

FILED FEB 4 1998
Agrie 3/23/98 Referred (p. 799)

SENATE FILE 2120
BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO SSB 2013)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act requiring that gasoline for certain purposes contain
2 oxygenates, restricting the blending of gasoline, making a
3 penalty applicable, and providing an effective date.

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

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S.F. 2120

1 Section 1. NEW SECTION. 214A.20 OXYGENATED GASOLINE.

2 1. OXYGEN CONTENT. On and after July 1, 1998, all
3 gasoline offered for sale or sold in this state shall contain
4 at least two and seven-tenths percent oxygen by weight.

5 2. BLENDING RESTRICTION. A person, including a retail
6 dealer or wholesale dealer, shall not blend gasoline which
7 contains an oxygenate octane enhancer at the time it is
8 received from the refiner or producer with an additional
9 oxygenate octane enhancer.

10 3. EXEMPTIONS. A wholesale dealer or retail dealer may
11 offer for sale or sell gasoline that is not oxygenated in
12 accordance with subsection 1 as follows:

13 a. At an airport, marina, mooring facility, or resort, for
14 use in aircraft or watercraft.

15 b. At a public or private racecourse, for use exclusively
16 in off-highway motor sports racing.

17 c. For use in vehicles which will be operated exclusively
18 off-road, including but not limited to motor vehicles,
19 snowmobiles, motorcycles, and implements of husbandry.

20 A retail dealer shall not have more than one storage tank
21 used for gasoline which is not oxygenated under subsection 1
22 on the premises of the dealer. The pump used to dispense the
23 nonoxygenated gasoline shall be posted with a permanent
24 notice, as determined by rules adopted by the secretary of
25 agriculture, stating that the gasoline dispensed by the pump
26 is nonoxygenated and has a limited use.

27 EXPLANATION

28 This bill provides that all gasoline offered for sale or
29 sold in this state on or after July 1, 1998, shall contain at
30 least 2.7 percent oxygen by weight. The bill prohibits the
31 blending of gasoline which comes from the refiner or producer
32 which contains an oxygenate octane enhancer with an additional
33 oxygenate octane enhancer.

34 The bill exempts from the oxygen requirement gasoline used
35 in aircraft, boats, motor-sports racing, and off-road

1 vehicles. The bill also limits retail dealers to one tank at
2 each dealership for nonoxygenated gasoline and requires the
3 secretary of agriculture to adopt rules regarding the posting
4 of notice at pumps used to dispense nonoxygenated gasoline.

5 Violations of the provisions of the bill are simple
6 misdemeanors under section 214A.11.

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**SENATE FILE 2120
FISCAL NOTE**

A fiscal note for Senate File 2120 is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 2120 requires all gasoline sold or for sale in the State shall contain at least two and seven-tenths percent oxygen by weight.

BACKGROUND

This Bill requires the usage of 100.0% ethanol fuels in the State of Iowa, with the minimum fuel blend of 92.3% gasoline and 7.7% alcohol.

Producers of 90.0% gasoline and 10.0% ethanol blended fuel receive a one penny per gallon reduction in State fuel tax compared to other gasoline producers.

ASSUMPTIONS

1. Producers of ethanol blended fuels sold in the State will produce 90.0% gasoline and 10.0% ethanol, instead of 92.3% gasoline and 7.7% ethanol blend, in order to reduce their costs of State fuel tax.
2. Consumption of gasoline will remain constant.

FISCAL IMPACT

The estimated fiscal impact of SF 2120 under the current federal highway funding formula would be a decrease of \$8.0 million in State fuel tax revenues to the Road Use Tax Fund annually.

SOURCE

Iowa Department of Transportation

(LSB 3537SV, SKW)

FILED MARCH 4, 1998

BY DENNIS PROUTY, FISCAL DIRECTOR

SENATE FILE 2120

S-5048

1 Amend Senate File 2120 as follows:

2 1. Page 1, by inserting after line 26 the
3 following:

4 "Sec. ____ . Section 452A.3, subsections 1 and 2,
5 Code 1997, are amended to read as follows:

6 1. For the privilege of operating motor vehicles
7 in this state, an excise tax of twenty cents per
8 gallon is imposed upon the use of all motor fuel used
9 for any purpose except aviation gasoline and-except
10 motor-fuel-containing-at-least-ten-percent-alcohol
11 distilled-from-cereal-grains-grown-in-the-United
12 States-for-the-period-ending-June-30, 2000, and except
13 as otherwise provided in this division. For the
14 privilege of operating aircraft in this state an
15 excise tax of eight cents per gallon is imposed on the
16 use of all aviation gasoline.

17 ~~2. For the privilege of operating motor vehicles~~
18 ~~in this state, an excise tax of nineteen cents per~~
19 ~~gallon until June 30, 2000, is imposed upon the use of~~
20 ~~motor fuel containing at least ten percent alcohol~~
21 ~~distilled from cereal grains grown in the United~~
22 ~~States and used for any purpose except as otherwise~~
23 ~~provided in this division."~~

24 2. By renumbering as necessary.

By ROD HALVORSON

S-5048 FILED FEBRUARY 18, 1998

Behu, Chair
McLaren
Kibbie

SSB 2013

Agriculture
Succeeded By
SF/HF 2120

SENATE FILE
BY (PROPOSED COMMITTEE ON
AGRICULTURE BILL BY CHAIR-
PERSON RENSINK)

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
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