a
7 process to produce a good derived from an agricultural
8 process, if the process is not commonly used to
9 produce the good.

10 b. Renewable fuel production facilities. As used
11 in this section, "renewable fuel" means an energy
12 source which is derived from an organic compound
13 capable of powering machinery, including an engine or
14 power plant.

15 Financial assistance awarded under this section may
16 be in the form of a loan, loan guarantee, grant,
17 production incentive payment, or a combination of
18 financial assistance. The department shall not award
19 more than fifteen percent of the amount allocated to
20 the value-added agricultural products and processes
21 financial assistance fund during any fiscal year to
22 support a single person. The department may finance
23 any size of facility. However, the department shall
24 reserve up to twenty-five percent of the total amount
25 allocated to the fund, for purposes of assisting
26 persons requiring one hundred thousand dollars or less
27 in financial assistance. The amount shall be reserved
28 until the end of the third quarter of the fiscal year.
29 The department shall not provide financial assistance
30 to support a value-added production facility, if the
31 facility or a person owning a controlling interest in
32 the facility, has demonstrated a continuous and
33 flagrant disregard for the health and safety of its
34 employees, or the quality of the environment.
35 Evidence of such disregard shall include a history of
36 serious or uncorrected violations of state or federal
37 law protecting occupational health and safety or the
38 environment, including but not limited to serious or
39 uncorrected violations of occupational safety and
40 health standards enforced by the division of labor
41 services of the department of employment services
42 pursuant to chapter 84A, or rules enforced by the
43 environmental protection division of the department of
44 natural resources pursuant to chapter 455B.

45 2. A person is eligible to apply for assistance
46 under this section, if the person satisfies the
47 following requirements:

48 a. ~~The person is a resident of this state, or the~~
49 ~~person's principal place of business is~~ The existing
50 or proposed facility is located in this state.

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1 b. The person applies to the department of
2 economic development in a manner and according to
3 procedures required by the department.

4 c. The person submits a business plan which
5 demonstrates managerial and technical expertise.

6 ~~d. The person operates for profit or not for~~
7 ~~profit and under a single management, and either~~
8 ~~employs fewer than twenty employees or has an annual~~
9 ~~gross income of less than three million dollars~~
10 ~~computed as the average of the three preceding fiscal~~
11 ~~years.~~

12 3. The department of economic development may
13 shall grant financial or technical assistance to a
14 person determined by the department to be eligible to
15 receive assistance under this section, upon review and
16 evaluation of the person's application by the
17 agricultural products advisory council as established
18 in section 15.203. The department shall consider the
19 council's evaluation in granting or denying
20 assistance. The department shall not approve an
21 application for assistance under this section to
22 refinance an existing loan or to finance traditional
23 agricultural operations. An application is eligible
24 for consideration if the application seeks assistance
25 for any of the following purposes: The department
26 shall not directly award financial assistance to
27 support an activity directly related to farming as
28 defined in section 9H.1, including the establishment
29 or operation of a livestock production operation,
30 regardless of whether the activity is related to a
31 renewable fuel production facility.

32 4. The department shall select an applicant to
33 receive financial or technical assistance based on the
34 following criteria:

35 a. The feasibility of the existing or proposed
36 facility to remain a viable enterprise and the degree
37 to which the facility will increase the utilization of
38 agricultural commodities produced in this state.

39 b. The extent to which the existing or proposed
40 facility is located in a rural region of the state.

41 c. The proportion of local match to be contributed
42 to the project.

43 d. The level of need of the region where the
44 existing facility is or the proposed facility is to be
45 located.

46 5. An application based on innovation shall be
47 considered if any of the following apply:

48 a. The development of value-added agricultural
49 processes production process is not commonly available
50 in this state which are to be carried out by the

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1 person-in-this-state.

2 b. The development-of-an-innovative-or-diversified
3 agricultural product is not commonly produced in this
4 state which-is-to-be-carried-out-by-the-person-in-this
5 state.

6 c.--The-development-of-an-innovative-processing,
7 packaging, marketing, or management practice not
8 commonly-available-in-this-state-which-is-to-be
9 carried-out-by-the-person-in-this-state.

10 4.--Assistance-by-the-department-granted-to-an
11 eligible-person-shall-be-subject-to-the-following
12 restrictions:

13 ---a.--The-person-shall-not-receive-financial
14 assistance-totaling-more-than-eighty-thousand-dollars
15 under-this-program.

16 ---b.--Interest-on-a-loan-shall-not-exceed-the-current
17 fair-market-interest-rate.--A-loan-shall-not-exceed
18 fifty-thousand-dollars.

19 ---c.--A-loan-guarantee-shall-not-exceed-eighty
20 thousand-dollars.--A-loan-guarantee-shall-guarantee
21 not-more-than-eighty-percent-of-a-conventionally
22 obtained-loan.

23 ---d.--A-grant-shall-not-exceed-twenty-five-thousand
24 dollars.--A-grant-shall-be-made-only-to-provide
25 leverage-for-a-conventionally-obtained-loan.--The
26 conventionally-obtained-loan-must-be-for-an-amount
27 significantly-larger-than-the-amount-of-the-grant.

28 ---5.--Notwithstanding-restrictions-contained-in
29 subsection-4, the-department-may-use-up-to-five
30 thousand-dollars-to-contract-for-technical-assistance
31 in-order-to-aid-a-person-having-a-pending-or-approved
32 application-under-this-section.

33 6. a. The department shall consider an
34 application to assist a renewable fuel production
35 facility. An application based on ethanol fuel
36 production shall be considered by the department if
37 all of the following apply:

38 (1) All fermentation, distillation, and
39 dehydration of the ethanol will occur at the proposed
40 facility.

41 (2) The ethanol produced at the proposed facility
42 will be at least one hundred ninety-nine proof and
43 must be denatured.

44 b. The department shall give priority to
45 supporting proposed renewable fuel production
46 facilities which directly support livestock production
47 operations. If the department has several proposals
48 having a high priority, a preference shall be given to
49 a proposal in which the livestock operation:

50 (1) Is located in an agricultural area as provided

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1 in chapter 352.

2 (2) Is located in close proximity to and is an
3 integral part of the renewable fuel production
4 facility. However, the owner of the facility is not
5 required to hold an interest in the land on which the
6 livestock are produced. The livestock may be produced
7 under the terms of a contract, in which a person
8 regularly engaged in livestock production provides for
9 the care and feeding of the livestock on behalf of the
10 facility's owner.

11 c. The department shall cooperate with the office
12 of renewable fuels and coproducts in order to carry
13 out this subsection, as provided in section 159A.6B.
14 The office shall be primarily responsible for
15 providing technical expertise regarding the operation
16 of a renewable fuel production facility, and
17 specifically a facility which supports livestock
18 production operations. The department shall cooperate
19 with any contract consultant supported by the office
20 as provided in section 159A.6B. The agricultural
21 products advisory council as established in section
22 15.203, shall coordinate the activities of the
23 department and the office. In administering this part
24 of the program, the department and the office shall
25 cooperate with the department of natural resources
26 which shall assist an applicant in complying with all
27 applicable environmental regulations. The department
28 of natural resources shall acknowledge receipt of a
29 completed application for a permit not later than two
30 weeks following receipt of a completed application by
31 the department. Within twelve weeks following receipt
32 of the application, the department shall issue the
33 permit or reply to the applicant describing reasons
34 why the permit cannot be issued.

35 7. The university of Iowa, Iowa state university,
36 and the university of northern Iowa shall cooperate in
37 assisting facilities receiving financial assistance
38 under this section. Iowa state university, including
39 the Iowa cooperative extension service in agriculture
40 and home economics, shall cooperate in assisting each
41 renewable fuel production facility supporting
42 livestock operations, including advising producers
43 regarding nutrition and management practices.
44 Community colleges and private universities and
45 colleges are not precluded from providing this
46 assistance.

47 8. The department of economic development and the
48 office of renewable fuels and coproducts shall prepare
49 a report each six months detailing the progress of the
50 department and other agencies provided in this

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1 section. The office of renewable fuels and
2 coproducts, the department of natural resources, and
3 Iowa state university may contribute a summary of
4 their activities. The report shall be delivered to
5 the secretary of the senate and the chief clerk of the
6 house; the legislative service bureau; the
7 chairpersons and ranking members of the senate
8 standing committee on agriculture; the senate standing
9 committee on small business, economic development, and
10 tourism; the house of representatives standing
11 committee on agriculture; and the house of
12 representatives standing committee on small business,
13 economic development, and trade.

14 Sec. 6. Section 15E.112, Code 1993, is amended to
15 read as follows:

16 15E.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND
17 PROCESSES FINANCIAL ASSISTANCE ACCOUNT FUND.

18 1. A value-added agricultural products and
19 processes financial assistance account fund is
20 ~~established within the strategic investment fund~~
21 ~~created in section 15.313~~ created within the state
22 treasury under the control of the department. The
23 account fund shall consist of any money appropriated
24 by the general assembly for that purpose, moneys
25 ~~allocated to the account from the strategic investment~~
26 ~~fund, and any other moneys available to and obtained~~
27 or accepted by the department from the federal
28 government or private sources for placement in the
29 account fund. Until July 1, 2000, moneys shall be
30 deposited in the fund as provided in section 423.24.
31 Not more than one percent of the total moneys
32 available to support value-added agricultural products
33 and processes pursuant to section 423.24 during each
34 quarter shall be used by the department for
35 administration of the value-added agricultural
36 products and processes financial assistance program,
37 as provided in section 15E.111. Except as otherwise
38 ~~provided in subsection 2, the~~ The assets of the
39 account fund shall be used by the department only for
40 carrying out the purposes of section 15E.111.

41 2. ~~The~~ In administering the fund and the value-
42 added agricultural products and processes financial
43 assistance program, the department may use moneys in
44 ~~the account to~~ do any of the following:

45 a. Contract, sue and be sued, and adopt
46 administrative rules necessary to carry out the
47 provisions of this section and section 15E.111, ~~but.~~
48 However, the department shall not in any manner
49 directly or indirectly pledge the credit of the state.

50 b. Authorize payment from the account fund for

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1 costs, commissions, attorney fees, and other
2 reasonable expenses, including expenses related to and
3 carrying out duties necessary for insuring or
4 guaranteeing loans under section 15E.111, and for the
5 recovery of loan moneys insured or guaranteed or the
6 management of property acquired in connection with
7 such loans.

8 3. Payments of interest, recaptures of awards, or
9 repayments of moneys loaned under the value-added
10 agricultural products and processes financial
11 assistance program shall be deposited into the
12 ~~strategic-investment~~ into the fund. Section 8.33 does
13 not apply to any moneys in the fund. Unencumbered or
14 unobligated moneys in the fund derived from moneys
15 deposited pursuant to section 423.24, which are in
16 excess of three million six hundred fifty thousand
17 dollars of unencumbered or unobligated moneys in the
18 fund deposited pursuant to that section, which are
19 remaining on June 30 of each fiscal year, shall be
20 credited on August 31 to the road use tax fund as
21 created in section 312.1.

22 4. The fund is subject to an annual audit by the
23 auditor of state. Moneys in the fund, which may be
24 subject to warrants written by the director of revenue
25 and finance, shall be drawn upon the written
26 requisition of the director of the department of
27 economic development or an authorized representative
28 of the director.

29 Sec. 7. Section 18.115, subsection 5, Code
30 Supplement 1993, is amended to read as follows:

31 5. Of all new passenger vehicles and light pickup
32 trucks purchased by the state vehicle dispatcher,
33 ~~institutions under the control of the state board of~~
34 ~~regents, community colleges, and any other state~~
35 ~~agency purchasing such new vehicles and trucks,~~
36 ~~beginning July 1, 1992, a minimum of five percent, and~~
37 ~~beginning July 1, 1994, a minimum of ten percent of~~
38 all such vehicles and trucks purchased shall be
39 equipped with engines which utilize alternative
40 methods of propulsion including but not limited to
41 ~~those propelled by flexible fuels, compressed any of~~
42 the following:

43 a. A flexible fuel, which is any of the following:

44 (1) A fuel blended with not more than fifteen
45 percent gasoline and at least eighty-five percent
46 ethanol.

47 (2) A fuel which is a mixture of diesel fuel and
48 processed soybean oil. At least twenty percent of the
49 mixed fuel by volume must be processed soybean oil.

50 (3) A renewable fuel approved by the office of

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1 renewable fuels and coproducts pursuant to section
2 159A.2.

3 b. Compressed or liquified natural gas, propane,
4 solar.

5 c. Propane gas.

6 d. Solar energy, or electricity.

7 e. Electricity. For the purpose of this

8 subsection, "flexible fuels" means fuels which are
9 blended with eighty-five percent ethanol and fifteen
10 percent gasoline.

11 PARAGRAPH DIVIDED. The provisions of this
12 subsection do not apply to such vehicles and trucks
13 purchased and directly used for the following
14 purposes: law enforcement, or off-road maintenance
15 work, or work vehicles used to pull loaded trailers.
16 This subsection also does not apply to school
17 corporations, with the exceptions of those designated
18 above.

19 PARAGRAPH DIVIDED. It is the intent of the general
20 assembly that the members of the midwest energy
21 compact promote the development and purchase of motor
22 vehicles equipped with engines which utilize
23 alternative methods of propulsion.

24 Sec. 8. Section 19A.3, subsection 22, Code 1993,
25 is amended to read as follows:

26 22. The appointee serving as the coordinator of
27 the office of renewable ~~fuel~~ fuels and coproducts, as
28 provided in section 159A.3.

29 Sec. 9. Section 20.4, subsection 13, Code 1993, is
30 amended to read as follows:

31 13. The appointee serving as the coordinator of
32 the office of renewable ~~fuel~~ fuels and coproducts, as
33 provided in section 159A.3.

34 Sec. 10. Section 159.20, subsection 10, Code 1993,
35 is amended to read as follows:

36 10. Assist the office of ~~fuel~~ fuels and coproducts
37 and the renewable ~~fuel~~ fuels and coproducts advisory
38 committee in administering the provisions of chapter
39 159A.

40 Sec. 11. Section 159A.1, subsections 2 and 3, Code
41 1993, are amended to read as follows:

42 2. It is necessary to support industries using
43 agricultural commodities to produce increase the
44 demand for and production and consumption of sources
45 of energy in order to reduce the state's dependency
46 upon petroleum products, and to ameliorate threats to
47 this; to reduce atmospheric contamination of this
48 state's environment resulting from the atmospheric
49 contamination of carbon monoxide from the combustion
50 of fossil fuels; and to produce coproducts, such as

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1 corn gluten feed, distillers grain, and solubles,
2 which can be used to increase livestock production in
3 this state.

4 3. This state adopts a policy of enhancing
5 agricultural production through support of the
6 renewable-fuel-industry by encouraging the development
7 and use of fuels and coproducts derived from
8 agricultural commodities, as provided in this chapter,
9 including rules adopted by the office of renewable
10 fuel fuels and coproducts and the renewable fuel fuels
11 and coproducts advisory committee.

12 Sec. 12. Section 159A.2, Code 1993, is amended to
13 read as follows:

14 159A.2 DEFINITIONS.

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

17 1. "Committee" means the renewable fuel fuels and
18 coproducts advisory committee established pursuant to
19 section 159A.4.

20 2. "Coordinator" means the administrative head of
21 the office of renewable fuel fuels and coproducts
22 appointed by the department as provided in section
23 159A.3.

24 2A. "Coproduct" means a product other than a
25 renewable fuel which at least in part is derived from
26 the processing of agricultural commodities into a
27 renewable fuel, and which may include corn gluten
28 feed, distillers grain, or solubles, or can be used as
29 livestock feed or a feed supplement.

30 3. "Fund" means the renewable fuel fuels and
31 coproducts fund established pursuant to section
32 159A.7.

33 4. "Office" means the office of renewable fuel
34 fuels and coproducts created pursuant to section
35 159A.3.

36 5. "Renewable fuel" means an energy source at
37 least in part derived from an organic compound,
38 including a photosynthate, which may be used to power
39 capable of powering machinery, including an engine or
40 power plant. A renewable fuel includes but is not
41 limited to ethanol-blended or soydiesel fuel.

42 6. "Renewable fuel fuels and coproducts
43 activities" means either of the following:

44 a. The research, development, production,
45 promotion, marketing, or consumption of a renewable
46 fuel fuels and coproducts.

47 b. The research, development, transfer, or use of
48 technologies which directly or indirectly increase the
49 supply or demand of a renewable fuel fuels and
50 coproducts.

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1 7. "Soydiesel fuel" means a fuel which is a
2 mixture of diesel fuel and processed soybean oil, if
3 at least twenty percent of the mixed fuel by volume is
4 processed soybean oil.

5 Sec. 13. Section 159A.3, Code 1993, is amended to
6 read as follows:

7 159A.3 OFFICE OF RENEWABLE FUEL FUELS AND
8 COPRODUCTS.

9 1. An office of renewable fuel fuels and
10 coproducts is created within the department and shall
11 be staffed by a coordinator who shall be appointed by
12 the secretary. It shall be the policy of the office
13 to further renewable fuel fuels and coproducts
14 activities. The office shall first further renewable
15 fuel fuels and coproducts activities based on the
16 following considerations:

17 a. The price competitiveness of the renewable fuel
18 or coproduct.

19 b. The production capacity and supply of the
20 renewable fuel or coproduct.

21 c. The ease and safety of transporting and storing
22 the renewable fuel or coproduct.

23 d. The degree to which the renewable fuel or
24 coproduct is currently developed for ready transfer to
25 current engine technology.

26 e. The degree to which the renewable fuel or
27 coproduct is environmentally protective.

28 f. The degree to which the renewable fuel or
29 coproduct provides economic development opportunities.

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

32 a. Serving as advisor to the department regarding
33 regulations, including federal and state standards,
34 relating to oxygenate octane enhancers, as defined in
35 section 214A.1.

36 b. Serving as advisor to the department regarding
37 renewable fuel fuels and coproducts programs.

38 c. Serving as monitor of regulations administered
39 in the state, in other states, or by the federal
40 government. The office shall collect information and
41 data prepared by state agencies related to these
42 regulations, and provide referral and assistance to
43 interested persons and agencies.

44 d. Cooperating with persons and agencies involved
45 in renewable fuel fuels and coproducts activities,
46 including other states and the federal government, to
47 standardize regulations and coordinate programs, in
48 order to increase administrative effectiveness and
49 reduce administrative duplication.

50 e. Implementing policies and procedures designed

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1 to facilitate communication between persons involved
2 in renewable ~~fuel~~ fuels and coproducts activities.

3 f. Assisting state or federal agencies, or
4 assisting commercial enterprises or commodity
5 organizations which are located in or desiring to
6 locate in the state. The assistance may include
7 support of public research relating to renewable fuel
8 fuels and coproducts activities.

9 g. Conducting studies relating to the viability of
10 producing or using a renewable fuel fuels and
11 coproducts, and methods and schedules required to
12 ensure a practicable transition to the use of a
13 renewable fuel fuels and coproducts.

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

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

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

29 j. Approve a renewable fuel which may be used as a
30 flexible fuel powering a motor vehicle required to be
31 purchased by state agencies.

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

37 b. The office shall promote the production and
38 consumption of soydiesel fuel in this state.

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

46 5. The office and state entities, including the
47 department, the committee, the Iowa department of
48 economic development, the state department of
49 transportation, the department of natural resources,
50 state board of regents' institutions, and the Wallace

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1 technology transfer foundation of Iowa, shall
2 cooperate to implement this section.

3 Sec. 14. Section 159A.4, subsection 1, unnumbered
4 paragraph 1, Code 1993, is amended to read as follows:

5 A renewable ~~fuel~~ fuels and coproducts advisory
6 committee is established within the department. The
7 committee shall be composed of the following persons:

8 Sec. 15. Section 159A.4, subsection 1, Code 1993,
9 is amended by adding the following new paragraph after
10 paragraph h and relettering the subsequent paragraphs:

11 NEW PARAGRAPH. i. A person representing the Iowa
12 soybean association.

13 Sec. 16. Section 159A.4, subsection 1, paragraph
14 j, Code 1993, is amended to read as follows:

15 j. A person representing the renewable ~~fuel~~ fuels
16 industry in this state.

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

33 Sec. 17. Section 159A.4, unnumbered paragraph 2,
34 Code 1993, is amended to read as follows:

35 The governor shall appoint persons who shall be
36 confirmed by the senate, pursuant to section 2.32, to
37 serve as voting members of the committee. However,
38 the secretary of agriculture shall appoint the person
39 representing the department of agriculture and land
40 stewardship, the director of the Iowa department of
41 economic development shall appoint the person
42 representing that department, the director of the
43 state department of transportation shall appoint the
44 person representing that department, and the director
45 of the department of natural resources shall appoint
46 the person representing that department. The governor
47 may make appointments of persons representing
48 organizations listed under paragraphs "g" and "~~h~~"
49 through "i" from a list of candidates which shall be
50 provided by the organization upon request by the

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1 governor.

2 Sec. 18. Section 159A.5, subsections 1, 2, 4, 5,
3 Code Supplement 1993, are amended to read as follows:4 1. The purpose of the committee is to provide
5 general oversight of operations of the office and to
6 advise the office about all aspects concerning the
7 production and consumption of renewable ~~fuel~~ fuels and
8 coproducts. However, the committee shall not control
9 policy decisions or direct the administration of this
10 chapter.11 2. The committee shall monitor conditions,
12 practices, policies, programs, and procedures
13 affecting the production and consumption of renewable
14 ~~fuel~~ fuels and coproducts.15 4. The committee shall review the annual report to
16 the secretary regarding renewable ~~fuel~~ fuels and
17 coproducts activities, as provided in section 159A.3.
18 The committee may make written comments concerning the
19 contents of the report. Upon request of the
20 committee, the coordinator shall include the comments
21 as part of the report.22 5. The committee, in cooperation with the
23 coordinator, shall do all of the following:24 a. Review the operations of the office and shall
25 make recommendations regarding the effectiveness of
26 programs provided under this chapter.27 b. Establish performance goals for the office and
28 adopt recommendations relating to improving the
29 functions of the office and furthering the purposes of
30 this chapter.31 c. Encourage full support of programs designed to
32 inform the public or targeted groups regarding
33 renewable ~~fuel~~ fuels and coproducts production and
34 consumption.35 d. Support promotional programs or marketing
36 strategies designed to encourage public consumption of
37 renewable ~~fuel~~ fuels and coproducts.38 ~~e.--Review-the-distribution-of-ethanol-production~~
39 ~~incentive-payments-to-qualified-persons,-pursuant-to~~
40 ~~section-159A-8.~~41 Sec. 19. Section 159A.6, Code 1993, is amended to
42 read as follows:43 159A.6 POINT-OF-SALE-PUBLIC-PROMOTION-PROGRAM
44 EDUCATION, PROMOTION, AND ADVERTISING.45 1. The office shall support education regarding,
46 and promotion and advertising of, renewable fuels and
47 coproducts. The office shall consult with the Iowa
48 corn growers association and the Iowa soybean
49 association.50 2. ~~The office shall establish-a-program-to promote~~

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1 the advantages related to the use of renewable fuel
2 fuels as an alternative to nonrenewable fuel fuels.
3 Promotions shall be designed to inform the ultimate
4 consumer of advantages associated with using renewable
5 fuel fuels, and emphasize the benefits to the natural
6 environment. The promotion shall inform consumers at
7 the businesses of retail dealers of the motor vehicle
8 fuel fuels.

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

15 3. The office shall promote the advantages related
16 to the use of coproducts derived from the production
17 of renewable fuels, including the use of coproducts
18 used as livestock feed or meal. Promotions shall be
19 designed to inform the potential purchasers of the
20 advantages associated with using coproducts. The
21 office shall promote advantages associated with using
22 coproducts of ethanol production as livestock feed or
23 meal to cattle producers in this state.

24 Sec. 20. NEW SECTION. 159A.6A RENEWABLE FUELS
25 AND COPRODUCTS RESEARCH.

26 The office shall support research relating to
27 renewable fuels and coproducts, including methods to
28 increase efficiency and reduce costs associated with
29 production. The office shall consult with the Iowa
30 corn growers association and the Iowa soybean
31 association. The office shall support research
32 activities at the university of Iowa, Iowa state
33 university of science and technology, and the
34 university of northern Iowa.

35 Sec. 21. NEW SECTION. 159A.6B TECHNICAL
36 ASSISTANCE.

37 The office shall assist persons in revitalizing
38 rural regions of this state, by providing technical
39 assistance to new or existing renewable fuel
40 production facilities, including the establishment and
41 operation of facilities, and specifically facilities
42 which create coproducts, including coproducts which
43 support livestock production operations. The office
44 shall consult with the Iowa corn growers association
45 and the Iowa soybean association. The office shall
46 provide planning assistance which may include
47 evaluations of methods to most profitably manage these
48 operations. The business planning assistance shall
49 provide for adequate environmental protection of this
50 state's natural resources from the operation of the

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1 facility.

2 The office may execute contracts in order to
3 provide technical support and outreach services for
4 purposes of assisting and educating interested persons
5 as provided in this section. The office may also
6 contract with a consultant to provide part or all of
7 these services. The office may require that a person
8 receiving assistance pursuant to this section
9 contribute up to fifty percent of the amount required
10 to support the costs of contracting with the
11 consultant to provide assistance to the person. The
12 office shall assist the person in completing any
13 technical information required in order to receive
14 assistance by the department of economic development
15 pursuant to the value-added agricultural products and
16 processes financial assistance program created
17 pursuant to section 15E.111. The office shall
18 cooperate with the department of economic development,
19 the department of natural resources, and regent
20 institutions or other universities and colleges as
21 provided in section 15E.111, in order to carry out
22 this section.

23 Sec. 22. Section 159A.7, Code Supplement 1993, is
24 amended to read as follows:

25 159A.7 RENEWABLE FUEL FUELS AND COPRODUCTS FUND.

26 1. A renewable ~~fuel~~ fuels and coproducts fund is
27 created in the state treasury under the control of the
28 office of renewable ~~fuel~~ fuels and coproducts. The
29 fund is composed of moneys accepted by the office.
30 ~~Moneys-in-the-fund-shall-be-deposited-into-the~~
31 ~~renewable-fuel-activities-account-or-the-ethanol~~
32 ~~production-incentive-account.~~ The fund may include
33 moneys appropriated by the general assembly, and other
34 moneys available to and obtained or accepted by the
35 office, including moneys from the United States, other
36 states in the union, foreign nations, state agencies,
37 political subdivisions, and private sources.

38 Moneys in the fund shall be used only to administer
39 this-chapter carry out the provisions of this section
40 and sections 159A.3, 159A.4, 159A.5, 159A.6, 159A.6A,
41 and 159A.6B within the state of Iowa.

42 2. Moneys in the ~~renewable-fuel-activities-account~~
43 fund shall be allocated ~~at-the-beginning-of~~ during
44 each fiscal year as follows:

45 a. ~~Up-to~~ At least forty percent ~~may~~ shall be
46 dedicated to support education, promotion, and
47 advertising of ~~ethanol-fuel~~ renewable fuels and
48 coproducts as provided in section 159A.6.

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

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1 ~~e. --Up-to-thirty-percent-may-be-dedicated-to~~
2 ~~support-research-at Iowa state university of science~~
3 ~~and technology, and the university of northern Iowa,~~
4 ~~as provided in section 159A.6A.~~
5 ~~d c. The Any remaining balance shall be used by~~
6 ~~the office to support technical assistance as provided~~
7 ~~in section 159A.6B and any other projects or programs~~
8 ~~developed by the office.~~
9 3. Moneys Until July 1, 2000, moneys shall be
10 deposited in the ethanol-production-incentive-account
11 fund as provided in section 423.24. One Not more than
12 one and one-half percent of the total moneys deposited
13 in-the-account-during-each-quarter available to
14 support value-added agricultural products and
15 processes pursuant to section 423.24 shall be
16 allocated to the department for administration of the
17 office. ~~Remaining-moneys-shall-be-allocated-to~~
18 ~~provide-financial-incentives-to-support-the-increased~~
19 ~~production-of-ethanol-derived-from-an-organic~~
20 ~~compound, including a photosynthate, as provided in~~
21 ~~section 159A.8.~~
22 4. Moneys in the fund are subject to an annual
23 audit by the auditor of state. The fund is subject to
24 warrants by the director of revenue and finance, drawn
25 upon the written requisition of the coordinator.
26 5. In administering the fund, the office may do
27 all of the following:
28 a. Contract, sue and be sued, and adopt procedures
29 necessary to administer this section. However, the
30 office shall not in any manner, directly or
31 indirectly, pledge the credit of the state.
32 b. Authorize payment from the accounts, from
33 income-received-by-investment-of-moneys-in-the-fund,
34 fund for administrative costs, commissions, attorney
35 and accountant fees, and other reasonable expenses
36 related to and necessary for administering the
37 accounts fund.
38 6. Section 8.33 does not apply to moneys in the
39 renewable-fuel-activities-account fund. Income
40 received by investment of moneys in the account fund
41 shall remain in that-account the fund. Moneys
42 appropriated-for-a-state-fiscal-year-to-the-ethanol
43 production-incentive-account-which-remain-unobligated
44 and-unencumbered-on-July-31-of-the-following-state
45 fiscal-year-shall-be-credited-to-the-road-use-tax-fund
46 as-provided-in-section-423.24. Unencumbered or
47 unobligated moneys in the fund derived from moneys
48 deposited pursuant to section 423.24, which are in
49 excess of three hundred fifty thousand dollars of
50 unencumbered or unobligated moneys in the fund

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1 deposited pursuant to that section, and which are
2 remaining on June 30 of each fiscal year, shall be
3 credited on August 31 to the road use tax fund as
4 created in section 312.1.

5 Sec. 23. Section 214A.16, Code 1993, is amended to
6 read as follows:

7 214A.16 NOTICE OF BLENDED FUEL -- DECAL.

8 All motor vehicle fuel kept, offered, or exposed
9 for sale, or sold at retail containing over one
10 percent ethanol, methanol, or any combination of
11 oxygenate octane enhancers shall be identified as
12 "with" either "ethanol", "methanol",
13 "ethanol/methanol", or similar wording on a decal.
14 All diesel fuel kept, offered, or exposed for sale, or
15 sold at retail containing over one percent soybean oil
16 by volume shall be identified as "with soydiesel" or
17 similar wording on a decal. The design and location
18 of the decals may shall be prescribed by rules adopted
19 by the department. The department shall adopt the
20 rules to be effective by January 1, 1995. A decal
21 identifying a renewable fuel shall be consistent with
22 standards adopted pursuant to section 159A.6. If
23 until the department does-not-establish establishes
24 standards for a-decal-relating-to-a-specific-oxygenate
25 octane-enhancer decals, the wording shall be on a
26 white adhesive decal with black letters at least one-
27 half inch high and at least one-quarter inch wide
28 placed between thirty and forty inches above the
29 driveway level on the front sides of any container or
30 pump from which the motor fuel is sold. The
31 department may approve an application to place a decal
32 in a special location on a pump or container or use a
33 decal with special lettering or colors, if the decal
34 appears clear and conspicuous to the consumer. The
35 application shall be made in writing pursuant to
36 procedures adopted by the department. Designs for a
37 decal identifying a renewable fuel shall be consistent
38 with standards adopted pursuant to section 159A.6.

39 Sec. 24. Section 216B.3, subsection 16, Code
40 Supplement 1993, is amended to read as follows:

41 16. a. A motor vehicle purchased by the
42 commission shall not operate on gasoline other than
43 gasoline blended with at least ten percent ethanol. A
44 state issued credit card used to purchase gasoline
45 shall not be valid to purchase gasoline other than
46 gasoline blended with at least ten percent ethanol.
47 The motor vehicle shall also be affixed with a
48 brightly visible sticker which notifies the traveling
49 public that the motor vehicle is being operated on
50 gasoline blended with ethanol. However, the sticker

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1 is not required to be affixed to an unmarked vehicle
2 used for purposes of providing law enforcement or
3 security.

4 b. Of all new passenger vehicles and light pickup
5 trucks purchased by the commission, a minimum of ten
6 percent of all such vehicles and trucks purchased
7 shall be equipped with engines which utilize
8 alternative methods of propulsion, including but not
9 limited to any of the following:

10 (1) A flexible fuel which is either of the
11 following:

12 (a) A fuel blended with not more than fifteen
13 percent gasoline and at least eighty-five percent
14 ethanol.

15 (b) A fuel which is a mixture of diesel fuel and
16 processed soybean oil. At least twenty percent of the
17 mixed fuel by volume must be processed soybean oil.

18 (c) A renewable fuel approved by the office of
19 renewable fuels and coproducts pursuant to section
20 159A.3.

21 (2) Compressed or liquified natural gas.

22 (3) Propane gas.

23 (4) Solar energy.

24 (5) Electricity.

25 The provisions of this paragraph "b" do not apply
26 to vehicles and trucks purchased and directly used for
27 law enforcement or off-road maintenance work.

28 Sec. 25. Section 260C.19A, Code Supplement 1993,
29 is amended to read as follows:

30 260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON
31 ETHANOL-BLENDED-GASOLINE ALTERNATIVE FUELS.

32 1. A motor vehicle purchased by or used under the
33 direction of the board of directors to provide
34 services to a merged area shall not, on or after
35 January 17, 1993, operate on gasoline other than
36 gasoline blended with at least ten percent ethanol.
37 The motor vehicle shall also be affixed with a
38 brightly visible sticker which notifies the traveling
39 public that the motor vehicle is being operated on
40 gasoline blended with ethanol. However, the sticker
41 is not required to be affixed to an unmarked vehicle
42 used for purposes of providing law enforcement or
43 security.

44 2. Of all new passenger vehicles and light pickup
45 trucks purchased by or under the direction of the
46 board of directors to provide services to a merged
47 area, a minimum of ten percent of all such vehicles
48 and trucks purchased shall be equipped with engines
49 which utilize alternative methods of propulsion,
50 including but not limited to any of the following:

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1 a. A flexible fuel which is either of the
2 following:

3 (1) A fuel blended with not more than fifteen
4 percent gasoline and at least eighty-five percent
5 ethanol.

6 (2) A fuel which is a mixture of diesel fuel and
7 processed soybean oil. At least twenty percent of the
8 mixed fuel by volume must be processed soybean oil.

9 (3) A renewable fuel approved by the office of
10 renewable fuels and coproducts pursuant to section
11 159A.3.

12 b. Compressed or liquified natural gas.

13 c. Propane gas.

14 d. Solar energy.

15 e. Electricity.

16 The provisions of this subsection do not apply to
17 vehicles and trucks purchased and directly used for
18 law enforcement or off-road maintenance work.

19 Sec. 26. Section 262.25A, Code Supplement 1993, is
20 amended by adding the following new subsection:

21 NEW SUBSECTION. 3. Of all new passenger vehicles
22 and light pickup trucks purchased by or under the
23 direction of the state board of regents to provide
24 services to a merged area, a minimum of ten percent of
25 all such vehicles and trucks purchased shall be
26 equipped with engines which utilize alternative
27 methods of propulsion, including but not limited to
28 any of the following:

29 a. A flexible fuel which is either of the
30 following:

31 (1) A fuel blended with not more than fifteen
32 percent gasoline and at least eighty-five percent
33 ethanol.

34 (2) A fuel which is a mixture of processed soybean
35 oil and diesel fuel. At least twenty percent of the
36 fuel by volume must be processed soybean oil.

37 (3) A renewable fuel approved by the office of
38 renewable fuels and coproducts pursuant to section
39 159A.3.

40 b. Compressed or liquified natural gas.

41 c. Propane gas.

42 d. Solar energy.

43 e. Electricity.

44 The provisions of this subsection do not apply to
45 vehicles and trucks purchased and directly used for
46 law enforcement or off-road maintenance work.

47 Sec. 27. NEW SECTION. 266.19 RENEWABLE FUEL --
48 ASSISTANCE.

49 The university shall cooperate in assisting
50 renewable fuel production facilities supporting

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1 livestock operations managed by persons receiving
2 assistance pursuant to the value-added agricultural
3 products and processes financial assistance program
4 established in section 15E.111.

5 Sec. 28. Section 307.21, Code Supplement 1993, is
6 amended by adding the following new subsection:

7 NEW SUBSECTION. 4A. Of all new passenger vehicles
8 and light pickup trucks purchased by the
9 administrator, a minimum of ten percent of all such
10 vehicles and trucks purchased shall be equipped with
11 engines which utilize alternative methods of
12 propulsion, including but not limited to any of the
13 following:

14 a. A flexible fuel which is either of the
15 following:

16 (1) A fuel blended with not more than fifteen
17 percent gasoline and at least eighty-five percent
18 ethanol.

19 (2) A fuel which is a mixture of processed soybean
20 oil and diesel fuel. At least twenty percent of the
21 fuel by volume must be processed soybean oil.

22 (3) A renewable fuel approved by the office of
23 renewable fuels and coproducts pursuant to section
24 159A.3.

25 b. Compressed or liquified natural gas.

26 c. Propane gas.

27 d. Solar energy.

28 e. Electricity.

29 The provisions of this subsection do not apply to
30 vehicles and trucks purchased and directly used for
31 law enforcement or off-road maintenance work.

32 Sec. 29. Section 423.24, subsection 1, paragraph
33 b, Code Supplement 1993, is amended to read as
34 follows:

35 b. Beginning on July 1, 1993, three and one-half
36 percent of the revenue, not to exceed one million
37 dollars per quarter, derived from the use tax on motor
38 vehicles, trailers, and motor vehicle accessories and
39 equipment as collected pursuant to section 423.7,
40 shall be deposited in the ethanol-production-incentive
41 ~~account of the renewable fuel fund created in section~~
42 ~~159A-7. used to support value-added agricultural~~
43 ~~products and processes as follows:~~

44 (1) Ninety-one and one-quarter percent of these
45 moneys shall be deposited in the value-added
46 agricultural products and processes financial
47 assistance fund as created in section 15E.112.

48 (2) eight and three-quarters percent of these
49 moneys shall be deposited in the renewable fuels and
50 coproducts fund as created in section 159A.7.

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1 PARAGRAPH DIVIDED. Moneys deposited according to
2 this paragraph "b" are a continuing appropriation for
3 expenditure under ~~section 159A.8~~ sections 15E.112 and
4 ~~159A.7.~~ Moneys deposited during a state fiscal year
5 to the ethanol production incentive account which
6 remain unobligated and unencumbered on July 31 of the
7 following state fiscal year shall be credited to the
8 road use tax fund as provided in this section.

9 Sec. 30. Section 455B.104, Code Supplement 1993,
10 is amended by adding the following new unnumbered
11 paragraph:

12 NEW UNNUMBERED PARAGRAPH. The department shall
13 assist persons applying for assistance to establish
14 and operate renewable fuel production facilities
15 pursuant to the value-added agricultural products and
16 processes financial assistance program established in
17 section 15E.111.

18 Sec. 31. NEW SECTION. 904.312A MOTOR VEHICLES.

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

31 2. Of all new passenger vehicles and light pickup
32 trucks purchased by the department, a minimum of ten
33 percent of all such vehicles and trucks purchased
34 shall be equipped with engines which utilize
35 alternative methods of propulsion, including but not
36 limited to any of the following:

37 a. A flexible fuel which is either of the
38 following:

39 (1) A fuel blended with not more than fifteen
40 percent gasoline and at least eighty-five percent
41 ethanol.

42 (2) A fuel which is a mixture of diesel fuel and
43 processed soybean oil. At least twenty percent of the
44 mixed fuel by volume must be processed soybean oil.

45 (3) A renewable fuel approved by the office of
46 renewable fuels and coproducts pursuant to section
47 159A.3.

48 b. Compressed or liquified natural gas.

49 c. Propane gas.

50 d. Solar energy.

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1 e. Electricity.

2 The provisions of this subsection do not apply to
3 vehicles and trucks purchased and directly used for
4 law enforcement or off-road maintenance work.

5 Sec. 32. SOYDIESEL DEMONSTRATION PROJECTS.

6 1. The state department of transportation shall
7 conduct a demonstration project using diesel trucks
8 owned by the department. Each truck shall operate
9 using soydiesel fuel for at least twenty thousand
10 miles. However, trucks primarily used for snow
11 removal shall operate for at least twelve thousand
12 miles. The projects shall be under the oversight of
13 the renewable fuels and coproducts advisory committee.
14 The state department of transportation shall evaluate
15 the performance of vehicles operating on soydiesel
16 fuel, including the rate of repairs on the vehicles
17 and comments of persons operating and maintaining the
18 vehicles. The department shall submit its findings
19 and recommendations to the renewable fuels and
20 coproducts advisory committee as part of the reports
21 provided in subsection 2.

22 2. Notwithstanding section 423.24, as amended in
23 this Act, for the period beginning on July 1, 1993,
24 and ending July 1, 1994, an amount equal to two and
25 one-half percent of the total moneys used to support
26 value-added agricultural products and processes as
27 provided in that section, which would otherwise be
28 allocated to the value-added agricultural products and
29 processes financial assistance fund, shall instead be
30 allocated to the office of renewable fuels and
31 coproducts. The moneys shall be used for purposes of
32 conducting soydiesel demonstration projects
33 administered by the state department of transportation
34 under the oversight of the renewable fuels and
35 coproducts advisory committee.

36 a. The office of renewable fuels and coproducts
37 shall allocate the moneys to the state department of
38 transportation. The department shall apply the moneys
39 to support one or more special projects operations
40 assistance grants which demonstrate the use of
41 soydiesel fuel in one or more public transit systems.

42 b. The state department of transportation shall
43 evaluate the performance of vehicles operating on
44 soydiesel fuel, including the rate of repairs on the
45 vehicles and comments of persons operating and
46 maintaining the vehicles. The department shall submit
47 initial findings and recommendations to the renewable
48 fuels and coproducts advisory committee which shall
49 submit a report to the senate and chief clerk of the
50 house, the legislative service bureau, the

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1 chairpersons and ranking members of the senate
2 standing committee on agriculture, the senate standing
3 committee on small business, economic development and
4 tourism, the house of representatives standing
5 committee on agriculture, and the house of
6 representatives standing committee on small business,
7 economic development and trade. The department shall
8 submit final findings and recommendations to the
9 renewable fuels and coproducts advisory committee
10 which shall submit a report to the general assembly.
11 The initial report shall be due on October 1, 1994.
12 The final report shall be due on March 1, 1995.

13 c. Moneys described pursuant to this subsection
14 are allocated contingent upon a contribution made by
15 either a private or public source to support soydiesel
16 fuel demonstration projects in Iowa commencing during
17 the fiscal year beginning July 1, 1993, and ending
18 June 30, 1994.

19 d. Moneys available under this section which
20 remain unexpended or unobligated on June 30, 1994,
21 shall remain available to support the demonstration
22 project and shall not revert pursuant to section 8.33.
23 Moneys remaining unexpended or unobligated on June 30,
24 1995, shall be credited to the value-added
25 agricultural products and processes financial
26 assistance fund as created in section 15E.112.

27 Sec. 33. ETHANOL PRODUCTION AND LIVESTOCK FEEDING
28 EDUCATION PROJECT.

29 1. For the period beginning July 1, 1993, and
30 ending June 30, 1994, the office of renewable fuels
31 and coproducts shall allocate from the renewable fuels
32 and coproducts fund, not more than an amount equal to
33 one and one-half percent of the total moneys used to
34 support value-added agricultural products and
35 processes as provided in section 423.24 to Iowa state
36 university for purposes of sponsoring at least four
37 seminars in different regions throughout the state,
38 and a conference in a central location of the state.
39 Iowa state university shall consult with the Iowa corn
40 growers association and the Iowa soybean association.
41 The seminars and the conference shall provide
42 information relating to establishing and managing
43 ethanol production facilities, the use of ethanol
44 production coproducts to feed livestock, and the
45 relationship between ethanol production and livestock
46 feeding operations. The university shall, to every
47 extent possible, invite nationally recognized experts
48 to provide information regarding ethanol production
49 processes, livestock nutrition, capitalization of
50 production facilities, operational requirements, and

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- 1 marketing opportunities.
- 2 2. The department of economic development and
3 relevant organizations representing agricultural
4 producers as designated by the department shall
5 cooperate with the university, and shall provide
6 information and a representative to appear at each
7 seminar and the conference. The department shall
8 provide information regarding financial and technical
9 assistance available from the department.
- 10 3. The university shall submit a report not later
11 than December 1 to the secretary of the senate and the
12 chief clerk of the house, describing the seminars and
13 conference, including attendance numbers, and an
14 analysis regarding the results of the project in
15 attracting persons to begin ethanol production and
16 livestock feeding operations.
- 17 4. Moneys available under this section which
18 remain unexpended or unobligated on June 30, 1994,
19 shall remain available to support the education
20 project and shall not revert pursuant to section 8.33.
21 Moneys remaining unexpended or unobligated on June 30,
22 1995, shall be credited to the renewable fuels and
23 coproducts fund created in section 159A.7.
- 24 Sec. 34. MICROBUSINESS RURAL ENTERPRISE
25 DEMONSTRATION PROJECT.
- 26 1. As used in this section:
- 27 a. "Department" means the department of economic
28 development.
- 29 b. "Microbusiness or microbusiness enterprise"
30 means a business producing services with five or fewer
31 full-time equivalent employee positions, and with
32 asset requirements of up to twenty-five thousand
33 dollars.
- 34 c. "Microbusiness organization" means a nonprofit
35 corporation organized under chapter 504A which is
36 exempt from taxation pursuant to section 501(c) of the
37 Internal Revenue Code, and which has a principal
38 mission of actively engaging in microbusiness
39 development, training, technical assistance, and
40 access to capital for the start-up or expansion of
41 microbusinesses.
- 42 2. For the period beginning July 1, 1993, and
43 ending June 30, 1994, the department shall allocate
44 from the value-added agricultural products and
45 processes financial assistance fund an amount equal to
46 one and one-quarter percent of the total moneys used
47 to support value-added agriculture products and
48 processes as provided in section 423.24 to be used for
49 the purpose of conducting a microbusiness rural
50 enterprise demonstration project.

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1 3. The department shall contract with a
2 microenterprise organization actively engaged in
3 microbusiness enterprise in order to assist the
4 establishment of this demonstration project. In order
5 to qualify as the demonstration project, the
6 microenterprise organization must:

7 a. Demonstrate a past performance and a capacity
8 to successfully engage in microbusiness development.

9 b. Have a statewide commitment and focus to
10 microbusiness development.

11 c. Provide training and technical assistance.

12 d. Demonstrate an ability to provide access to
13 capital for start-up or expansion of a microbusiness.

14 e. Have established linkages with financial
15 institutions.

16 f. Demonstrate an ability to provide follow-up
17 technical assistance after a microbusiness start-up or
18 expansion.

19 4. Moneys appropriated pursuant to this section
20 which remain unexpended or unobligated on June 30,
21 1994, shall be available to support the demonstration
22 project and shall not revert pursuant to section 8.33.
23 Moneys remaining unexpended or unobligated on June 30,
24 1995, shall be available to support the demonstration
25 project and shall not revert pursuant to section 8.33,
26 but may be credited to the value-added agricultural
27 products and processes financial assistance fund as
28 created in section 15E.112.

29 5. The department shall submit a report to the
30 secretary of the senate and the chief clerk of the
31 house not later than November 1, 1994. The report
32 shall detail the activities of the microenterprise
33 organization, and describe the success of the project.

34 Sec. 35. PRIOR ALLOCATED MONEYS. In order to
35 carry out the provisions of this Act, any moneys
36 deposited in the ethanol production incentive account
37 of the renewable fuel fund as provided in section
38 423.24 prior to the effective date of this Act, shall
39 be credited to the renewable fuels and coproducts fund
40 as if the moneys had been allocated to the fund
41 pursuant to section 423.24 as provided by this Act.
42 Moneys which remain in the renewable fuels and
43 coproducts fund which exceed the amount required to be
44 deposited in the fund pursuant to this Act shall be
45 credited to the value-added agricultural products and
46 processes financial assistance fund as created in
47 section 15E.112 as if the moneys had been allocated to
48 that fund pursuant to section 423.24 as provided by
49 this Act.

50 Sec. 36. ELIMINATION OF FUNDING SOURCE --

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1 DIRECTIONS TO CODE EDITOR.

2 1. Section 423.24, subsection 1, paragraph b, Code
3 Supplement 1993, is amended by striking the paragraph.

4 2. No moneys shall be deposited into the value-
5 added agricultural products and processes financial
6 assistance fund or the renewable fuels and coproducts
7 fund, pursuant to section 423.24, as provided in this
8 Act, after June 30, 2000.

9 3. Notwithstanding this section, restrictions upon
10 the amount of money used to support administrative
11 expenses by the department of economic development and
12 the office of renewable fuels and coproducts shall
13 continue to apply to moneys deposited in the value-
14 added agricultural products and processes financial
15 assistance fund and the renewable fuels and coproducts
16 fund, pursuant to section 423.24, as provided in this
17 Act, after June 30, 2000.

18 4. a. Any unencumbered or unobligated moneys in
19 the value-added agricultural products and processes
20 financial assistance fund derived from moneys
21 deposited pursuant to section 423.24, which are in
22 excess of three million six hundred fifty thousand
23 dollars of the unencumbered or unobligated moneys in
24 the fund deposited pursuant to that section, and which
25 are remaining on June 30, 2000, shall be credited on
26 August 31, 2000, to the road use tax fund as created
27 in section 312.1.

28 b. Any unencumbered or unobligated moneys in the
29 renewable fuels and coproducts fund derived from
30 moneys deposited pursuant to section 423.24, which are
31 in excess of three hundred fifty thousand dollars of
32 the unencumbered or unobligated moneys in the fund
33 deposited pursuant to that section, and which are
34 remaining on June 30, 2000, shall be credited on
35 August 31, 2000, to the road use tax fund as created
36 in section 312.1.

37 5. The Code editor is directed to eliminate
38 provisions within sections of the Code as provided in
39 this Act wherever references to section 423.24,
40 subsection 1, paragraph "b", appear in those
41 provisions.

42 6. This section takes effect on July 1, 2000.

43 Sec. 37. REPEALS.

44 1. 1992 Iowa Acts, chapter 1099, section 11, is
45 repealed.

46 2. Section 159A.8, Code 1993, is repealed.

47 Sec. 38. EFFECTIVE DATE. This Act, being deemed
48 of immediate importance, takes effect upon enactment."

By PATTY JUDGE

S-5596 FILED APRIL 13, 1994

ADOPTED

HOUSE FILE 2337

S-5619

1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 5, line 42, by striking the word "ninety-
5 nine" and inserting the following: "ninety".
6 2. Page 5, line 43, by inserting after the word
7 "denatured." the following: "However, if the facility
8 markets the ethanol for further refining, the facility
9 must demonstrate that the refiner will produce one
10 hundred ninety proof ethanol from the ethanol
11 purchased from the facility."

By BERL E. PRIEBE

S-5619 FILED APRIL 13, 1994

ADOPTED, MOTION TO RECONSIDER WITHDRAWN 4/13/94

HOUSE FILE 2337

S-5622

1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 3, line 24, by striking the figure
5 "twenty-five" and inserting the following: "fifty".

By BERL E. PRIEBE

S-5622 FILED APRIL 13, 1994

ADOPTED

4-13-94 (P. 1189)

HOUSE FILE 2337

S-5625

1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 7, by striking lines 29 through 37 and
5 inserting the following: "account fund. There is
6 appropriated to the fund three million six hundred
7 fifty thousand dollars from the general fund of the
8 state for each fiscal year beginning July 1, 1993, and
9 ending June 30, 2000. Not more than forty thousand
10 dollars each fiscal year shall be used by the depart-
11 ment for administration of the value-added
12 agricultural products and processes financial
13 assistance program, as provided in section 15E.111.
14 Except-as-otherwise".

15 2. Page 8, by striking lines 14 through 21 and
16 inserting the following: "unobligated moneys in the
17 fund derived from the standing appropriation made
18 pursuant to this section, which are in excess of three
19 million six hundred fifty thousand dollars of
20 unencumbered or unobligated moneys in the fund
21 deposited from the appropriation made pursuant to this
22 section, and which are remaining on June 30 of each
23 fiscal year, shall be credited on August 31 to the
24 general fund."

25 3. Page 17, by striking lines 9 through 21 and
26 inserting the following:

27 ~~"3. Moneys-shall-be-deposited-in-the-ethanol~~
28 ~~production-incentive-account-as-provided-in-section~~
29 ~~423-24.--One-percent-of-the-moneys-deposited-in-the~~
30 ~~account-during-each-quarter-shall-be-allocated-to-the~~
31 ~~department-for-administration-of-the-office.--Remaining~~
32 ~~moneys-shall-be-allocated-to-provide-financial~~
33 ~~incentives-to-support-the-increased-production-of~~
34 ~~ethanol-derived-from-an-organic-compound,-including-a~~
35 ~~photosynthate,-as-provided-in-section-159A-8. There~~
36 ~~is appropriated to the fund three hundred fifty~~
37 ~~thousand dollars from the general fund of the state~~
38 ~~for each fiscal year beginning July 1, 1993, and~~
39 ~~ending June 30, 2000. Not more than sixty thousand~~
40 ~~dollars shall be used by the department for~~
41 ~~administration of the office."~~

42 4. By striking page 17, line 47, through page 18,
43 line 4, and inserting the following: "unobligated
44 moneys in the fund derived from the standing
45 appropriation made pursuant to this section, which are
46 in excess of three hundred fifty thousand dollars of
47 unencumbered or unobligated moneys in the fund
48 deposited from the appropriation made pursuant to this
49 section, and which are remaining on June 30 of each
50 fiscal year, shall be credited on August 31 to the

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- 1 general fund."
- 2 5. By striking page 21, line 33, through page 22,
3 line 8, and inserting the following: "b, Code
4 Supplement 1993, is amended by striking the
5 paragraph."
- 6 6. Page 23, by striking lines 22 through 31 and
7 inserting the following:
8 "2. For the period beginning on July 1, 1993, and
9 ending July 1, 1994, there is allocated to the office
10 of renewable fuels and coproducts \$100,000 from the
11 amount otherwise appropriated to the value-added
12 agricultural products and processes financial
13 assistance fund pursuant to this Act, for purposes
14 of".
- 15 7. Page 24, by striking lines 32 through 35 and
16 inserting the following: "and coproducts fund, not
17 more than one hundred thousand dollars to Iowa state".
- 18 8. Page 25, by striking lines 45 through 48 and
19 inserting the following: "processes financial
20 assistance fund an amount of fifty thousand dollars to
21 be used for".
- 22 9. Page 26, by striking line 41 and inserting the
23 following: "pursuant to this Act."
- 24 10. Page 26, by striking lines 48 and 49 and
25 inserting the following: "that fund pursuant to this
26 Act."
- 27 11. Page 27, by striking lines 2 and 3.
- 28 12. Page 27, by striking line 7 and inserting the
29 following: "fund, pursuant to the standing
30 appropriation provided in this".
- 31 13. Page 27, by striking line 16 and inserting
32 the following: "fund, as provided in this".
- 33 14. Page 27, by striking line 21 and inserting
34 the following: "deposited pursuant to this Act, which
35 are in".
- 36 15. Page 27, line 24, by striking the words "that
37 section," and inserting the following: "this Act,".
- 38 16. Page 27, by striking line 30 and inserting
39 the following: "moneys deposited pursuant to this
40 Act, which are".
- 41 17. Page 27, line 33, by striking the words "that
42 section," and inserting the following: "this Act,".
- 43 18. Page 27, by striking lines 39 through 41 and
44 inserting the following: "this Act wherever
45 references to the standing appropriations appear in
46 those provisions."

By DERRYL McLAREN

S-5625 FILED APRIL 13, 1994
WITHDRAWN

HOUSE FILE 2337

S-5627

1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:

4 1. Page 7, by striking lines 29 through 37 and
5 inserting the following: "account fund. There is
6 appropriated to the fund three million six hundred
7 fifty thousand dollars from the general fund of the
8 state for each fiscal year beginning July 1, 1993, and
9 ending June 30, 2000. Not more than forty thousand
10 dollars each fiscal year shall be used by the depart-
11 ment for administration of the value-added
12 agricultural products and processes financial
13 assistance program, as provided in section 15E.111.
14 Except-as-otherwise".

15 2. Page 8, by striking lines 14 through 21 and
16 inserting the following: "unobligated moneys in the
17 fund derived from the standing appropriation made
18 pursuant to this section, which are in excess of three
19 million six hundred fifty thousand dollars of
20 unencumbered or unobligated moneys in the fund
21 deposited from the appropriation made pursuant to this
22 section, and which are remaining on June 30 of each
23 fiscal year, shall be credited on August 31 to the
24 general fund."

25 3. Page 17, by striking lines 9 through 21 and
26 inserting the following:

27 ~~"3. Moneys-shall-be-deposited-in-the-ethanol~~
28 ~~production-incentive-account-as-provided-in-section~~
29 ~~423-24.--One-percent-of-the-moneys-deposited-in-the~~
30 ~~account-during-each-quarter-shall-be-allocated-to-the~~
31 ~~department-for-administration-of-the-office.-Remaining~~
32 ~~moneys-shall-be-allocated-to-provide-financial~~
33 ~~incentives-to-support-the-increased-production-of~~
34 ~~ethanol-derived-from-an-organic-compound,including-a~~
35 ~~photosynthate,as-provided-in-section-159A-8. There~~
36 ~~is appropriated to the fund three hundred fifty~~
37 ~~thousand dollars from the general fund of the state~~
38 ~~for each fiscal year beginning July 1, 1993, and~~
39 ~~ending June 30, 2000. Not more than sixty thousand~~
40 ~~dollars shall be used by the department for~~
41 ~~administration of the office."~~

42 4. By striking page 17, line 47, through page 18,
43 line 4, and inserting the following: "unobligated
44 moneys in the fund derived from the standing
45 appropriation made pursuant to this section, which are
46 in excess of three hundred fifty thousand dollars of
47 unencumbered or unobligated moneys in the fund
48 deposited from the appropriation made pursuant to this
49 section, and which are remaining on June 30 of each
50 fiscal year, shall be credited on August 31 to the

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1 general fund."

2 5. By striking page 21, line 33, through page 22,
3 line 8, and inserting the following: "b, Code
4 Supplement 1993, is amended by striking the
5 paragraph."

6 6. Page 23, by striking lines 22 through 31 and
7 inserting the following:

8 "2. For the period beginning on July 1, 1993, and
9 ending July 1, 1994, there is allocated to the office
10 of renewable fuels and coproducts \$100,000 from the
11 amount otherwise appropriated to the value-added
12 agricultural products and processes financial
13 assistance fund pursuant to this Act, for purposes
14 of".

15 7. Page 24, by striking lines 32 through 35 and
16 inserting the following: "and coproducts fund, not
17 more than sixty thousand to Iowa state".

18 8. Page 25, by striking lines 45 through 48 and
19 inserting the following: "processes financial
20 assistance fund an amount of fifty thousand dollars to
21 be used for".

22 9. Page 26, by striking line 41 and inserting the
23 following: "pursuant to this Act."

24 10. Page 26, by striking lines 48 and 49 and
25 inserting the following: "that fund pursuant to this
26 Act."

27 11. Page 27, by striking lines 2 and 3.

28 12. Page 27, by striking line 7 and inserting the
29 following: "fund, pursuant to the standing
30 appropriation provided in this".

31 13. Page 27, by striking line 16 and inserting
32 the following: "fund, as provided in this".

33 14. Page 27, by striking line 21 and inserting
34 the following: "deposited pursuant to this Act, which
35 are in".

36 15. Page 27, line 24, by striking the words "that
37 section," and inserting the following: "this Act,".

38 16. Page 27, by striking lines 26 and 27 and
39 inserting the following: "August 31, 2000, to the
40 general fund of the state."

41 17. Page 27, by striking line 30 and inserting
42 the following: "moneys deposited pursuant to this
43 Act, which are".

44 18. Page 27, line 33, by striking the words "that
45 section," and inserting the following: "this Act,".

46 19. Page 27, by striking lines 35 and 36 and
47 inserting the following: "August 31, 2000, to the
48 general fund of the state."

49 20. Page 27, by striking lines 39 through 41 and
50 inserting the following: "this Act wherever

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1 references to the standing appropriations appear in
2 those provisions."

By DERRYL McLAREN

S-5627 FILED APRIL 13, 1994

LOST

4-13-94

HOUSE FILE 2337

S-5604

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 25, line 43, by striking the word "shall"
5 and inserting the following: "may".

By WAYNE BENNETT

S-5604 FILED APRIL 13, 1994

ADOPTED 4-13-94 (P. 1191)

HOUSE FILE 2337

S-5605

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 3, line 19, by striking the word
5 "fifteen" and inserting the following: "twenty-five".
6 2. Page 10, by striking lines 26 and 27 and
7 inserting the following: "the processing of
8 agricultural commodities, and which may include corn
9 gluten".
10 3. Page 15, by inserting after line 23 the
11 following:
12 " . The office may contract to provide all or
13 part of these services."
14 4. Page 15, line 34, by inserting after the word
15 "Iowa." the following: "The office may contract to
16 provide all or part of these services."

By PATTY JUDGE

S-5605 FILED APRIL 13, 1994

ADOPTED 4-13-94 P. 1189

HOUSE FILE 2337

S-5610

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 8, line 37, by striking the word "ten"
5 and inserting the following: "ten fifteen".
6 2. Page 19, line 5, by striking the word "ten"
7 and inserting the following: "fifteen".
8 3. Page 19, line 47, by striking the word "ten"
9 and inserting the following: "fifteen".
10 4. Page 20, line 24, by striking the word "ten"
11 and inserting the following: "fifteen".
12 5. Page 21, line 9, by striking the word "ten"
13 and inserting the following: "fifteen".
14 6. Page 22, line 32, by striking the word "ten"
15 and inserting the following: "fifteen".

By MERLIN E. BARTZ

S-5610 FILED APRIL 13, 1994

LOST 4-13-94

HOUSE FILE 2337

S-5615

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 4, line 33, by striking the words "or
5 technical".
6 2. Page 13, by striking lines 17 through 32.

By PATTY JUDGE

S-5615 FILED APRIL 13, 1994

ADOPTED 4/13/94 (p.1189)

HOUSE FILE 2337

S-5617

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 4, by inserting after line 45 the
5 following:
6 ". The degree to which the facility produces a
7 coproduct which is marketed in the same locality as
8 the facility."
9 2. Page 5, line 47, by inserting after the word
10 "operations." the following: "The highest priority
11 shall be provided to a renewable fuel production
12 facility which produces coproducts which are used to
13 produce livestock raised in the same locality as the
14 production facility."
15 3. Page 5, line 48, by striking the words "a
16 high" and inserting the following: "the highest".
17 4. By relettering as necessary.

By BERL E. PRIEBE

S-5617 FILED APRIL 13, 1994

ADOPTED 4/13/94 (p.1189)

HOUSE FILE 2337

S-5618

- 1 Amend the amendment, S-5596, to House File 2337, as
2 amended, passed, and reprinted by the House, as
3 follows:
4 1. Page 6, by striking lines 18 through 20 and
5 inserting the following: "production operations. The
6 agricultural".

By BERL E. PRIEBE

S-5618 FILED APRIL 13, 1994

WITHDRAWN 4/13/94 (p.1191)

SENATE AMENDMENT TO HOUSE FILE 2337

H-6167

1 Amend House File 2337, as amended, passed, and
2 reprinted by the House, as follows:

3 1. By striking everything after the enacting
4 clause and inserting the following:

5 "Section 1. FINDINGS AND POLICY.

6 1. The general assembly finds and declares the
7 following:

8 a. The production and processing of agricultural
9 commodities and products represents the foundation of
10 this state's economy, and the economic viability of
11 this nation is contingent upon the production of
12 wealth generated primarily from materials, including
13 food and fiber, produced on farms.

14 b. The future economic prosperity of this state
15 depends upon new innovations that improve processes
16 and products utilizing agricultural commodities and
17 livestock.

18 c. Iowa's traditional investment in livestock
19 production is an essential part of this state's
20 continuing efforts to revitalize its rural economy,
21 and to ensure general prosperity for all of the
22 state's population.

23 d. It is increasingly necessary to support
24 industries in this state which rely upon agricultural
25 commodities to manufacture value-added products.

26 e. Renewable fuels and coproducts industries
27 promise to utilize agricultural products in order to
28 reduce the state's dependency upon petroleum products,
29 reduce atmospheric contamination of this state's
30 environment from the combustion of fossil fuels, and
31 produce coproducts, such as corn gluten feed,
32 distillers grain, and solubles, which can be used to
33 increase livestock production in this state.

34 2. This state adopts a policy of enhancing
35 agricultural production, including livestock
36 production, through support of the renewable fuel
37 industry. State agencies including the department of
38 agriculture and land stewardship, the department of
39 economic development, and the department of natural
40 resources shall cooperate in order to ensure that this
41 policy is carried out.

42 Sec. 2. Section 15.313, subsection 2, paragraph b,
43 Code 1993, is amended by striking the paragraph.

44 Sec. 3. Section 15.313, subsection 3, Code 1993,
45 is amended to read as follows:

46 3. The director shall submit annually at a regular
47 or special meeting preceding the beginning of the
48 fiscal year, for approval by the economic development
49 board, the proposed allocation of funds from the
50 strategic investment fund to be made for that fiscal

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1 year to the community economic betterment program, the
2 ~~value-added-agricultural-products-and-processes~~
3 ~~financial-assistance-program~~, the business development
4 finance corporation, the self-employment loan program,
5 and the targeted small business financial assistance
6 program and for comprehensive management assistance.
7 If funds are available under a federal microloan
8 demonstration program, the director may recommend an
9 allocation for that purpose. The plans may provide
10 for increased or decreased allocations if the demand
11 in a program indicates that the need exceeds the
12 allocation for that program. The director shall
13 report on a monthly basis to the board on the status
14 of the funds and may present proposed revisions for
15 approval by the board in January and April of each
16 year. Unobligated and unencumbered moneys remaining
17 in the strategic investment fund or any of its
18 accounts on June 30 of each year shall be considered
19 part of the fund for purposes of the next year's
20 allocation.

21 Sec. 4. Section 15.318, Code 1993, is amended by
22 adding the following new subsections:

23 NEW SUBSECTION. 16. The capacity of the proposed
24 project to create products by adding value to
25 agricultural commodities.

26 NEW SUBSECTION. 17. The degree to which the
27 proposed project relies upon agricultural or value-
28 added research conducted at a college or university,
29 including a regents institution, community college, or
30 a private university or college.

31 Sec. 5. Section 15E.111, Code 1993, is amended to
32 read as follows:

33 15E.111 VALUE-ADDED AGRICULTURAL PRODUCTS AND
34 PROCESSES FINANCIAL ASSISTANCE PROGRAM.

35 1. ~~Contingent-on-the-availability-of-funding-for~~
36 this-program,-the The department may shall establish a
37 value-added agricultural products and processes
38 financial assistance program. The department shall
39 consult with the Iowa corn growers association and the
40 Iowa soybean association. The purpose of the program
41 is to ~~foster~~ encourage the increased utilization of
42 agricultural commodities produced in this state. The
43 program shall assist in efforts to revitalize rural
44 regions of this state, by committing resources to
45 provide financial assistance to new or existing value-
46 added production facilities. In awarding financial
47 assistance, the department shall commit resources to
48 assist the following:

49 a. Facilities which are involved in the
50 development of new innovative products,-practices and

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1 processes related to agriculture through-specialized
2 ~~financial-or-technical-assistance-to-facilitate-the~~
3 ~~acquisition-of-capital.~~ The facility must do either
4 of the following: produce a good derived from an
5 agricultural commodity, if the good is not commonly
6 produced from an agricultural commodity; or use a
7 process to produce a good derived from an agricultural
8 process, if the process is not commonly used to
9 produce the good.

10 b. Renewable fuel production facilities. As used
11 in this section, "renewable fuel" means an energy
12 source which is derived from an organic compound
13 capable of powering machinery, including an engine or
14 power plant.

15 Financial assistance awarded under this section may
16 be in the form of a loan, loan guarantee, grant,
17 production incentive payment, or a combination of
18 financial assistance. The department shall not award
19 more than twenty-five percent of the amount allocated
20 to the value-added agricultural products and processes
21 financial assistance fund during any fiscal year to
22 support a single person. The department may finance
23 any size of facility. However, the department shall
24 reserve up to fifty percent of the total amount
25 allocated to the fund, for purposes of assisting
26 persons requiring one hundred thousand dollars or less
27 in financial assistance. The amount shall be reserved
28 until the end of the third quarter of the fiscal year.
29 The department shall not provide financial assistance
30 to support a value-added production facility, if the
31 facility or a person owning a controlling interest in
32 the facility, has demonstrated a continuous and
33 flagrant disregard for the health and safety of its
34 employees, or the quality of the environment.
35 Evidence of such disregard shall include a history of
36 serious or uncorrected violations of state or federal
37 law protecting occupational health and safety or the
38 environment, including but not limited to serious or
39 uncorrected violations of occupational safety and
40 health standards enforced by the division of labor
41 services of the department of employment services
42 pursuant to chapter 84A, or rules enforced by the
43 environmental protection division of the department of
44 natural resources pursuant to chapter 455B.

45 2. A person is eligible to apply for assistance
46 under this section, if the person satisfies the
47 following requirements:

48 a. ~~The person is a resident of this state, or the~~
49 ~~person's principal place of business is~~ The existing
50 or proposed facility is located in this state.

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1 b. The person applies to the department of
2 economic development in a manner and according to
3 procedures required by the department.

4 c. The person submits a business plan which
5 demonstrates managerial and technical expertise.

6 ~~d. The person operates for profit or not for~~
7 ~~profit and under a single management, and either~~
8 ~~employs fewer than twenty employees or has an annual~~
9 ~~gross income of less than three million dollars~~
10 ~~computed as the average of the three preceding fiscal~~
11 ~~years.~~

12 3. The department of economic development may
13 shall grant financial or technical assistance to a
14 person determined by the department to be eligible to
15 receive assistance under this section, upon review and
16 evaluation of the person's application by the
17 agricultural products advisory council as established
18 in section 15.203. The department shall consider the
19 council's evaluation in granting or denying
20 assistance. The department shall not approve an
21 application for assistance under this section to
22 refinance an existing loan or to finance traditional
23 agricultural operations. An application is eligible
24 for consideration if the application seeks assistance
25 for any of the following purposes: The department
26 shall not directly award financial assistance to
27 support an activity directly related to farming as
28 defined in section 9H.1, including the establishment
29 or operation of a livestock production operation,
30 regardless of whether the activity is related to a
31 renewable fuel production facility.

32 4. The department shall select an applicant to
33 receive financial assistance based on the following
34 criteria:

35 a. The feasibility of the existing or proposed
36 facility to remain a viable enterprise and the degree
37 to which the facility will increase the utilization of
38 agricultural commodities produced in this state.

39 b. The extent to which the existing or proposed
40 facility is located in a rural region of the state.

41 c. The proportion of local match to be contributed
42 to the project.

43 d. The level of need of the region where the
44 existing facility is or the proposed facility is to be
45 located.

46 e. The degree to which the facility produces a
47 coproduct which is marketed in the same locality as
48 the facility.

49 5. An application based on innovation shall be
50 considered if any of the following apply:

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1 a. ~~The development of value-added agricultural~~
2 ~~processes production process is not commonly available~~
3 ~~in this state which are to be carried out by the~~
4 ~~person in this state.~~

5 b. ~~The development of an innovative or diversified~~
6 ~~agricultural product is not commonly produced in this~~
7 ~~state which is to be carried out by the person in this~~
8 ~~state.~~

9 ~~c. The development of an innovative processing,~~
10 ~~packaging, marketing, or management practice not~~
11 ~~commonly available in this state which is to be~~
12 ~~carried out by the person in this state.~~

13 4. ~~Assistance by the department granted to an~~
14 ~~eligible person shall be subject to the following~~
15 ~~restrictions:~~

16 ~~a. The person shall not receive financial~~
17 ~~assistance totaling more than eighty thousand dollars~~
18 ~~under this program.~~

19 ~~b. Interest on a loan shall not exceed the current~~
20 ~~fair market interest rate. A loan shall not exceed~~
21 ~~fifty thousand dollars.~~

22 ~~c. A loan guarantee shall not exceed eighty~~
23 ~~thousand dollars. A loan guarantee shall guarantee~~
24 ~~not more than eighty percent of a conventionally~~
25 ~~obtained loan.~~

26 ~~d. A grant shall not exceed twenty-five thousand~~
27 ~~dollars. A grant shall be made only to provide~~
28 ~~leverage for a conventionally obtained loan. The~~
29 ~~conventionally obtained loan must be for an amount~~
30 ~~significantly larger than the amount of the grant.~~

31 ~~5. Notwithstanding restrictions contained in~~
32 ~~subsection 4, the department may use up to five~~
33 ~~thousand dollars to contract for technical assistance~~
34 ~~in order to aid a person having a pending or approved~~
35 ~~application under this section.~~

36 6. a. The department shall consider an
37 application to assist a renewable fuel production
38 facility. An application based on ethanol fuel
39 production shall be considered by the department if
40 all of the following apply:

41 (1) All fermentation, distillation, and
42 dehydration of the ethanol will occur at the proposed
43 facility.

44 (2) The ethanol produced at the proposed facility
45 will be at least one hundred ninety proof and must be
46 denatured. However, if the facility markets the
47 ethanol for further refining, the facility must
48 demonstrate that the refiner will produce one hundred
49 ninety proof ethanol from the ethanol purchased from
50 the facility.

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1 b. The department shall give priority to
2 supporting proposed renewable fuel production
3 facilities which directly support livestock production
4 operations. The highest priority shall be provided to
5 a renewable fuel production facility which produces
6 coproducts which are used to produce livestock raised
7 in the same locality as the production facility. If
8 the department has several proposals having the
9 highest priority, a preference shall be given to a
10 proposal in which the livestock operation:

11 (1) Is located in an agricultural area as provided
12 in chapter 352.

13 (2) Is located in close proximity to and is an
14 integral part of the renewable fuel production
15 facility. However, the owner of the facility is not
16 required to hold an interest in the land on which the
17 livestock are produced. The livestock may be produced
18 under the terms of a contract, in which a person
19 regularly engaged in livestock production provides for
20 the care and feeding of the livestock on behalf of the
21 facility's owner.

22 c. The department shall cooperate with the office
23 of renewable fuels and coproducts in order to carry
24 out this subsection, as provided in section 159A.6B.
25 The office shall be primarily responsible for
26 providing technical expertise regarding the operation
27 of a renewable fuel production facility, and
28 specifically a facility which supports livestock
29 production operations. The department shall cooperate
30 with any contract consultant supported by the office
31 as provided in section 159A.6B. The agricultural
32 products advisory council as established in section
33 15.203, shall coordinate the activities of the
34 department and the office. In administering this part
35 of the program, the department and the office shall
36 cooperate with the department of natural resources
37 which shall assist an applicant in complying with all
38 applicable environmental regulations. The department
39 of natural resources shall acknowledge receipt of a
40 completed application for a permit not later than two
41 weeks following receipt of a completed application by
42 the department. Within twelve weeks following receipt
43 of the application, the department shall issue the
44 permit or reply to the applicant describing reasons
45 why the permit cannot be issued.

46 7. The university of Iowa, Iowa state university,
47 and the university of northern Iowa shall cooperate in
48 assisting facilities receiving financial assistance
49 under this section. Iowa state university, including
50 the Iowa cooperative extension service in agriculture

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1 and home economics, shall cooperate in assisting each
2 renewable fuel production facility supporting
3 livestock operations, including advising producers
4 regarding nutrition and management practices.
5 Community colleges and private universities and
6 colleges are not precluded from providing this
7 assistance.

8 8. The department of economic development and the
9 office of renewable fuels and coproducts shall prepare
10 a report each six months detailing the progress of the
11 department and other agencies provided in this
12 section. The office of renewable fuels and
13 coproducts, the department of natural resources, and
14 Iowa state university may contribute a summary of
15 their activities. The report shall be delivered to
16 the secretary of the senate and the chief clerk of the
17 house; the legislative service bureau; the
18 chairpersons and ranking members of the senate
19 standing committee on agriculture; the senate standing
20 committee on small business, economic development, and
21 tourism; the house of representatives standing
22 committee on agriculture; and the house of
23 representatives standing committee on small business,
24 economic development, and trade.

25 Sec. 6. Section 15E.112, Code 1993, is amended to
26 read as follows:

27 15E.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND
28 PROCESSES FINANCIAL ASSISTANCE ACCOUNT FUND.

29 1. ~~A value-added agricultural products and~~
30 ~~processes financial assistance account fund is~~
31 ~~established within the strategic investment fund~~
32 ~~created in section 15.313 created within the state~~
33 ~~treasury under the control of the department. The~~
34 ~~account fund shall consist of any money appropriated~~
35 ~~by the general assembly for that purpose, moneys~~
36 ~~allocated to the account from the strategic investment~~
37 ~~fund; and any other moneys available to and obtained~~
38 ~~or accepted by the department from the federal~~
39 ~~government or private sources for placement in the~~
40 ~~account fund. Until July 1, 2000, moneys shall be~~
41 ~~deposited in the fund as provided in section 423.24.~~
42 Not more than one percent of the total moneys
43 available to support value-added agricultural products
44 and processes pursuant to section 423.24 during each
45 quarter shall be used by the department for
46 administration of the value-added agricultural
47 products and processes financial assistance program,
48 as provided in section 15E.111. Except as otherwise
49 provided in subsection 2, the The assets of the
50 account fund shall be used by the department only for

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1 carrying out the purposes of section 15E.111.

2 2. The In administering the fund and the value-
3 added agricultural products and processes financial
4 assistance program, the department may use moneys in
5 the account to do any of the following:

6 a. Contract, sue and be sued, and adopt
7 administrative rules necessary to carry out the
8 provisions of this section and section 15E.111; but,
9 However, the department shall not in any manner
10 directly or indirectly pledge the credit of the state.

11 b. Authorize payment from the account fund for
12 costs, commissions, attorney fees, and other
13 reasonable expenses, including expenses related to and
14 carrying out duties necessary for insuring or
15 guaranteeing loans under section 15E.111, and for the
16 recovery of loan moneys insured or guaranteed or the
17 management of property acquired in connection with
18 such loans.

19 3. Payments of interest, recaptures of awards, or
20 repayments of moneys loaned under the value-added
21 agricultural products and processes financial
22 assistance program shall be deposited into the
23 strategic investment into the fund. Section 8.33 does
24 not apply to any moneys in the fund. Unencumbered or
25 unobligated moneys in the fund derived from moneys
26 deposited pursuant to section 423.24, which are in
27 excess of three million six hundred fifty thousand
28 dollars of unencumbered or unobligated moneys in the
29 fund deposited pursuant to that section, which are
30 remaining on June 30 of each fiscal year, shall be
31 credited on August 31 to the road use tax fund as
32 created in section 312.1.

33 4. The fund is subject to an annual audit by the
34 auditor of state. Moneys in the fund, which may be
35 subject to warrants written by the director of revenue
36 and finance, shall be drawn upon the written
37 requisition of the director of the department of
38 economic development or an authorized representative
39 of the director.

40 Sec. 7. Section 18.115, subsection 5, Code
41 Supplement 1993, is amended to read as follows:

42 5. Of all new passenger vehicles and light pickup
43 trucks purchased by the state vehicle dispatcher,
44 ~~institutions under the control of the state board of~~
45 ~~regents, community colleges, and any other state~~
46 ~~agency purchasing such new vehicles and trucks,~~
47 ~~beginning July 1, 1992, a minimum of five percent, and~~
48 ~~beginning July 1, 1994, a minimum of ten percent of~~
49 all such vehicles and trucks purchased shall be
50 equipped with engines which utilize alternative

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1 methods of propulsion including but not limited to
 2 ~~these propelled by flexible fuels, compressed~~ any of
 3 the following:

4 a. A flexible fuel, which is any of the following:

5 (1) A fuel blended with not more than fifteen
 6 percent gasoline and at least eighty-five percent
 7 ethanol.

8 (2) A fuel which is a mixture of diesel fuel and
 9 processed soybean oil. At least twenty percent of the
 10 mixed fuel by volume must be processed soybean oil.

11 (3) A renewable fuel approved by the office of
 12 renewable fuels and coproducts pursuant to section
 13 159A.2.

14 b. Compressed or liquified natural gas, propane,
 15 solar.

16 c. Propane gas.

17 d. Solar energy, or electricity.

18 e. Electricity. For the purpose of this
 19 subsection, "flexible fuels" means fuels which are
 20 blended with eighty-five percent ethanol and fifteen
 21 percent gasoline.

22 PARAGRAPH DIVIDED. The provisions of this
 23 subsection do not apply to such vehicles and trucks
 24 purchased and directly used for the following
 25 purposes: law enforcement, or off-road maintenance
 26 work, or work vehicles used to pull loaded trailers.
 27 This subsection also does not apply to school
 28 corporations, with the exceptions of those designated
 29 above.

30 PARAGRAPH DIVIDED. It is the intent of the general
 31 assembly that the members of the midwest energy
 32 compact promote the development and purchase of motor
 33 vehicles equipped with engines which utilize
 34 alternative methods of propulsion.

35 Sec. 8. Section 19A.3, subsection 22, Code 1993,
 36 is amended to read as follows:

37 22. The appointee serving as the coordinator of
 38 the office of renewable fuel fuels and coproducts, as
 39 provided in section 159A.3.

40 Sec. 9. Section 20.4, subsection 13, Code 1993, is
 41 amended to read as follows:

42 13. The appointee serving as the coordinator of
 43 the office of renewable fuel fuels and coproducts, as
 44 provided in section 159A.3.

45 Sec. 10. Section 159.20, subsection 10, Code 1993,
 46 is amended to read as follows:

47 10. Assist the office of fuel fuels and coproducts
 48 and the renewable fuel fuels and coproducts advisory
 49 committee in administering the provisions of chapter
 50 159A.

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1 Sec. 11. Section 159A.1, subsections 2 and 3, Code
2 1993, are amended to read as follows:

3 2. It is necessary to support industries using
4 agricultural commodities to ~~produce~~ increase the
5 demand for and production and consumption of sources
6 of energy in order to reduce the state's dependency
7 upon petroleum products, ~~and to ameliorate threats to~~
8 this; to reduce atmospheric contamination of this
9 state's environment ~~resulting from the atmospheric~~
10 contamination of carbon monoxide from the combustion
11 of fossil fuels; and to produce coproducts, such as
12 corn gluten feed, distillers grain, and solubles,
13 which can be used to increase livestock production in
14 this state.

15 3. This state adopts a policy of enhancing
16 agricultural production ~~through support of the~~
17 renewable fuel industry by encouraging the development
18 and use of fuels and coproducts derived from
19 agricultural commodities, as provided in this chapter,
20 including rules adopted by the office of renewable
21 fuel fuels and coproducts and the renewable fuel fuels
22 and coproducts advisory committee.

23 Sec. 12. Section 159A.2, Code 1993, is amended to
24 read as follows:

25 159A.2 DEFINITIONS.

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

28 1. "Committee" means the renewable ~~fuel~~ fuels and
29 coproducts advisory committee established pursuant to
30 section 159A.4.

31 2. "Coordinator" means the administrative head of
32 the office of renewable ~~fuel~~ fuels and coproducts
33 appointed by the department as provided in section
34 159A.3.

35 2A. "Coproduct" means a product other than a
36 renewable fuel which at least in part is derived from
37 the processing of agricultural commodities, and which
38 may include corn gluten feed, distillers grain, or
39 solubles, or can be used as livestock feed or a feed
40 supplement.

41 3. "Fund" means the renewable ~~fuel~~ fuels and
42 coproducts fund established pursuant to section
43 159A.7.

44 4. "Office" means the office of renewable ~~fuel~~
45 fuels and coproducts created pursuant to section
46 159A.3.

47 5. "Renewable fuel" means an energy source at
48 least in part derived from an organic compound,
49 including a photosynthate, ~~which may be used to power~~
50 capable of powering machinery, including an engine or

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1 power plant. A renewable fuel includes but is not
2 limited to ethanol-blended or soydiesel fuel.

3 6. "Renewable fuel fuels and coproducts
4 activities" means either of the following:

5 a. The research, development, production,
6 promotion, marketing, or consumption of a renewable
7 fuel fuels and coproducts.

8 b. The research, development, transfer, or use of
9 technologies which directly or indirectly increase the
10 supply or demand of a renewable fuel fuels and
11 coproducts.

12 7. "Soydiesel fuel" means a fuel which is a
13 mixture of diesel fuel and processed soybean oil, if
14 at least twenty percent of the mixed fuel by volume is
15 processed soybean oil.

16 Sec. 13. Section 159A.3, Code 1993, is amended to
17 read as follows:

18 159A.3 OFFICE OF RENEWABLE FUEL FUELS AND
19 COPRODUCTS.

20 1. An office of renewable fuel fuels and
21 coproducts is created within the department and shall
22 be staffed by a coordinator who shall be appointed by
23 the secretary. It shall be the policy of the office
24 to further renewable fuel fuels and coproducts
25 activities. The office shall first further renewable
26 fuel fuels and coproducts activities based on the
27 following considerations:

28 a. The price competitiveness of the renewable fuel
29 or coproduct.

30 b. The production capacity and supply of the
31 renewable fuel or coproduct.

32 c. The ease and safety of transporting and storing
33 the renewable fuel or coproduct.

34 d. The degree to which the renewable fuel or
35 coproduct is currently developed for ready transfer to
36 current engine technology.

37 e. The degree to which the renewable fuel or
38 coproduct is environmentally protective.

39 f. The degree to which the renewable fuel or
40 coproduct provides economic development opportunities.

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

43 a. Serving as advisor to the department regarding
44 regulations, including federal and state standards,
45 relating to oxygenate octane enhancers, as defined in
46 section 214A.1.

47 b. Serving as advisor to the department regarding
48 renewable fuel fuels and coproducts programs.

49 c. Serving as monitor of regulations administered
50 in the state, in other states, or by the federal

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1 government. The office shall collect information and
2 data prepared by state agencies related to these
3 regulations, and provide referral and assistance to
4 interested persons and agencies.

5 d. Cooperating with persons and agencies involved
6 in renewable ~~fuel~~ fuels and coproducts activities,
7 including other states and the federal government, to
8 standardize regulations and coordinate programs, in
9 order to increase administrative effectiveness and
10 reduce administrative duplication.

11 e. Implementing policies and procedures designed
12 to facilitate communication between persons involved
13 in renewable ~~fuel~~ fuels and coproducts activities.

14 f. Assisting state or federal agencies, or
15 assisting commercial enterprises or commodity
16 organizations which are located in or desiring to
17 locate in the state. The assistance may include
18 support of public research relating to renewable ~~fuel~~
19 fuels and coproducts activities.

20 g. Conducting studies relating to the viability of
21 producing or using a renewable ~~fuel~~ fuels and
22 coproducts, and methods and schedules required to
23 ensure a practicable transition to the use of a
24 renewable ~~fuel~~ fuels and coproducts.

25 h. Preparing an annual report to the secretary
26 regarding renewable ~~fuel~~ fuels and coproducts
27 activities. The report shall include a review of
28 research and research results, areas of study with
29 promising potential, a summary of initiatives in other
30 states, and an analysis of state and federal
31 regulations and programs.

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

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

40 j. Approve a renewable fuel which may be used as a
41 flexible fuel powering a motor vehicle required to be
42 purchased by state agencies.

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

48 b. The office shall promote the production and
49 consumption of soydiesel fuel in this state.

50 4. The office shall cooperate with the Wallace

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1 technology transfer foundation of Iowa in formulating
2 long-range strategic plans to guide state investment
3 in applied research, development, and commercial
4 transfer of selected scientific and technological
5 innovation relating to renewable ~~fuel~~ fuels and
6 coproducts technology.

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

14 Sec. 14. Section 159A.4, subsection 1, unnumbered
15 paragraph 1, Code 1993, is amended to read as follows:

16 A renewable ~~fuel~~ fuels and coproducts advisory
17 committee is established within the department. The
18 committee shall be composed of the following persons:

19 Sec. 15. Section 159A.4, subsection 1, Code 1993,
20 is amended by adding the following new paragraph after
21 paragraph h and relettering the subsequent paragraphs:

22 NEW PARAGRAPH. i. A person representing the Iowa
23 soybean association.

24 Sec. 16. Section 159A.4, subsection 1, paragraph
25 j, Code 1993, is amended to read as follows:

26 j. A person representing the renewable ~~fuel~~ fuels
27 industry in this state.

28 Sec. 17. Section 159A.4, unnumbered paragraph 2,
29 Code 1993, is amended to read as follows:

30 The governor shall appoint persons who shall be
31 confirmed by the senate, pursuant to section 2.32, to
32 serve as voting members of the committee. However,
33 the secretary of agriculture shall appoint the person
34 representing the department of agriculture and land
35 stewardship, the director of the Iowa department of
36 economic development shall appoint the person
37 representing that department, the director of the
38 state department of transportation shall appoint the
39 person representing that department, and the director
40 of the department of natural resources shall appoint
41 the person representing that department. The governor
42 may make appointments of persons representing
43 organizations listed under paragraphs "g" and "~~h~~"
44 through "i" from a list of candidates which shall be
45 provided by the organization upon request by the
46 governor.

47 Sec. 18. Section 159A.5, subsections 1, 2, 4, 5,
48 Code Supplement 1993, are amended to read as follows:

49 1. The purpose of the committee is to provide
50 general oversight of operations of the office and to

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1 advise the office about all aspects concerning the
2 production and consumption of renewable ~~fuel~~ fuels and
3 coproducts. However, the committee shall not control
4 policy decisions or direct the administration of this
5 chapter.

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

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

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

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

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

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

30 d. Support promotional programs or marketing
31 strategies designed to encourage public consumption of
32 renewable ~~fuel~~ fuels and coproducts.

33 ~~e. -- Review the distribution of ethanol production~~
34 ~~incentive payments to qualified persons, pursuant to~~
35 ~~section 159A.8.~~

36 Sec. 19. Section 159A.6, Code 1993, is amended to
37 read as follows:

38 159A.6 POINT-OF-SALE-PUBLIC-PROMOTION-PROGRAM
39 EDUCATION, PROMOTION, AND ADVERTISING.

40 1. The office shall support education regarding,
41 and promotion and advertising of, renewable fuels and
42 coproducts. The office shall consult with the Iowa
43 corn growers association and the Iowa soybean
44 association.

45 2. ~~The office shall establish a program to promote~~
46 ~~the advantages related to the use of renewable fuel~~
47 ~~fuels as an alternative to nonrenewable fuel fuels.~~
48 Promotions shall be designed to inform the ultimate
49 consumer of advantages associated with using renewable
50 ~~fuel~~ fuels, and emphasize the benefits to the natural

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1 environment. The promotion shall inform consumers at
2 the businesses of retail dealers of the motor vehicle
3 ~~fuel~~ fuels.

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

10 3. The office shall promote the advantages related
11 to the use of coproducts derived from the production
12 of renewable fuels, including the use of coproducts
13 used as livestock feed or meal. Promotions shall be
14 designed to inform the potential purchasers of the
15 advantages associated with using coproducts. The
16 office shall promote advantages associated with using
17 coproducts of ethanol production as livestock feed or
18 meal to cattle producers in this state.

19 4. The office may contract to provide all or part
20 of these services.

21 Sec. 20. NEW SECTION. 159A.6A RENEWABLE FUELS
22 AND COPRODUCTS RESEARCH.

23 The office shall support research relating to
24 renewable fuels and coproducts, including methods to
25 increase efficiency and reduce costs associated with
26 production. The office shall consult with the Iowa
27 corn growers association and the Iowa soybean
28 association. The office shall support research
29 activities at the university of Iowa, Iowa state
30 university of science and technology, and the
31 university of northern Iowa. The office may contract
32 to provide all or part of these services.

33 Sec. 21. NEW SECTION. 159A.6B TECHNICAL
34 ASSISTANCE.

35 The office shall assist persons in revitalizing
36 rural regions of this state, by providing technical
37 assistance to new or existing renewable fuel
38 production facilities, including the establishment and
39 operation of facilities, and specifically facilities
40 which create coproducts, including coproducts which
41 support livestock production operations. The office
42 shall consult with the Iowa corn growers association
43 and the Iowa soybean association. The office shall
44 provide planning assistance which may include
45 evaluations of methods to most profitably manage these
46 operations. The business planning assistance shall
47 provide for adequate environmental protection of this
48 state's natural resources from the operation of the
49 facility.

50 The office may execute contracts in order to

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1 provide technical support and outreach services for
 2 purposes of assisting and educating interested persons
 3 as provided in this section. The office may also
 4 contract with a consultant to provide part or all of
 5 these services. The office may require that a person
 6 receiving assistance pursuant to this section
 7 contribute up to fifty percent of the amount required
 8 to support the costs of contracting with the
 9 consultant to provide assistance to the person. The
 10 office shall assist the person in completing any
 11 technical information required in order to receive
 12 assistance by the department of economic development
 13 pursuant to the value-added agricultural products and
 14 processes financial assistance program created
 15 pursuant to section 15E.111. The office shall
 16 cooperate with the department of economic development,
 17 the department of natural resources, and regent
 18 institutions or other universities and colleges as
 19 provided in section 15E.111, in order to carry out
 20 this section.

21 Sec. 22. Section 159A.7, Code Supplement 1993, is
 22 amended to read as follows:

23 159A.7 RENEWABLE FUEL FUELS AND COPRODUCTS FUND.

24 1. A renewable ~~fuel~~ fuels and coproducts fund is
 25 created in the state treasury under the control of the
 26 office of renewable ~~fuel~~ fuels and coproducts. The
 27 fund is composed of moneys accepted by the office.
 28 ~~Moneys-in-the-fund-shall-be-deposited-into-the~~
 29 ~~renewable-fuel-activities-account-or-the-ethanol~~
 30 ~~production-incentive-account.~~ The fund may include
 31 moneys appropriated by the general assembly, and other
 32 moneys available to and obtained or accepted by the
 33 office, including moneys from the United States, other
 34 states in the union, foreign nations, state agencies,
 35 political subdivisions, and private sources.

36 Moneys in the fund shall be used only to administer
 37 this chapter carry out the provisions of this section
 38 and sections 159A.3, 159A.4, 159A.5, 159A.6, 159A.6A,
 39 and 159A.6B within the state of Iowa.

40 2. Moneys in the ~~renewable-fuel-activities-account~~
 41 fund shall be allocated at-the-beginning-of during
 42 each fiscal year as follows:

43 a. ~~Up-to~~ At least forty percent may shall be
 44 dedicated to support education, promotion, and
 45 advertising of ethanol-fuel renewable fuels and
 46 coproducts as provided in section 159A.6.

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

49 ~~c.--Up-to-thirty-percent-may-be-dedicated-to~~
 50 support-research-at Iowa state university of science

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1 and technology, and the university of northern Iowa,
2 as provided in section 159A.6A.

3 ~~d c.~~ ~~The~~ Any remaining balance shall be used by
4 the office to support technical assistance as provided
5 in section 159A.6B and any other projects or programs
6 developed by the office.

7 3. ~~Moneys~~ Until July 1, 2000, moneys shall be
8 deposited in the ethanol-production-incentive-account
9 fund as provided in section 423.24. One Not more than
10 one and one-half percent of the total moneys deposited
11 in-the-account-during-each-quarter available to
12 support value-added agricultural products and
13 processes pursuant to section 423.24 shall be
14 allocated to the department for administration of the
15 office. Remaining-moneys-shall-be-allocated-to
16 provide-financial-incentives-to-support-the-increased
17 production-of-ethanol-derived-from-an-organic
18 compound,-including-a-photosynthate,-as-provided-in
19 section-159A-8.

20 4. Moneys in the fund are subject to an annual
21 audit by the auditor of state. The fund is subject to
22 warrants by the director of revenue and finance, drawn
23 upon the written requisition of the coordinator.

24 5. In administering the fund, the office may do
25 all of the following:

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

30 b. Authorize payment from the ~~accounts,-from~~
31 ~~income-received-by-investment-of-moneys-in-the-fund,~~
32 fund for administrative-costs, commissions, attorney
33 and accountant fees, and other reasonable expenses
34 related to and necessary for administering the
35 accounts fund.

36 6. Section 8.33 does not apply to moneys in the
37 ~~renewable-fuel-activities-account~~ fund. Income
38 received by investment of moneys in the account fund
39 shall remain in that-account the fund. Moneys
40 ~~appropriated-for-a-state-fiscal-year-to-the-ethanol~~
41 ~~production-incentive-account-which-remain-unobligated~~
42 ~~and-unencumbered-on-July-31-of-the-following-state~~
43 ~~fiscal-year-shall-be-credited-to-the-road-use-tax-fund~~
44 ~~as-provided-in-section-423.24.~~ Unencumbered or
45 unobligated moneys in the fund derived from moneys
46 deposited pursuant to section 423.24, which are in
47 excess of three hundred fifty thousand dollars of
48 unencumbered or unobligated moneys in the fund
49 deposited pursuant to that section, and which are
50 remaining on June 30 of each fiscal year, shall be

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1 credited on August 31 to the road use tax fund as
2 created in section 312.1.

3 Sec. 23. Section 214A.16, Code 1993, is amended to
4 read as follows:

5 214A.16 NOTICE OF BLENDED FUEL -- DECAL.

6 All motor vehicle fuel kept, offered, or exposed
7 for sale, or sold at retail containing over one
8 percent ethanol, methanol, or any combination of
9 oxygenate octane enhancers shall be identified as
10 "with" either "ethanol", "methanol",
11 "ethanol/methanol", or similar wording on a decal.
12 All diesel fuel kept, offered, or exposed for sale, or
13 sold at retail containing over one percent soybean oil
14 by volume shall be identified as "with soydiesel" or
15 similar wording on a decal. The design and location
16 of the decals ~~may~~ shall be prescribed by rules adopted
17 by the department. The department shall adopt the
18 rules to be effective by January 1, 1995. A decal
19 identifying a renewable fuel shall be consistent with
20 standards adopted pursuant to section 159A.6. If
21 until the department does-not-establish establishes
22 standards for a-decal-relating-to-a-specific-oxygenate
23 octane-enhancer decals, the wording shall be on a
24 white adhesive decal with black letters at least one-
25 half inch high and at least one-quarter inch wide
26 placed between thirty and forty inches above the
27 driveway level on the front sides of any container or
28 pump from which the motor fuel is sold. The
29 department may approve an application to place a decal
30 in a special location on a pump or container or use a
31 decal with special lettering or colors, if the decal
32 appears clear and conspicuous to the consumer. The
33 application shall be made in writing pursuant to
34 procedures adopted by the department. Designs for a
35 decal identifying a renewable fuel shall be consistent
36 with standards adopted pursuant to section 159A.6.

37 Sec. 24. Section 216B.3, subsection 16, Code
38 Supplement 1993, is amended to read as follows:

39 16. a. A motor vehicle purchased by the
40 commission shall not operate on gasoline other than
41 gasoline blended with at least ten percent ethanol. A
42 state issued credit card used to purchase gasoline
43 shall not be valid to purchase gasoline other than
44 gasoline blended with at least ten percent ethanol.
45 The motor vehicle shall also be affixed with a
46 brightly visible sticker which notifies the traveling
47 public that the motor vehicle is being operated on
48 gasoline blended with ethanol. However, the sticker
49 is not required to be affixed to an unmarked vehicle
50 used for purposes of providing law enforcement or

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1 security.

2 b. Of all new passenger vehicles and light pickup
3 trucks purchased by the commission, a minimum of ten
4 percent of all such vehicles and trucks purchased
5 shall be equipped with engines which utilize
6 alternative methods of propulsion, including but not
7 limited to any of the following:

8 (1) A flexible fuel which is either of the
9 following:

10 (a) A fuel blended with not more than fifteen
11 percent gasoline and at least eighty-five percent
12 ethanol.

13 (b) A fuel which is a mixture of diesel fuel and
14 processed soybean oil. At least twenty percent of the
15 mixed fuel by volume must be processed soybean oil.

16 (c) A renewable fuel approved by the office of
17 renewable fuels and coproducts pursuant to section
18 159A.3.

19 (2) Compressed or liquified natural gas.

20 (3) Propane gas.

21 (4) Solar energy.

22 (5) Electricity.

23 The provisions of this paragraph "b" do not apply
24 to vehicles and trucks purchased and directly used for
25 law enforcement or off-road maintenance work.

26 Sec. 25. Section 260C.19A, Code Supplement 1993,
27 is amended to read as follows:

28 260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON
29 ETHANOL-BLENDED-GASOLINE ALTERNATIVE FUELS.

30 1. A motor vehicle purchased by or used under the
31 direction of the board of directors to provide
32 services to a merged area shall not, on or after
33 January 17, 1993, operate on gasoline other than
34 gasoline blended with at least ten percent ethanol.
35 The motor vehicle shall also be affixed with a
36 brightly visible sticker which notifies the traveling
37 public that the motor vehicle is being operated on
38 gasoline blended with ethanol. However, the sticker
39 is not required to be affixed to an unmarked vehicle
40 used for purposes of providing law enforcement or
41 security.

42 2. Of all new passenger vehicles and light pickup
43 trucks purchased by or under the direction of the
44 board of directors to provide services to a merged
45 area, a minimum of ten percent of all such vehicles
46 and trucks purchased shall be equipped with engines
47 which utilize alternative methods of propulsion,
48 including but not limited to any of the following:

49 a. A flexible fuel which is either of the
50 following:

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1 (1) A fuel blended with not more than fifteen
2 percent gasoline and at least eighty-five percent
3 ethanol.

4 (2) A fuel which is a mixture of diesel fuel and
5 processed soybean oil. At least twenty percent of the
6 mixed fuel by volume must be processed soybean oil.

7 (3) A renewable fuel approved by the office of
8 renewable fuels and coproducts pursuant to section
9 159A.3.

10 b. Compressed or liquified natural gas.

11 c. Propane gas.

12 d. Solar energy.

13 e. Electricity.

14 The provisions of this subsection do not apply to
15 vehicles and trucks purchased and directly used for
16 law enforcement or off-road maintenance work.

17 Sec. 26. Section 262.25A, Code Supplement 1993, is
18 amended by adding the following new subsection:

19 NEW SUBSECTION. 3. Of all new passenger vehicles
20 and light pickup trucks purchased by or under the
21 direction of the state board of regents to provide
22 services to a merged area, a minimum of ten percent of
23 all such vehicles and trucks purchased shall be
24 equipped with engines which utilize alternative
25 methods of propulsion, including but not limited to
26 any of the following:

27 a. A flexible fuel which is either of the
28 following:

29 (1) A fuel blended with not more than fifteen
30 percent gasoline and at least eighty-five percent
31 ethanol.

32 (2) A fuel which is a mixture of processed soybean
33 oil and diesel fuel. At least twenty percent of the
34 fuel by volume must be processed soybean oil.

35 (3) A renewable fuel approved by the office of
36 renewable fuels and coproducts pursuant to section
37 159A.3.

38 b. Compressed or liquified natural gas.

39 c. Propane gas.

40 d. Solar energy.

41 e. Electricity.

42 The provisions of this subsection do not apply to
43 vehicles and trucks purchased and directly used for
44 law enforcement or off-road maintenance work.

45 Sec. 27. NEW SECTION. 266.19 RENEWABLE FUEL --
46 ASSISTANCE.

47 The university shall cooperate in assisting
48 renewable fuel production facilities supporting
49 livestock operations managed by persons receiving
50 assistance pursuant to the value-added agricultural

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1 products and processes financial assistance program
2 established in section 15E.111.

3 Sec. 28. Section 307.21, Code Supplement 1993, is
4 amended by adding the following new subsection:

5 NEW SUBSECTION. 4A. Of all new passenger vehicles
6 and light pickup trucks purchased by the
7 administrator, a minimum of ten percent of all such
8 vehicles and trucks purchased shall be equipped with
9 engines which utilize alternative methods of
10 propulsion, including but not limited to any of the
11 following:

12 a. A flexible fuel which is either of the
13 following:

14 (1) A fuel blended with not more than fifteen
15 percent gasoline and at least eighty-five percent
16 ethanol.

17 (2) A fuel which is a mixture of processed soybean
18 oil and diesel fuel. At least twenty percent of the
19 fuel by volume must be processed soybean oil.

20 (3) A renewable fuel approved by the office of
21 renewable fuels and coproducts pursuant to section
22 159A.3.

23 b. Compressed or liquified natural gas.

24 c. Propane gas.

25 d. Solar energy.

26 e. Electricity.

27 The provisions of this subsection do not apply to
28 vehicles and trucks purchased and directly used for
29 law enforcement or off-road maintenance work.

30 Sec. 29. Section 423.24, subsection 1, paragraph
31 b, Code Supplement 1993, is amended to read as
32 follows:

33 b. Beginning on July 1, 1993, three and one-half
34 percent of the revenue, not to exceed one million
35 dollars per quarter, derived from the use tax on motor
36 vehicles, trailers, and motor vehicle accessories and
37 equipment as collected pursuant to section 423.7,
38 ~~shall be deposited in the ethanol production incentive~~
39 ~~account of the renewable fuel fund created in section~~
40 ~~159A.7. used to support value-added agricultural~~
41 products and processes as follows:

42 (1) Ninety-one and one-quarter percent of these
43 moneys shall be deposited in the value-added
44 agricultural products and processes financial
45 assistance fund as created in section 15E.112.

46 (2) eight and three-quarters percent of these
47 moneys shall be deposited in the renewable fuels and
48 coproducts fund as created in section 159A.7.

49 PARAGRAPH DIVIDED. Moneys deposited according to
50 this paragraph "b" are a continuing appropriation for

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~~1 expenditure under section-159A-8 sections 15E.112 and
2 159A.7. Moneys-deposited-during-a-state-fiscal-year
3 to-the-ethanol-production-incentive-account-which
4 remain-unobligated-and-unencumbered-on-July-31-of-the
5 following-state-fiscal-year-shall-be-credited-to-the
6 road-use-tax-fund-as-provided-in-this-section.~~

7 Sec. 30. Section 455B.104, Code Supplement 1993,
8 is amended by adding the following new unnumbered
9 paragraph:

10 NEW UNNUMBERED PARAGRAPH. The department shall
11 assist persons applying for assistance to establish
12 and operate renewable fuel production facilities
13 pursuant to the value-added agricultural products and
14 processes financial assistance program established in
15 section 15E.111.

16 Sec. 31. NEW SECTION. 904.312A MOTOR VEHICLES.

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

29 2. Of all new passenger vehicles and light pickup
30 trucks purchased by the department, a minimum of ten
31 percent of all such vehicles and trucks purchased
32 shall be equipped with engines which utilize
33 alternative methods of propulsion, including but not
34 limited to any of the following:

35 a. A flexible fuel which is either of the
36 following:

37 (1) A fuel blended with not more than fifteen
38 percent gasoline and at least eighty-five percent
39 ethanol.

40 (2) A fuel which is a mixture of diesel fuel and
41 processed soybean oil. At least twenty percent of the
42 mixed fuel by volume must be processed soybean oil.

43 (3) A renewable fuel approved by the office of
44 renewable fuels and coproducts pursuant to section
45 159A.3.

46 b. Compressed or liquified natural gas.

47 c. Propane gas.

48 d. Solar energy.

49 e. Electricity.

50 The provisions of this subsection do not apply to

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1 vehicles and trucks purchased and directly used for
2 law enforcement or off-road maintenance work.
3 Sec. 32. SOYDIESEL DEMONSTRATION PROJECTS.
4 1. The state department of transportation shall
5 conduct a demonstration project using diesel trucks
6 owned by the department. Each truck shall operate
7 using soydiesel fuel for at least twenty thousand
8 miles. However, trucks primarily used for snow
9 removal shall operate for at least twelve thousand
10 miles. The projects shall be under the oversight of
11 the renewable fuels and coproducts advisory committee.
12 The state department of transportation shall evaluate
13 the performance of vehicles operating on soydiesel
14 fuel, including the rate of repairs on the vehicles
15 and comments of persons operating and maintaining the
16 vehicles. The department shall submit its findings
17 and recommendations to the renewable fuels and
18 coproducts advisory committee as part of the reports
19 provided in subsection 2.
20 2. Notwithstanding section 423.24, as amended in
21 this Act, for the period beginning on July 1, 1993,
22 and ending July 1, 1994, an amount equal to two and
23 one-half percent of the total moneys used to support
24 value-added agricultural products and processes as
25 provided in that section, which would otherwise be
26 allocated to the value-added agricultural products and
27 processes financial assistance fund, shall instead be
28 allocated to the office of renewable fuels and
29 coproducts. The moneys shall be used for purposes of
30 conducting soydiesel demonstration projects
31 administered by the state department of transportation
32 under the oversight of the renewable fuels and
33 coproducts advisory committee.
34 a. The office of renewable fuels and coproducts
35 shall allocate the moneys to the state department of
36 transportation. The department shall apply the moneys
37 to support one or more special projects operations
38 assistance grants which demonstrate the use of
39 soydiesel fuel in one or more public transit systems.
40 b. The state department of transportation shall
41 evaluate the performance of vehicles operating on
42 soydiesel fuel, including the rate of repairs on the
43 vehicles and comments of persons operating and
44 maintaining the vehicles. The department shall submit
45 initial findings and recommendations to the renewable
46 fuels and coproducts advisory committee which shall
47 submit a report to the senate and chief clerk of the
48 house, the legislative service bureau, the
49 chairpersons and ranking members of the senate
50 standing committee on agriculture, the senate standing

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1 committee on small business, economic development and
2 tourism, the house of representatives standing
3 committee on agriculture, and the house of
4 representatives standing committee on small business,
5 economic development and trade. The department shall
6 submit final findings and recommendations to the
7 renewable fuels and coproducts advisory committee
8 which shall submit a report to the general assembly.
9 The initial report shall be due on October 1, 1994.
10 The final report shall be due on March 1, 1995.

11 c. Moneys described pursuant to this subsection
12 are allocated contingent upon a contribution made by
13 either a private or public source to support soydiesel
14 fuel demonstration projects in Iowa commencing during
15 the fiscal year beginning July 1, 1993, and ending
16 June 30, 1994.

17 d. Moneys available under this section which
18 remain unexpended or unobligated on June 30, 1994,
19 shall remain available to support the demonstration
20 project and shall not revert pursuant to section 8.33.
21 Moneys remaining unexpended or unobligated on June 30,
22 1995, shall be credited to the value-added
23 agricultural products and processes financial
24 assistance fund as created in section 15E.112.

25 Sec. 33. ETHANOL PRODUCTION AND LIVESTOCK FEEDING
26 EDUCATION PROJECT.

27 1. For the period beginning July 1, 1993, and
28 ending June 30, 1994, the office of renewable fuels
29 and coproducts shall allocate from the renewable fuels
30 and coproducts fund, not more than an amount equal to
31 one and one-half percent of the total moneys used to
32 support value-added agricultural products and
33 processes as provided in section 423.24 to Iowa state
34 university for purposes of sponsoring at least four
35 seminars in different regions throughout the state,
36 and a conference in a central location of the state.
37 Iowa state university shall consult with the Iowa corn
38 growers association and the Iowa soybean association.
39 The seminars and the conference shall provide
40 information relating to establishing and managing
41 ethanol production facilities, the use of ethanol
42 production coproducts to feed livestock, and the
43 relationship between ethanol production and livestock
44 feeding operations. The university shall, to every
45 extent possible, invite nationally recognized experts
46 to provide information regarding ethanol production
47 processes, livestock nutrition, capitalization of
48 production facilities, operational requirements, and
49 marketing opportunities.

50 2. The department of economic development and

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1 relevant organizations representing agricultural
2 producers as designated by the department shall
3 cooperate with the university, and shall provide
4 information and a representative to appear at each
5 seminar and the conference. The department shall
6 provide information regarding financial and technical
7 assistance available from the department.

8 3. The university shall submit a report not later
9 than December 1 to the secretary of the senate and the
10 chief clerk of the house, describing the seminars and
11 conference, including attendance numbers, and an
12 analysis regarding the results of the project in
13 attracting persons to begin ethanol production and
14 livestock feeding operations.

15 4. Moneys available under this section which
16 remain unexpended or unobligated on June 30, 1994,
17 shall remain available to support the education
18 project and shall not revert pursuant to section 8.33.
19 Moneys remaining unexpended or unobligated on June 30,
20 1995, shall be credited to the renewable fuels and
21 coproducts fund created in section 159A.7.

22 Sec. 34. MICROBUSINESS RURAL ENTERPRISE
23 DEMONSTRATION PROJECT.

24 1. As used in this section:

25 a. "Department" means the department of economic
26 development.

27 b. "Microbusiness or microbusiness enterprise"
28 means a business producing services with five or fewer
29 full-time equivalent employee positions, and with
30 asset requirements of up to twenty-five thousand
31 dollars.

32 c. "Microbusiness organization" means a nonprofit
33 corporation organized under chapter 504A which is
34 exempt from taxation pursuant to section 501(c) of the
35 Internal Revenue Code, and which has a principal
36 mission of actively engaging in microbusiness
37 development, training, technical assistance, and
38 access to capital for the start-up or expansion of
39 microbusinesses.

40 2. For the period beginning July 1, 1993, and
41 ending June 30, 1994, the department may allocate from
42 the value-added agricultural products and processes
43 financial assistance fund an amount equal to one and
44 one-quarter percent of the total moneys used to
45 support value-added agriculture products and processes
46 as provided in section 423.24 to be used for the
47 purpose of conducting a microbusiness rural enterprise
48 demonstration project.

49 3. The department shall contract with a
50 microenterprise organization actively engaged in

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1 microbusiness enterprise in order to assist the
2 establishment of this demonstration project. In order
3 to qualify as the demonstration project, the
4 microenterprise organization must:

- 5 a. Demonstrate a past performance and a capacity
6 to successfully engage in microbusiness development.
- 7 b. Have a statewide commitment and focus to
8 microbusiness development.
- 9 c. Provide training and technical assistance.
- 10 d. Demonstrate an ability to provide access to
11 capital for start-up or expansion of a microbusiness.
- 12 e. Have established linkages with financial
13 institutions.

- 14 f. Demonstrate an ability to provide follow-up
15 technical assistance after a microbusiness start-up or
16 expansion.

17 4. Moneys appropriated pursuant to this section
18 which remain unexpended or unobligated on June 30,
19 1994, shall be available to support the demonstration
20 project and shall not revert pursuant to section 8.33.
21 Moneys remaining unexpended or unobligated on June 30,
22 1995, shall be available to support the demonstration
23 project and shall not revert pursuant to section 8.33,
24 but may be credited to the value-added agricultural
25 products and processes financial assistance fund as
26 created in section 15E.112.

27 5. The department shall submit a report to the
28 secretary of the senate and the chief clerk of the
29 house not later than November 1, 1994. The report
30 shall detail the activities of the microenterprise
31 organization, and describe the success of the project.

32 Sec. 35. PRIOR ALLOCATED MONEYS. In order to
33 carry out the provisions of this Act, any moneys
34 deposited in the ethanol production incentive account
35 of the renewable fuel fund as provided in section
36 423.24 prior to the effective date of this Act, shall
37 be credited to the renewable fuels and coproducts fund
38 as if the moneys had been allocated to the fund
39 pursuant to section 423.24 as provided by this Act.
40 Moneys which remain in the renewable fuels and
41 coproducts fund which exceed the amount required to be
42 deposited in the fund pursuant to this Act shall be
43 credited to the value-added agricultural products and
44 processes financial assistance fund as created in
45 section 15E.112 as if the moneys had been allocated to
46 that fund pursuant to section 423.24 as provided by
47 this Act.

48 Sec. 36. ELIMINATION OF FUNDING SOURCE --
49 DIRECTIONS TO CODE EDITOR.

50 1. Section 423.24, subsection 1, paragraph b, Code

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1 Supplement 1993, is amended by striking the paragraph.

2 2. No moneys shall be deposited into the value-
3 added agricultural products and processes financial
4 assistance fund or the renewable fuels and coproducts
5 fund, pursuant to section 423.24, as provided in this
6 Act, after June 30, 2000.

7 3. Notwithstanding this section, restrictions upon
8 the amount of money used to support administrative
9 expenses by the department of economic development and
10 the office of renewable fuels and coproducts shall
11 continue to apply to moneys deposited in the value-
12 added agricultural products and processes financial
13 assistance fund and the renewable fuels and coproducts
14 fund, pursuant to section 423.24, as provided in this
15 Act, after June 30, 2000.

16 4. a. Any unencumbered or unobligated moneys in
17 the value-added agricultural products and processes
18 financial assistance fund derived from moneys
19 deposited pursuant to section 423.24, which are in
20 excess of three million six hundred fifty thousand
21 dollars of the unencumbered or unobligated moneys in
22 the fund deposited pursuant to that section, and which
23 are remaining on June 30, 2000, shall be credited on
24 August 31, 2000, to the road use tax fund as created
25 in section 312.1.

26 b. Any unencumbered or unobligated moneys in the
27 renewable fuels and coproducts fund derived from
28 moneys deposited pursuant to section 423.24, which are
29 in excess of three hundred fifty thousand dollars of
30 the unencumbered or unobligated moneys in the fund
31 deposited pursuant to that section, and which are
32 remaining on June 30, 2000, shall be credited on
33 August 31, 2000, to the road use tax fund as created
34 in section 312.1.

35 5. The Code editor is directed to eliminate
36 provisions within sections of the Code as provided in
37 this Act wherever references to section 423.24,
38 subsection 1, paragraph "b", appear in those
39 provisions.

40 6. This section takes effect on July 1, 2000.

41 Sec. 37. REPEALS.

42 1. 1992 Iowa Acts, chapter 1099, section 11, is
43 repealed.

44 2. Section 159A.8, Code 1993, is repealed.

45 Sec. 38. EFFECTIVE DATE. This Act, being deemed
46 of immediate importance, takes effect upon enactment."

RECEIVED FROM THE SENATE

H-6167 FILED APRIL 14, 1994

House Concurred
4/14/94 (P. 15 91)

HOUSE FILE 2337

AN ACT

RELATING TO AGRICULTURAL DEVELOPMENT AND RURAL REVITALIZATION,
BY PROVIDING FOR VALUE-ADDED AGRICULTURAL PRODUCTS AND
PROCESSES, PROVIDING FOR PROGRAMS AND MONEYS, PROVIDING
FOR REPEAL OF PROVISIONS, AND PROVIDING EFFECTIVE DATES.

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

Section 1. FINDINGS AND POLICY.

1. The general assembly finds and declares the following:

a. 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 farms.

b. The future economic prosperity of this state depends upon new innovations that improve processes and products utilizing agricultural commodities and livestock.

c. Iowa's traditional investment in livestock production is an essential part of this state's continuing efforts to revitalize its rural economy, and to ensure general prosperity for all of the state's population.

d. It is increasingly necessary to support industries in this state which rely upon agricultural commodities to manufacture value-added products.

e. Renewable fuels and coproducts industries promise to utilize agricultural products in order to reduce the state's dependency upon petroleum products, reduce atmospheric

contamination of this state's environment from the combustion of fossil fuels, and produce coproducts, such as corn gluten feed, distillers grain, and solubles, which can be used to increase livestock production in this state.

2. This state adopts a policy of enhancing agricultural production, including livestock production, through support of the renewable fuel industry. State agencies including the department of agriculture and land stewardship, the department of economic development, and the department of natural resources shall cooperate in order to ensure that this policy is carried out.

Sec. 2. Section 15.313, subsection 2, paragraph b, Code 1993, is amended by striking the paragraph.

Sec. 3. Section 15.313, subsection 3, Code 1993, is amended to read as follows:

3. The director shall submit annually at a regular or special meeting preceding the beginning of the fiscal year, for approval by the economic development board, the proposed allocation of funds from the strategic investment fund to be made for that fiscal year to the community economic betterment program, ~~the value-added-agricultural-products-and-processes financial-assistance-program~~, the business development finance corporation, the self-employment loan program, and the targeted small business financial assistance program and for comprehensive management assistance. If funds are available under a federal microloan demonstration program, the director may recommend an allocation for that purpose. The plans may provide for increased or decreased allocations if the demand in a program indicates that the need exceeds the allocation for that program. The director shall report on a monthly basis to the board on the status of the funds and may present proposed revisions for approval by the board in January and April of each year. Unobligated and unencumbered moneys remaining in the strategic investment fund or any of its accounts on June 30 of each year shall be considered part of the fund for purposes of the next year's allocation.

Sec. 4. Section 15.318, Code 1993, is amended by adding the following new subsections:

NEW SUBSECTION. 16. The capacity of the proposed project to create products by adding value to agricultural commodities.

NEW SUBSECTION. 17. The degree to which the proposed project relies upon agricultural or value-added research conducted at a college or university, including a regents institution, community college, or a private university or college.

Sec. 5. Section 15E.111, Code 1993, is amended to read as follows:

15E.111 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE PROGRAM.

1. ~~Contingent-on-the-availability-of-funding-for-this program;~~ The department may shall establish a value-added agricultural products and processes financial assistance program. The department shall consult with the Iowa corn growers association and the Iowa soybean association. The purpose of the program is to foster encourage the increased utilization of agricultural commodities produced in this state. The program shall assist in efforts to revitalize rural regions of this state, by committing resources to provide financial assistance to new or existing value-added production facilities. In awarding financial assistance, the department shall commit resources to assist the following:

a. ~~Facilities which are involved in the development of new innovative products; practices and processes related to agriculture through specialized financial or technical assistance to facilitate the acquisition of capital.~~ The facility must do either of the following: produce a good derived from an agricultural commodity, if the good is not commonly produced from an agricultural commodity; or use a process to produce a good derived from an agricultural process, if the process is not commonly used to produce the good.

b. Renewable fuel production facilities. As used in this section, "renewable fuel" means an energy source which is derived from an organic compound capable of powering machinery, including an engine or power plant.

Financial assistance awarded under this section may be in the form of a loan, loan guarantee, grant, production incentive payment, or a combination of financial assistance. The department shall not award more than twenty-five percent of the amount allocated to the value-added agricultural products and processes financial assistance fund during any fiscal year to support a single person. The department may finance any size of facility. However, the department shall reserve up to fifty percent of the total amount allocated to the fund, for purposes of assisting persons requiring one hundred thousand dollars or less in financial assistance. The amount shall be reserved until the end of the third quarter of the fiscal year. The department shall not provide financial assistance to support a value-added production facility, if the facility or a person owning a controlling interest in the facility, has demonstrated a continuous and flagrant disregard for the health and safety of its employees, or the quality of the environment. Evidence of such disregard shall include a history of serious or uncorrected violations of state or federal law protecting occupational health and safety or the environment, including but not limited to serious or uncorrected violations of occupational safety and health standards enforced by the division of labor services of the department of employment services pursuant to chapter 81A, or rules enforced by the environmental protection division of the department of natural resources pursuant to chapter 455B.

2. A person is eligible to apply for assistance under this section, if the person satisfies the following requirements:

a. ~~The person is a resident of this state, or the person's principal place of business is~~ The existing or proposed facility is located in this state.

b. The person applies to the department of economic development in a manner and according to procedures required by the department.

c. The person submits a business plan which demonstrates managerial and technical expertise.

d. ~~The person operates for profit or not for profit and under a single management, and either employs fewer than twenty employees or has an annual gross income of less than three million dollars computed as the average of the three preceding fiscal years:~~

3. The department of economic development may shall grant financial or technical assistance to a person determined by the department to be eligible to receive assistance under this section, upon review and evaluation of the person's application by the agricultural products advisory council as established in section 15.203. The department shall consider the council's evaluation in granting or denying assistance. The department shall not approve an application for assistance under this section to refinance an existing loan or to finance traditional agricultural operations. An application is eligible for consideration if the application seeks assistance for any of the following purposes: The department shall not directly award financial assistance to support an activity directly related to farming as defined in section 9H.1, including the establishment or operation of a livestock production operation, regardless of whether the activity is related to a renewable fuel production facility.

4. The department shall select an applicant to receive financial assistance based on the following criteria:

a. The feasibility of the existing or proposed facility to remain a viable enterprise and the degree to which the facility will increase the utilization of agricultural commodities produced in this state.

b. The extent to which the existing or proposed facility is located in a rural region of the state.

c. The proportion of local match to be contributed to the project.

d. The level of need of the region where the existing facility is or the proposed facility is to be located.

e. The degree to which the facility produces a coproduct which is marketed in the same locality as the facility.

5. An application based on innovation shall be considered if any of the following apply:

a. The development of value-added agricultural processes production process is not commonly available in this state which are to be carried out by the person in this state.

b. The development of an innovative or diversified agricultural product is not commonly produced in this state which is to be carried out by the person in this state.

c. ~~The development of an innovative processing, packaging, marketing, or management practice not commonly available in this state which is to be carried out by the person in this state:~~

4. ~~Assistance by the department granted to an eligible person shall be subject to the following restrictions:~~

a. ~~The person shall not receive financial assistance totaling more than eighty thousand dollars under this program.~~

b. ~~Interest on a loan shall not exceed the current fair market interest rate. A loan shall not exceed fifty thousand dollars.~~

c. ~~A loan guarantee shall not exceed eighty thousand dollars. A loan guarantee shall guarantee not more than eighty percent of a conventionally-obtained loan.~~

d. ~~A grant shall not exceed twenty-five thousand dollars. A grant shall be made only to provide leverage for a conventionally-obtained loan. The conventionally-obtained loan must be for an amount significantly larger than the amount of the grant.~~

5. ~~Notwithstanding restrictions contained in subsection 4, the department may use up to five thousand dollars to contract for technical assistance in order to aid a person having a pending or approved application under this section:~~

5. a. The department shall consider an application to assist a renewable fuel production facility. An application based on ethanol fuel production shall be considered by the department if all of the following apply:

(1) All fermentation, distillation, and dehydration of the ethanol will occur at the proposed facility.

(2) The ethanol produced at the proposed facility will be at least one hundred ninety proof and must be denatured. However, if the facility markets the ethanol for further refining, the facility must demonstrate that the refiner will produce one hundred ninety proof ethanol from the ethanol purchased from the facility.

b. The department shall give priority to supporting proposed renewable fuel production facilities which directly support livestock production operations. The highest priority shall be provided to a renewable fuel production facility which produces coproducts which are used to produce livestock raised in the same locality as the production facility. If the department has several proposals having the highest priority, a preference shall be given to a proposal in which the livestock operation:

(1) Is located in an agricultural area as provided in chapter 352.

(2) Is located in close proximity to and is an integral part of the renewable fuel production facility. However, the owner of the facility is not required to hold an interest in the land on which the livestock are produced. The livestock may be produced under the terms of a contract, in which a person regularly engaged in livestock production provides for the care and feeding of the livestock on behalf of the facility's owner.

c. The department shall cooperate with the office of renewable fuels and coproducts in order to carry out this subsection, as provided in section 159A.6B. The office shall be primarily responsible for providing technical expertise regarding the operation of a renewable fuel production facility, and specifically a facility which supports livestock production operations. The department shall cooperate with any contract consultant supported by the office as provided in section 159A.6B. The agricultural products advisory council as established in section 15.203, shall coordinate the

activities of the department and the office. In administering this part of the program, the department and the office shall cooperate with the department of natural resources which shall assist an applicant in complying with all applicable environmental regulations. The department of natural resources shall acknowledge receipt of a completed application for a permit not later than two weeks following receipt of a completed application by the department. Within twelve weeks following receipt of the application, the department shall issue the permit or reply to the applicant describing reasons why the permit cannot be issued.

7. The university of Iowa, Iowa state university, and the university of northern Iowa shall cooperate in assisting facilities receiving financial assistance under this section. Iowa state university, including the Iowa cooperative extension service in agriculture and home economics, shall cooperate in assisting each renewable fuel production facility supporting livestock operations, including advising producers regarding nutrition and management practices. Community colleges and private universities and colleges are not precluded from providing this assistance.

8. The department of economic development and the office of renewable fuels and coproducts shall prepare a report each six months detailing the progress of the department and other agencies provided in this section. The office of renewable fuels and coproducts, the department of natural resources, and Iowa state university may contribute a summary of their activities. The report shall be delivered to the secretary of the senate and the chief clerk of the house; the legislative service bureau; the chairpersons and ranking members of the senate standing committee on agriculture; the senate standing committee on small business, economic development, and tourism; the house of representatives standing committee on agriculture; and the house of representatives standing committee on small business, economic development, and trade.

Sec. 6. Section 15E.112, Code 1993, is amended to read as follows:

15E.112 VALUE-ADDED AGRICULTURAL PRODUCTS AND PROCESSES FINANCIAL ASSISTANCE ACCOUNT FUND.

1. A value-added agricultural products and processes financial assistance account fund is established within the strategic investment fund created in section 15.313 created within the state treasury under the control of the department. The account fund shall consist of any money appropriated by the general assembly for that purpose, moneys allocated to the account from the strategic investment fund, and any other moneys available to and obtained or accepted by the department from the federal government or private sources for placement in the account fund. Until July 1, 2000, moneys shall be deposited in the fund as provided in section 423.24. Not more than one percent of the total moneys available to support value-added agricultural products and processes pursuant to section 423.24 during each quarter shall be used by the department for administration of the value-added agricultural products and processes financial assistance program, as provided in section 15E.111. Except as otherwise provided in subsection 27 the assets of the account fund shall be used by the department only for carrying out the purposes of section 15E.111.

2. In administering the fund and the value-added agricultural products and processes financial assistance program, the department may use moneys in the account to do any of the following:

a. Contract, sue and be sued, and adopt administrative rules necessary to carry out the provisions of this section and section 15E.111; but, however, the department shall not in any manner directly or indirectly pledge the credit of the state.

b. Authorize payment from the account fund for costs, commissions, attorney fees, and other reasonable expenses, including expenses related to and carrying out duties necessary for insuring or guaranteeing loans under section 15E.111, and for the recovery of loan moneys insured or guaranteed or the management of property acquired in connection with such loans.

3. Payments of interest, recaptures of awards, or repayments of moneys loaned under the value-added agricultural products and processes financial assistance program shall be deposited into the strategic investment into the fund. Section 8.33 does not apply to any moneys in the fund. Unencumbered or unobligated moneys in the fund derived from moneys deposited pursuant to section 423.24, which are in excess of three million six hundred fifty thousand dollars of unencumbered or unobligated moneys in the fund deposited pursuant to that section, which are remaining on June 30 of each fiscal year, shall be credited on August 31 to the road use tax fund as created in section 312.1.

4. The fund is subject to an annual audit by the auditor of state. Moneys in the fund, which may be subject to warrants written by the director of revenue and finance, shall be drawn upon the written requisition of the director of the department of economic development or an authorized representative of the director.

Sec. 7. Section 18.115, subsection 5, Code Supplement 1993, is amended to read as follows:

5. Of all new passenger vehicles and light pickup trucks purchased by the state vehicle dispatcher, institutions under the control of the state board of regents, community colleges, and any other state agency purchasing such new vehicles and trucks beginning July 17, 1992, a minimum of five percent, and beginning July 17, 1994, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion including but not limited to those propelled by flexible fuels, compressed air, or any of the following:

a. A flexible fuel, which is any of the following:

(1) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.

(2) A fuel which is a mixture of diesel fuel and processed soybean oil. At least twenty percent of the mixed fuel by volume must be processed soybean oil.

(3) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.2.

b. Compressed or liquified natural gas; propane; solar.

c. Propane gas.

d. Solar energy; or electricity.

e. Electricity. For the purpose of this subsection, "flexible fuels" means fuels which are blended with eighty-five percent ethanol and fifteen percent gasoline.

PARAGRAPH DIVIDED. The provisions of this subsection do not apply to such vehicles and trucks purchased and directly used for the following purposes: law enforcement; or off-road maintenance work; or work vehicles used to pull loaded trailers. This subsection also does not apply to school corporations, with the exceptions of those designated above.

PARAGRAPH DIVIDED. It is the intent of the general assembly that the members of the midwest energy compact promote the development and purchase of motor vehicles equipped with engines which utilize alternative methods of propulsion.

Sec. 8. Section 19A.3, subsection 22, Code 1993, is amended to read as follows:

22. The appointee serving as the coordinator of the office of renewable fuel fuels and coproducts, as provided in section 159A.3.

Sec. 9. Section 20.4, subsection 13, Code 1993, is amended to read as follows:

13. The appointee serving as the coordinator of the office of renewable fuel fuels and coproducts, as provided in section 159A.3.

Sec. 10. Section 159.20, subsection 10, Code 1993, is amended to read as follows:

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

Sec. 11. Section 159A.1, subsections 2 and 3, Code 1993, are amended to read as follows:

2. It is necessary to support industries using agricultural commodities to produce increase the demand for and production and consumption of sources of energy in order to reduce the state's dependency upon petroleum products; and to ameliorate threats to this; to reduce atmospheric contamination of this state's environment resulting from the atmospheric contamination of carbon monoxide from the combustion of fossil fuels; and to produce coproducts, such as corn gluten feed, distillers grain, and solubles, which can be used to increase livestock production in this state.

3. This state adopts a policy of enhancing agricultural production through support of the renewable fuel industry by encouraging the development and use of fuels and coproducts derived from agricultural commodities, as provided in this chapter, including rules adopted by the office of renewable fuel fuels and coproducts and the renewable fuel fuels and coproducts advisory committee.

Sec. 12. Section 159A.2, Code 1993, is amended to read as follows:

159A.2 DEFINITIONS.

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

1. "Committee" means the renewable fuel fuels and coproducts advisory committee established pursuant to section 159A.4.

2. "Coordinator" means the administrative head of the office of renewable fuel fuels and coproducts appointed by the department as provided in section 159A.3.

2A. "Coproduct" means a product other than a renewable fuel which at least in part is derived from the processing of agricultural commodities, and which may include corn gluten feed, distillers grain, or solubles, or can be used as livestock feed or a feed supplement.

3. "Fund" means the renewable fuel fuels and coproducts fund established pursuant to section 159A.7.

4. "Office" means the office of renewable fuel fuels and coproducts created pursuant to section 159A.3.

5. "Renewable fuel" means an energy source at least in part derived from an organic compound, including a photosynthate, which may be used to power capable of powering machinery, including an engine or power plant. A renewable fuel includes but is not limited to ethanol-blended or soydiesel fuel.

6. "Renewable fuel fuels and coproducts activities" means either of the following:

a. The research, development, production, promotion, marketing, or consumption of a renewable fuel fuels and coproducts.

b. The research, development, transfer, or use of technologies which directly or indirectly increase the supply or demand of a renewable fuel fuels and coproducts.

7. "Soydiesel fuel" means a fuel which is a mixture of diesel fuel and processed soybean oil, if at least twenty percent of the mixed fuel by volume is processed soybean oil.

Sec. 13. Section 159A.3, Code 1993, is amended to read as follows:

159A.3 OFFICE OF RENEWABLE FUEL FUELS AND COPRODUCTS.

1. An office of renewable fuel fuels and coproducts is created within the department and shall be staffed by a coordinator who shall be appointed by the secretary. It shall be the policy of the office to further renewable fuel fuels and coproducts activities. The office shall first further renewable fuel fuels and coproducts activities based on the following considerations:

a. The price competitiveness of the renewable fuel or coproduct.

b. The production capacity and supply of the renewable fuel or coproduct.

c. The ease and safety of transporting and storing the renewable fuel or coproduct.

d. The degree to which the renewable fuel or coproduct is currently developed for ready transfer to current engine technology.

e. The degree to which the renewable fuel or coproduct is environmentally protective.

f. The degree to which the renewable fuel or coproduct 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 fuels and coproducts 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 fuels and coproducts 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 fuels and coproducts 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 fuels and coproducts activities.

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

h. Preparing an annual report to the secretary regarding renewable fuel fuels and coproducts 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 fuels.~~

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.

j. Approve a renewable fuel which may be used as a flexible fuel powering a motor vehicle required to be purchased by state agencies.

3. a. 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.

b. The office shall promote the production and consumption of soydiesel fuel in this state.

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 fuels and coproducts 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, state board of regents institutions, and the Wallace technology transfer foundation of Iowa, shall cooperate to implement this section.

Sec. 14. Section 159A.4, subsection 1, unnumbered paragraph 1, Code 1993, is amended to read as follows:

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

Sec. 15. Section 159A.4, subsection 1, Code 1993, is amended by adding the following new paragraph after paragraph h and relettering the subsequent paragraphs:

NEW PARAGRAPH. i. A person representing the Iowa soybean association.

Sec. 16. Section 159A.4, subsection 1, paragraph j, Code 1993, is amended to read as follows:

j. A person representing the renewable fuel fuels industry in this state.

Sec. 17. Section 159A.4, unnumbered paragraph 2, Code 1993, is amended to read as follows:

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, the director of the state department of transportation shall appoint the person representing that department, and the director of the department of natural resources shall appoint the person representing that department. The governor may make appointments of persons representing organizations listed under paragraphs "g" and "h" through "i" from a list of candidates which shall be provided by the organization upon request by the governor.

Sec. 18. Section 159A.5, subsections 1, 2, 4, 5, Code Supplement 1993, are amended to read as follows:

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 fuel fuels and coproducts. 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 fuel fuels and coproducts.

4. The committee shall review the annual report to the secretary regarding renewable fuel fuels and coproducts 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 fuels and coproducts production and consumption.

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

~~e. Review the distribution of ethanol production incentive payments to qualified persons, pursuant to section 159A.8.~~

Sec. 19. Section 159A.6, Code 1991, is amended to read as follows:

159A.6 POINT-OF-SALE-PUBLIC-PROMOTION-PROGRAM EDUCATION, PROMOTION, AND ADVERTISING.

1. The office shall support education regarding, and promotion and advertising of, renewable fuels and coproducts. The office shall consult with the Iowa corn growers association and the Iowa soybean association.

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

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 fuels. The standards may be incorporated within a model decal adopted by the committee and approved by the office.

3. The office shall 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 production as livestock feed or meal to cattle producers in this state.

4. The office may contract to provide all or part of these services.

Sec. 20. NEW SECTION. 159A.6A RENEWABLE FUELS AND COPRODUCTS RESEARCH.

The office shall support research relating to renewable fuels and coproducts, including methods to increase efficiency and reduce costs associated with production. The office shall consult with the Iowa corn growers association and the Iowa soybean association. The office shall support research activities at the university of Iowa, Iowa state university of science and technology, and the university of northern Iowa. The office may contract to provide all or part of these services.

Sec. 21. NEW SECTION. 159A.6B TECHNICAL ASSISTANCE.

The office shall assist persons in revitalizing rural regions of this state, by providing technical assistance to new or existing renewable fuel production facilities, including the establishment and operation of facilities, and specifically facilities which create coproducts, including coproducts which support livestock production operations. The office shall consult with the Iowa corn growers association and the Iowa soybean association. The office shall provide planning assistance which may include evaluations of methods to most profitably manage these operations. The business

planning assistance shall provide for adequate environmental protection of this state's natural resources from the operation of the facility.

The office may execute contracts in order to provide technical support and outreach services for purposes of assisting and educating interested persons as provided in this section. The office may also contract with a consultant to provide part or all of these services. The office may require that a person receiving assistance pursuant to this section contribute up to fifty percent of the amount required to support the costs of contracting with the consultant to provide assistance to the person. The office shall assist the person in completing any technical information required in order to receive assistance by the department of economic development pursuant to the value-added agricultural products and processes financial assistance program created pursuant to section 15E.111. The office shall cooperate with the department of economic development, the department of natural resources, and regent institutions or other universities and colleges as provided in section 15E.111, in order to carry out this section.

Sec. 22. Section 159A.7, Code Supplement 1993, is amended to read as follows:

159A.7 RENEWABLE FUEL FUELS AND COPRODUCTS FUND.

1. A renewable fuel fuels and coproducts fund is created in the state treasury under the control of the office of renewable fuel fuels and coproducts. The fund is composed of moneys accepted by the office. ~~Moneys in the fund shall be deposited into the renewable fuel activities account or the ethanol production incentive account.~~ 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.

Moneys in the fund shall be used ~~only to administer this chapter~~ carry out the provisions of this section and sections

159A.3, 159A.4, 159A.5, 159A.6, 159A.6A, and 159A.6B within the state of Iowa.

2. Moneys in the ~~renewable fuel activities account~~ fund shall be allocated ~~at the beginning of~~ during each fiscal year as follows:

a. ~~Up to~~ At least forty percent may ~~shall~~ be dedicated to support education, promotion, and advertising of ethanol fuel renewable fuels and coproducts as provided in section 159A.6.

b. Up to thirty percent may be dedicated to support research at the university of Iowa₂

~~c. Up to thirty percent may be dedicated to support research at Iowa state university of science and technology, and the university of northern Iowa, as provided in section 159A.6A.~~

d. ~~The~~ Any remaining balance shall be used by the office to support technical assistance as provided in section 159A.6B and any other projects or programs developed by the office.

3. Moneys Until July 1, 2000, moneys shall be deposited in the ethanol production incentive account fund as provided in section 423.24. One Not more than one and one-half percent of the total moneys deposited in the account during each quarter available to support value-added agricultural products and processes pursuant to section 423.24 shall be allocated to the department for administration of the office. Remaining moneys shall be allocated to provide financial incentives to support the increased production of ethanol derived from an organic compound, including a photosynthate, as provided in section 159A.8.

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

5. 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 accounts ~~from income received by investment of moneys in the fund~~ fund for administrative costs, commissions, attorney and accountant fees, and other reasonable expenses related to and necessary for administering the accounts fund.

6. Section 8.33 does not apply to moneys in the renewable fuel activities account fund. Income received by investment of moneys in the account fund shall remain in that account the fund. ~~Moneys appropriated for a state fiscal year to the ethanol production incentive account which remain unobligated and unencumbered on July 31 of the following state fiscal year shall be credited to the road use tax fund as provided in section 423.24.~~ Unencumbered or unobligated moneys in the fund derived from moneys deposited pursuant to section 423.24, which are in excess of three hundred fifty thousand dollars of unencumbered or unobligated moneys in the fund deposited pursuant to that section, and which are remaining on June 30 of each fiscal year, shall be credited on August 31 to the road use tax fund as created in section 312.1.

Sec. 23. Section 214A.16, Code 1993, is amended to read as follows:

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

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 decal. All diesel fuel kept, offered, or exposed for sale, or sold at retail containing over one percent soybean oil by volume shall be identified as "with soydiesel" or similar wording on a decal. The design and location of the decals may shall be prescribed by rules adopted by the department. The department shall adopt the rules to be effective by January 1, 1995. A decal identifying a renewable fuel shall be consistent with standards adopted pursuant to section 159A.6. if Until the department does not establish establishes standards for a decal relating to a specific oxygenate-octane enhancer decals.

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. 24. Section 216A.3, subsection 16, Code Supplement 1993, is amended to read as follows:

16. a. 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. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

b. Of all new passenger vehicles and light pickup trucks purchased by the commission, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion, including but not limited to any of the following:

(1) A flexible fuel which is either of the following:

(a) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.

(b) A fuel which is a mixture of diesel fuel and processed soybean oil. At least twenty percent of the mixed fuel by volume must be processed soybean oil.

(c) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.3.

(2) Compressed or liquified natural gas.

(3) Propane gas.

(4) Solar energy.

(5) Electricity.

The provisions of this paragraph "b" do not apply to vehicles and trucks purchased and directly used for law enforcement or off-road maintenance work.

Sec. 25. Section 260C.19A, Code Supplement 1993, is amended to read as follows:

260C.19A MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL-BLENDED-GASOLINE ALTERNATIVE FUELS.

1. 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. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

2. Of all new passenger vehicles and light pickup trucks purchased by or under the direction of the board of directors to provide services to a merged area, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion, including but not limited to any of the following:

a. A flexible fuel which is either of the following:

(1) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.

(2) A fuel which is a mixture of diesel fuel and processed soybean oil. At least twenty percent of the mixed fuel by volume must be processed soybean oil.

(3) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.3.

b. Compressed or liquified natural gas.

c. Propane gas.

d. Solar energy.

e. Electricity.

The provisions of this subsection do not apply to vehicles and trucks purchased and directly used for law enforcement or off-road maintenance work.

Sec. 26. Section 262.25A, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 3. Of all new passenger vehicles and light pickup trucks purchased by or under the direction of the state board of regents to provide services to a merged area, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion, including but not limited to any of the following:

a. A flexible fuel which is either of the following:

(1) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.

(2) A fuel which is a mixture of processed soybean oil and diesel fuel. At least twenty percent of the fuel by volume must be processed soybean oil.

(3) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.3.

b. Compressed or liquified natural gas.

c. Propane gas.

d. Solar energy.

e. Electricity.

The provisions of this subsection do not apply to vehicles and trucks purchased and directly used for law enforcement or off-road maintenance work.

Sec. 27. NEW SECTION. 266.19 RENEWABLE FUEL ASSISTANCE.

The university shall cooperate in assisting renewable fuel production facilities supporting livestock operations managed by persons receiving assistance pursuant to the value-added agricultural products and processes financial assistance program established in section 15E.111.

Sec. 28. Section 307.21, Code Supplement 1993, is amended by adding the following new subsection:

NEW SUBSECTION. 4A. Of all new passenger vehicles and light pickup trucks purchased by the administrator, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion, including but not limited to any of the following:

- a. A flexible fuel which is either of the following:
 - (1) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.
 - (2) A fuel which is a mixture of processed soybean oil and diesel fuel. At least twenty percent of the fuel by volume must be processed soybean oil.
 - (3) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.3.

- b. Compressed or liquified natural gas.
- c. Propane gas.
- d. Solar energy.
- e. Electricity.

The provisions of this subsection do not apply to vehicles and trucks purchased and directly used for law enforcement or off-road maintenance work.

Sec. 29. Section 423.24, subsection 1, paragraph b, Code Supplement 1993, is amended to read as follows:

b. Beginning on July 1, 1993, three and one-half percent of the revenue, not to exceed one million dollars per quarter, derived from the use tax on motor vehicles, trailers, and motor vehicle accessories and equipment as collected pursuant to section 421.7, shall be deposited in the ethanol production incentive account of the renewable fuel fund created in section 159A.7, used to support value-added agricultural products and processes as follows:

- (1) Ninety-one and one-quarter percent of these moneys shall be deposited in the value-added agricultural products and processes financial assistance fund as created in section 15E.112.

(2) eight and three-quarters percent of these moneys shall be deposited in the renewable fuels and coproducts fund as created in section 159A.7.

PARAGRAPH DIVIDED. Moneys deposited according to this paragraph "b" are a continuing appropriation for expenditure under ~~section 159A.8~~ sections 15E.112 and 159A.7. Moneys deposited during a state fiscal year to the ethanol production incentive account which remain unobligated and unencumbered on July 31 of the following state fiscal year shall be credited to the road use tax fund as provided in this section.

Sec. 30. Section 455B.104, Code Supplement 1993, is amended by adding the following new unnumbered paragraph:

NEW UNNUMBERED PARAGRAPH. The department shall assist persons applying for assistance to establish and operate renewable fuel production facilities pursuant to the value-added agricultural products and processes financial assistance program established in section 15E.111.

Sec. 31. **NEW SECTION.** 904.312A MOTOR VEHICLES.

1. A motor vehicle purchased by the department 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. However, the sticker is not required to be affixed to an unmarked vehicle used for purposes of providing law enforcement or security.

2. Of all new passenger vehicles and light pickup trucks purchased by the department, a minimum of ten percent of all such vehicles and trucks purchased shall be equipped with engines which utilize alternative methods of propulsion, including but not limited to any of the following:

- a. A flexible fuel which is either of the following:
 - (1) A fuel blended with not more than fifteen percent gasoline and at least eighty-five percent ethanol.

(2) A fuel which is a mixture of diesel fuel and processed soybean oil. At least twenty percent of the mixed fuel by volume must be processed soybean oil.

(3) A renewable fuel approved by the office of renewable fuels and coproducts pursuant to section 159A.3.

- b. Compressed or liquified natural gas.
- c. Propane gas.
- d. Solar energy.
- e. Electricity.

The provisions of this subsection do not apply to vehicles and trucks purchased and directly used for law enforcement or off-road maintenance work.

Sec. 32. SOYDIESEL DEMONSTRATION PROJECTS.

1. The state department of transportation shall conduct a demonstration project using diesel trucks owned by the department. Each truck shall operate using soydiesel fuel for at least twenty thousand miles. However, trucks primarily used for snow removal shall operate for at least twelve thousand miles. The projects shall be under the oversight of the renewable fuels and coproducts advisory committee. The state department of transportation shall evaluate the performance of vehicles operating on soydiesel fuel, including the rate of repairs on the vehicles and comments of persons operating and maintaining the vehicles. The department shall submit its findings and recommendations to the renewable fuels and coproducts advisory committee as part of the reports provided in subsection 2.

2. Notwithstanding section 423.24, as amended in this Act, for the period beginning on July 1, 1993, and ending July 1, 1994, an amount equal to two and one-half percent of the total moneys used to support value-added agricultural products and processes as provided in that section, which would otherwise be allocated to the value-added agricultural products and processes financial assistance fund, shall instead be allocated to the office of renewable fuels and coproducts. The moneys shall be used for purposes of conducting soydiesel demonstration projects administered by the state department of

transportation under the oversight of the renewable fuels and coproducts advisory committee.

a. The office of renewable fuels and coproducts shall allocate the moneys to the state department of transportation. The department shall apply the moneys to support one or more special projects operations assistance grants which demonstrate the use of soydiesel fuel in one or more public transit systems.

b. The state department of transportation shall evaluate the performance of vehicles operating on soydiesel fuel, including the rate of repairs on the vehicles and comments of persons operating and maintaining the vehicles. The department shall submit initial findings and recommendations to the renewable fuels and coproducts advisory committee which shall submit a report to the senate and chief clerk of the house, the legislative service bureau, the chairpersons and ranking members of the senate standing committee on agriculture, the senate standing committee on small business, economic development and tourism, the house of representatives standing committee on agriculture, and the house of representatives standing committee on small business, economic development and trade. The department shall submit final findings and recommendations to the renewable fuels and coproducts advisory committee which shall submit a report to the general assembly. The initial report shall be due on October 1, 1994. The final report shall be due on March 1, 1995.

c. Moneys described pursuant to this subsection are allocated contingent upon a contribution made by either a private or public source to support soydiesel fuel demonstration projects in Iowa commencing during the fiscal year beginning July 1, 1993, and ending June 30, 1994.

d. Moneys available under this section which remain unexpended or unobligated on June 30, 1994, shall remain available to support the demonstration project and shall not revert pursuant to section 8.33. Moneys remaining unexpended or unobligated on June 30, 1995, shall be credited to the

value-added agricultural products and processes financial assistance fund as created in section 15E.112.

Sec. 33. ETHANOL PRODUCTION AND LIVESTOCK FEEDING EDUCATION PROJECT.

1. For the period beginning July 1, 1993, and ending June 30, 1994, the office of renewable fuels and coproducts shall allocate from the renewable fuels and coproducts fund, not more than an amount equal to one and one-half percent of the total moneys used to support value-added agricultural products and processes as provided in section 423.24 to Iowa state university for purposes of sponsoring at least four seminars in different regions throughout the state, and a conference in a central location of the state. Iowa state university shall consult with the Iowa corn growers association and the Iowa soybean association. The seminars and the conference shall provide information relating to establishing and managing ethanol production facilities, the use of ethanol production coproducts to feed livestock, and the relationship between ethanol production and livestock feeding operations. The university shall, to every extent possible, invite nationally recognized experts to provide information regarding ethanol production processes, livestock nutrition, capitalization of production facilities, operational requirements, and marketing opportunities.

2. The department of economic development and relevant organizations representing agricultural producers as designated by the department shall cooperate with the university, and shall provide information and a representative to appear at each seminar and the conference. The department shall provide information regarding financial and technical assistance available from the department.

3. The university shall submit a report not later than December 1 to the secretary of the senate and the chief clerk of the house, describing the seminars and conference, including attendance numbers, and an analysis regarding the results of the project in attracting persons to begin ethanol production and livestock feeding operations.

4. Moneys available under this section which remain unexpended or unobligated on June 30, 1994, shall remain available to support the education project and shall not revert pursuant to section 8.33. Moneys remaining unexpended or unobligated on June 30, 1995, shall be credited to the renewable fuels and coproducts fund created in section 159A.7.

Sec. 34. MICROBUSINESS RURAL ENTERPRISE DEMONSTRATION PROJECT.

1. As used in this section:

a. "Department" means the department of economic development.

b. "Microbusiness or microbusiness enterprise" means a business producing services with five or fewer full-time equivalent employee positions, and with asset requirements of up to twenty-five thousand dollars.

c. "Microbusiness organization" means a nonprofit corporation organized under chapter 504A which is exempt from taxation pursuant to section 501(c) of the Internal Revenue Code, and which has a principal mission of actively engaging in microbusiness development, training, technical assistance, and access to capital for the start-up or expansion of microbusinesses.

2. For the period beginning July 1, 1993, and ending June 30, 1994, the department may allocate from the value-added agricultural products and processes financial assistance fund an amount equal to one and one-quarter percent of the total moneys used to support value-added agriculture products and processes as provided in section 423.24 to be used for the purpose of conducting a microbusiness rural enterprise demonstration project.

3. The department shall contract with a microenterprise organization actively engaged in microbusiness enterprise in order to assist the establishment of this demonstration project. In order to qualify as the demonstration project, the microenterprise organization must:

a. Demonstrate a past performance and a capacity to successfully engage in microbusiness development.

b. Have a statewide commitment and focus to microbusiness development.

c. Provide training and technical assistance.

d. Demonstrate an ability to provide access to capital for start-up or expansion of a microbusiness.

e. Have established linkages with financial institutions.

f. Demonstrate an ability to provide follow-up technical assistance after a microbusiness start-up or expansion.

4. Moneys appropriated pursuant to this section which remain unexpended or unobligated on June 30, 1994, shall be available to support the demonstration project and shall not revert pursuant to section 8.33. Moneys remaining unexpended or unobligated on June 30, 1995, shall be available to support the demonstration project and shall not revert pursuant to section 8.33, but may be credited to the value-added agricultural products and processes financial assistance fund as created in section 15E.112.

5. The department shall submit a report to the secretary of the senate and the chief clerk of the house not later than November 1, 1994. The report shall detail the activities of the microenterprise organization, and describe the success of the project.

Sec. 35. PRIOR ALLOCATED MONEYS. In order to carry out the provisions of this Act, any moneys deposited in the ethanol production incentive account of the renewable fuel fund as provided in section 423.24 prior to the effective date of this Act, shall be credited to the renewable fuels and coproducts fund as if the moneys had been allocated to the fund pursuant to section 423.24 as provided by this Act. Moneys which remain in the renewable fuels and coproducts fund which exceed the amount required to be deposited in the fund pursuant to this Act shall be credited to the value-added agricultural products and processes financial assistance fund as created in section 15E.112 as if the moneys had been allocated to that fund pursuant to section 423.24 as provided by this Act.

Sec. 36. ELIMINATION OF FUNDING SOURCE -- DIRECTIONS TO CODE EDITOR.

1. Section 423.24, subsection 1, paragraph b, Code Supplement 1993, is amended by striking the paragraph.

2. No moneys shall be deposited into the value-added agricultural products and processes financial assistance fund or the renewable fuels and coproducts fund, pursuant to section 423.24, as provided in this Act, after June 30, 2000.

3. Notwithstanding this section, restrictions upon the amount of money used to support administrative expenses by the department of economic development and the office of renewable fuels and coproducts shall continue to apply to moneys deposited in the value-added agricultural products and processes financial assistance fund and the renewable fuels and coproducts fund, pursuant to section 423.24, as provided in this Act, after June 30, 2000.

4. a. Any unencumbered or unobligated moneys in the value-added agricultural products and processes financial assistance fund derived from moneys deposited pursuant to section 423.24, which are in excess of three million six hundred fifty thousand dollars of the unencumbered or unobligated moneys in the fund deposited pursuant to that section, and which are remaining on June 30, 2000, shall be credited on August 31, 2000, to the road use tax fund as created in section 312.1.

b. Any unencumbered or unobligated moneys in the renewable fuels and coproducts fund derived from moneys deposited pursuant to section 423.24, which are in excess of three hundred fifty thousand dollars or the unencumbered or unobligated moneys in the fund deposited pursuant to that section, and which are remaining on June 30, 2000, shall be credited on August 31, 2000, to the road use tax fund as created in section 312.1.

5. The Code editor is directed to eliminate provisions within sections of the Code as provided in this Act wherever references to section 423.24, subsection 1, paragraph "b", appear in those provisions.

6. This section takes effect on July 1, 2000.

Sec. 37. REPEALS.

1. 1992 Iowa Acts, chapter 1099, section 11, is repealed.
2. Section 159A.8, Code 1993, is repealed.

Sec. 38. EFFECTIVE DATE. This Act, being deemed of immediate importance, takes effect upon enactment.

HAROLD VAN MAANEN
Speaker of the House

LEONARD L. BOSWELL
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2337, Seventy-fifth General Assembly.

ELIZABETH ISAACSON
Chief Clerk of the House

Approved April 26, 1994

TERRY E. BRANSTAD
Governor