

APR 21 2003  
WAYS & MEANS CALENDAR

HOUSE FILE 688  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 578)  
(SUCCESSOR TO HSB 267)

Passed House, Date 4/28/03 Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to biodiesel fuel, including by providing for  
2 financial assistance and biodiesel fuel tax credits and  
3 providing an applicability date.

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

5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22

HF 688

1 Section 1. NEW SECTION. 15E.113 BIODIESEL BLENDING  
2 EQUIPMENT PROGRAM.

3 1. The department shall establish a biodiesel blending  
4 equipment program. The department shall consult with the Iowa  
5 soybean association in administering the program. The purpose  
6 of the program is to provide financing to eligible persons  
7 engaged in the processing of biodiesel fuel as defined in  
8 section 159A.2. The financial assistance shall be used for  
9 the acquisition of equipment necessary to blend soybean oil  
10 with diesel fuel to produce biodiesel fuel according to  
11 standards promulgated by the department of agriculture and  
12 land stewardship pursuant to section 214A.2.

13 2. A person is eligible to receive financial assistance  
14 under the biodiesel blending equipment program if all of the  
15 following apply:

16 a. The person is issued a license to blend special fuels  
17 by the department of revenue and finance, if the person is  
18 required to be issued the license pursuant to section 452A.6.

19 b. The person is an established business engaged in the  
20 marketing of special fuels.

21 c. The person has technical expertise necessary to process  
22 biodiesel fuel.

23 d. The person applies to the department in a manner and  
24 according to procedures required by the department.

25 3. The department may provide financial assistance to an  
26 eligible person upon review and evaluation of the person's  
27 application according to procedures adopted by the department.  
28 Financial assistance shall be in the form of a grant, loan,  
29 forgivable loan, loan guarantee, cost share, indemnification  
30 of costs, or any combination of such financing deemed  
31 appropriate by the department. The department shall not  
32 approve an application to refinance an existing loan. If  
33 moneys are repaid to the department pursuant to a loan  
34 agreement, the moneys shall be deposited into the biodiesel  
35 fuel promotion fund.

1. Sec. 2. NEW SECTION. 15E.113A SOYBEAN OIL PROCESSING FOR  
2 BLENDING STOCK PROGRAM.

3 1. The department shall establish a soybean oil processing  
4 for blending stock program. The department shall consult with  
5 the Iowa soybean association in administering the program.  
6 The purpose of the program is to provide financing to eligible  
7 persons engaged in the processing of soybean oil into a  
8 blending stock to be used for the production of biodiesel fuel  
9 according to standards promulgated by the department of  
10 agriculture and land stewardship pursuant to section 214A.2.  
11 This section does not require that a person eligible to  
12 receive financial assistance obtain a license to blend special  
13 fuels as required by the department of revenue and finance  
14 pursuant to section 452A.6.

15 2. A person is eligible to receive financial assistance  
16 under the soybean oil processing for blending stock program if  
17 all of the following apply:

18 a. The person is a business association organized as a  
19 cooperative association under chapter 499 or 501, or a limited  
20 liability company organized under chapter 490A. Qualified  
21 persons as defined in section 10.1 must hold at least fifty-  
22 one percent of the cooperative association, including fifty-  
23 one percent of each class of or groups of members' equity. As  
24 used in this paragraph, "members' equity" includes but is not  
25 limited to issued shares, including common stock or preferred  
26 stock, regardless of distributions, and membership interests.  
27 However, "members' equity" does not include nonvoting  
28 interests such as nonvoting common stock or nonvoting  
29 membership interests. A security such as a warrant or option  
30 that may be converted to voting stock shall be considered  
31 members' equity.

32 b. The person demonstrates financial capability and  
33 technical expertise necessary to processing of soybean oil  
34 into a blending stock used to produce biodiesel fuel. The  
35 department may require that the person submit a business plan

1 which includes a description of how the financial assistance  
2 will be used, and a description of how the person expects to  
3 become profitable.

4 c. The person applies to the department according to  
5 procedures required by the department.

6 3. The department may provide for financial assistance to  
7 an eligible person upon review and evaluation of the person's  
8 application according to procedures adopted by the department.  
9 Financial assistance shall be in the form of a grant, loan,  
10 forgivable loan, loan guarantee, cost share, indemnification  
11 of costs, or any combination of such financing deemed  
12 appropriate by the department. The department shall not  
13 approve an application to refinance an existing loan. If  
14 moneys are repaid to the department pursuant to a loan  
15 agreement, the moneys shall be deposited into the biodiesel  
16 fuel promotion fund.

17 Sec. 3. NEW SECTION. 15E.114 BIODIESEL FUEL PROMOTION  
18 FUND.

19 1. A biodiesel fuel promotion fund is created in the state  
20 treasury under the control of the department.

21 2. The biodiesel fuel promotion fund shall include any  
22 moneys appropriated to the fund by the general assembly,  
23 payments of interest earned, recaptures of awards, repayments  
24 of moneys loaned or expended by the biodiesel fuel equipment  
25 program as provided in section 15E.113, the repossession and  
26 sale of assets securing a loan made under the program, and any  
27 other moneys available to and obtained or accepted by the  
28 department from the federal government or private sources for  
29 placement in the fund.

30 3. The biodiesel fuel promotion fund is composed of two  
31 accounts, the tax credit account and the financial assistance  
32 account.

33 a. The tax credit account shall be used to support  
34 biodiesel fuel tax credits as provided in sections 422.11H and  
35 422.33.

1 b. The financial assistance account shall be used to  
2 support the biodiesel blending equipment program as provided  
3 in section 15E.113 and the soybean oil processing for blending  
4 stock program as provided in section 15E.113A.

5 4. a. The department shall not use more than two percent  
6 of all moneys deposited and required to be deposited in the  
7 fund as calculated on July 1 of each year for departmental  
8 administrative expenses. In administering the fund, the  
9 department may contract, sue and be sued, and adopt  
10 administrative rules necessary to carry out the provisions of  
11 this section and section 15E.113. However, the department  
12 shall not in any manner directly or indirectly pledge the  
13 credit of the state.

14 b. Moneys shall not be transferred, used, obligated,  
15 appropriated, or otherwise encumbered except as provided in  
16 this section.

17 5. a. A taxpayer who may claim a biodiesel fuel tax  
18 credit as provided in section 422.11H or 422.33 must apply to  
19 the department by a date designated by the department in  
20 consultation with the department of revenue and finance.  
21 After verifying the eligibility of a taxpayer for the tax  
22 credit, the department shall issue a tax credit certificate to  
23 the taxpayer to be attached to the taxpayer's tax return. The  
24 tax credit certificate shall contain the taxpayer's name,  
25 address, tax identification number, the amount of credit, the  
26 name of each qualifying business location, and other  
27 information required by the department of revenue and finance.  
28 The tax credit certificate, unless rescinded by the  
29 department, shall be accepted by the department of revenue and  
30 finance as payment for taxes imposed pursuant to chapter 422,  
31 division II or division III, subject to any conditions or  
32 restrictions placed by the department of economic development  
33 upon the face of the tax credit certificate.

34 b. The department shall determine any amount of moneys  
35 that are to be allocated to support the tax credit account by

1 a date determined by the department in consultation with the  
2 department of revenue and finance. The department shall also  
3 consult with the department of revenue and finance when making  
4 the determination. The remaining moneys shall be retained in  
5 the financial assistance account.

6 c. The department shall provide for the allocation of  
7 moneys deposited into the tax credit account to the general  
8 fund of the state as required by the department of revenue and  
9 finance in order to support the biodiesel fuel tax credits for  
10 each tax year.

11 6. Section 8.33 does not apply to any moneys in the fund.  
12 Notwithstanding section 12C.7, interest earned on moneys in  
13 the fund shall be credited to the fund.

14 7. 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. 4. Section 159A.2, subsections 6 and 8, Code 2003,  
21 are amended to read as follows:

22 6. "Renewable fuel" means an energy source at least in  
23 part derived from an organic compound capable of powering  
24 machinery, including an engine or power plant. A renewable  
25 fuel includes but is not limited to ethanol-blended or  
26 ~~soydiesel~~ biodiesel fuel.

27 8. "~~Soydiesel~~ "Biodiesel fuel" means a fuel which is a  
28 mixture of diesel fuel and processed soybean oil, if at least  
29 ~~twenty two~~ twenty two percent of the mixed fuel by volume is processed  
30 soybean oil which meets American society for testing and  
31 materials standards.

32 Sec. 5. Section 159A.3, subsection 3, paragraph b, Code  
33 2003, is amended to read as follows:

34 b. The office shall promote the production and consumption  
35 of ~~soydiesel~~ biodiesel fuel in this state.

1 Sec. 6. Section 307.20, subsection 3, paragraph a, Code  
2 2003, is amended to read as follows:

3 a. "Biodiesel fuel" means ~~soydiesel-fuel~~ the same as  
4 defined in section 159A.2.

5 Sec. 7. NEW SECTION. 422.11H BIODIESEL FUEL TAX CREDIT.

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

8 a. "Biodiesel fuel" means the same as defined in section  
9 159A.2.

10 b. "Bulk sales service" means a retail dealer who sells  
11 and delivers special fuel to the premises of the final or  
12 ultimate consumer.

13 c. "Business location" means each permanent geographic  
14 location in this state where a retail dealer operates a  
15 service station or bulk sales service.

16 d. "Metered pump" means a motor vehicle fuel pump licensed  
17 by the department of agriculture and land stewardship pursuant  
18 to chapter 214.

19 e. "Retail dealer" means a retail dealer as defined in  
20 section 214A.1.

21 f. "Sell" means to sell on a retail basis.

22 g. "Service station" means each permanent geographic  
23 location in this state where a retail dealer sells and  
24 dispenses special fuel through one or more metered pumps as  
25 regulated under chapter 214A.

26 h. "Special fuel" means special fuel as defined in section  
27 452A.2.

28 i. "Tax credit" means the designated biodiesel fuel tax  
29 credit as provided in this section.

30 2. The taxes imposed under this division, less the credits  
31 allowed under sections 422.12 and 422.12B, shall be reduced by  
32 a biodiesel fuel tax credit for each tax year that the  
33 taxpayer is eligible to claim the tax credit under this  
34 section. In order to be eligible, all of the following must  
35 apply:

- 1 a. The taxpayer is a retail dealer.
- 2 b. The taxpayer operates at least one business location at  
3 which more than five percent of the total gallons of special  
4 fuel for diesel engines sold and dispensed through metered  
5 pumps and delivered in bulk by the taxpayer in the tax year is  
6 biodiesel fuel.
- 7 c. The taxpayer's tax return is attached with a  
8 certificate issued by the department of economic development  
9 pursuant to section 15E.114.
- 10 d. The taxpayer complies with requirements of the  
11 department required to administer this section.
- 12 e. The taxpayer reports information to the department of  
13 natural resources as provided in section 473.7.
- 14 3. The tax credit shall be calculated separately for each  
15 business location operated by the taxpayer. The amount of the  
16 tax credit for each eligible business location is two and one-  
17 half cents multiplied by the total number of gallons of  
18 biodiesel fuel sold by the taxpayer operating the business  
19 location during the tax year that is in excess of five percent  
20 of all special fuel for diesel engines sold by the taxpayer  
21 operating the business location during the tax year.
- 22 4. Each tax year the total amount of tax credit claims  
23 that shall be paid pursuant to this section shall not exceed  
24 the amount deposited in the tax credit account of the  
25 biodiesel fuel promotion fund created pursuant to section  
26 15E.114 on and after November 1 of each year. If the  
27 department receives applications for tax credits in excess of  
28 the amount of the tax credit account, the applicants shall  
29 receive certificates for a prorated amount.
- 30 5. Any credit in excess of the taxpayer's tax liability  
31 shall be refunded. In lieu of claiming a refund, the taxpayer  
32 may elect to have the overpayment shown on the taxpayer's  
33 final, completed return credited to the tax liability for the  
34 following tax year.
- 35 6. An individual may claim the tax credit allowed a



1 partnership, limited liability company, S corporation, estate,  
2 or trust electing to have the income taxed directly to the  
3 individual. The amount claimed by the individual shall be  
4 based upon the pro rata share of the individual's earnings of  
5 a partnership, limited liability company, S corporation,  
6 estate, or trust.

7 Sec. 8. Section 422.33, Code 2003, is amended by adding  
8 the following new subsection:

9 NEW SUBSECTION. 14. a. As used in this subsection,  
10 unless the context otherwise requires:

11 (1) "Biodiesel fuel", "bulk sales service", "business  
12 location", "metered pump", "retail dealer", "sell", "service  
13 station", and "special fuel" mean the same as defined in  
14 section 422.11H.

15 (2) "Tax credit" means the designated biodiesel fuel tax  
16 credit as provided in this subsection.

17 b. The taxes imposed under this division shall be reduced  
18 by a biodiesel fuel tax credit for each tax year that the  
19 taxpayer is eligible to claim the tax credit under this  
20 subsection. In order to be eligible, all of the following  
21 must apply:

22 (1) The taxpayer is a retail dealer.

23 (2) The taxpayer operates at least one business location  
24 at which more than five percent of the total gallons of  
25 special fuel for diesel engines sold and dispensed through  
26 metered pumps and delivered in bulk by the taxpayer in the tax  
27 year is biodiesel fuel.

28 (3) The taxpayer's tax return is attached with a  
29 certificate issued by the department of economic development  
30 pursuant to section 15E.114.

31 (4) The taxpayer complies with requirements of the  
32 department required to administer this subsection.

33 (5) The taxpayer reports information to the department of  
34 natural resources as provided in section 473.7.

35 c. The tax credit shall be calculated separately for each

1 business location operated by the taxpayer. The amount of the  
2 tax credit for each eligible business location is two and one-  
3 half cents multiplied by the total number of gallons of  
4 biodiesel fuel sold by the taxpayer operating the business  
5 location during the tax year that is in excess of five percent  
6 of all special fuel for diesel engines sold by the taxpayer  
7 operating the business location during the tax year.

8 d. Each tax year the total amount of tax credit refund  
9 claims that shall be paid pursuant to this subsection shall  
10 not exceed the amount deposited in the tax credit account of  
11 the biodiesel fuel promotion fund created pursuant to section  
12 15E.114. If the department receives applications for tax  
13 credits in excess of the amount in the tax credit account, the  
14 applicants shall receive certificates for a prorated amount.

15 e. Any credit in excess of the taxpayer's tax liability  
16 shall be refunded. In lieu of claiming a refund, the taxpayer  
17 may elect to have the overpayment shown on the taxpayer's  
18 final, completed return credited to the tax liability for the  
19 following tax year.

20 Sec. 9. Section 473.7, Code 2003, is amended by adding the  
21 following new subsection:

22 NEW SUBSECTION. 14A. Obtain information from retail  
23 dealers as defined in section 422.11H and maintain records  
24 regarding the market share and gallons purchased of special  
25 fuels for diesel engines and biodiesel fuel as provided in  
26 section 422.11H.

27 Sec. 10. APPLICABILITY. The biodiesel fuel tax credits  
28 provided in sections 422.11H and 422.33 apply to tax years  
29 beginning on or after January 1, 2004. The department of  
30 revenue and finance shall perform functions, prior to the  
31 beginning of that tax year, necessary in order to implement  
32 the tax credits.

33

#### EXPLANATION

34 This bill provides for the promotion of biodiesel fuel  
35 which is a mixture of diesel fuel and processed soybean oil.

1 The bill changes the term "soydiesel" fuel to "biodiesel" fuel  
2 in Code chapter 159A providing for renewable fuels. Diesel  
3 fuel, including biodiesel fuel, is defined as a "special fuel"  
4 by the department of revenue and finance.

5 The bill establishes several programs within the department  
6 of economic development. One program establishes a biodiesel  
7 blending equipment program which provides financing to persons  
8 for the acquisition of equipment necessary to blend soybean  
9 oil with diesel fuel to produce biodiesel fuel. Another  
10 program provides financing to persons who are engaged in the  
11 processing of soybean oil into a blending stock to be used for  
12 the ultimate production of biodiesel fuel.

13 The bill creates a biodiesel fuel promotion fund  
14 administered by the department. The fund is split into two  
15 accounts, including a financial assistance account which is  
16 used to support the two programs, and a tax credit account  
17 which is used to support biodiesel fuel tax credits.

18 The tax credits are patterned after the ethanol-blended  
19 gasoline tax credit provisions creating a tax credit for  
20 retail dealers of motor vehicle fuel who sell ethanol-blended  
21 gasoline (gasoline containing at least 10 percent alcohol).  
22 The ethanol-blended gasoline tax credit applies to both  
23 taxpayers filing as individuals under Code chapter 422,  
24 division II, and businesses under Code chapter 422, division  
25 III. Under the bill, a retail dealer of biodiesel fuel may  
26 claim the tax credit if the retail dealer operates a service  
27 station or operates a bulk sales service. The bill provides  
28 that the retail dealer must operate at least one business  
29 location at which more than 5 percent of the total gallons of  
30 special fuel for diesel engines sold is biodiesel fuel.  
31 According to the bill, the amount of the tax credit for each  
32 eligible service station is two and one-half cents multiplied  
33 by the total number of gallons of biodiesel fuel sold at that  
34 service station during the tax year in excess of 5 percent of  
35 all special fuel for diesel engines sold at that business

1 location. The amount of the tax credit for each business  
2 location is two and one-half cents multiplied by the total  
3 number of gallons of biodiesel fuel sold by the retail dealer  
4 operating the business location during the tax year that is in  
5 excess of 5 percent of all special fuel for diesel engines  
6 sold by the taxpayer operating the business location during  
7 the tax year. The total amount of the tax credits cannot  
8 exceed the amount in the tax credit account, and the amount  
9 must be prorated if sufficient moneys are not available to pay  
10 all claims. The tax credits apply to tax years beginning on  
11 or after January 1, 2004.

- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28
- 29
- 30
- 31
- 32
- 33
- 34
- 35

H-1492

1 Amend House File 688 as follows:

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

4 "Section 1. NEW SECTION. 15E.110 DEFINITIONS.

5 As used in this division, unless the context  
6 otherwise requires:

7 1. "Biodiesel stock" means a fuel stock comprised  
8 of mon-alkyl esters which may be derived from soybean  
9 oil and which is used to produce biodiesel-blended  
10 fuel and meets requirements of the American society  
11 for testing and materials.

12 2. "Biodiesel-blended fuel" means the same as  
13 defined in section 159A.2.

14 3. "Special fuel" means the same as defined in  
15 section 452A.2.

16 Sec. 2. NEW SECTION. 15E.113 BIODIESEL EQUIPMENT  
17 ACQUISITION PROGRAM.

18 1. The department shall establish a biodiesel  
19 equipment acquisition program. The department shall  
20 provide financing to eligible persons for the  
21 acquisition of equipment to produce and store  
22 biodiesel-blended fuel for sale. Equipment includes  
23 but is not limited to storage tanks, related devices,  
24 and machinery required to compound or blend biodiesel-  
25 blended fuel, including by splash blending or  
26 injection of biodiesel stock with petroleum-based  
27 diesel fuel. The department may provide financing to  
28 an eligible person who acquires equipment for redesign  
29 planning required to satisfy fire hazard prevention or  
30 environmental protection standards promulgated by this  
31 state or the federal government.

32 2. The department may provide financing to an  
33 eligible person upon review and evaluation of the  
34 person's application according to procedures adopted  
35 by the department. Financing shall be awarded on a  
36 cost-share basis. The eligible person must be one of  
37 the following:

38 a. A marine or pipeline terminal. The amount of  
39 the financing shall not exceed forty percent of the  
40 cost of acquiring the equipment and redesign planning  
41 as estimated by the department or forty percent of the  
42 actual cost of acquiring the equipment and redesign  
43 planning, whichever is less. However, the marine or  
44 pipeline terminal shall not receive more than fifty  
45 thousand dollars in financing for the acquisition of  
46 equipment and the redesign planning at one business  
47 location.

48 b. A marketer of special fuels other than a marine  
49 or pipeline terminal. The amount of the financing  
50 shall not exceed eighty percent of the cost of

H-1492

1 acquiring the equipment and redesign planning as  
2 estimated by the department or eighty percent of the  
3 actual cost of acquiring the equipment and redesign  
4 planning, whichever is less. However, the marketer  
5 shall not receive more than fifty thousand dollars in  
6 financing for the acquisition of equipment and the  
7 redesign planning at one business location.

8 3. In order to qualify for financing all of the  
9 following must apply:

10 a. The eligible person must be issued a license to  
11 blend special fuels by the department of revenue and  
12 finance if the person is required to be issued the  
13 license pursuant to section 452A.6.

14 b. The eligible person has technical expertise  
15 necessary to produce biodiesel-blended fuel.

16 4. a. An eligible person who receives financing  
17 under this section shall prepare and deliver an annual  
18 report to the administrative unit of the department of  
19 natural resources designated by the department to  
20 analyze issues relating to energy. A copy of the  
21 report shall be delivered to the department of  
22 economic development.

23 b. The report shall at least include the total  
24 volume of biodiesel-blended fuel produced and sold  
25 during the last year by the eligible person at each  
26 business location installed with equipment financed  
27 under this section. For each gallon of biodiesel-  
28 blended fuel produced and sold, the report shall  
29 indicate its percentage of biodiesel stock as required  
30 by the department.

31 Sec. 3. NEW SECTION. 15E.113A BIODIESEL STOCK  
32 PROCESSING PROGRAM.

33 1. The department shall establish a biodiesel  
34 stock processing program. The purpose of the program  
35 is to provide financing to eligible persons engaged in  
36 the processing of soybean oil into biodiesel stock to  
37 be used for the production of biodiesel-blended fuel.  
38 This section does not require that a person eligible  
39 to receive financing obtain a license to blend special  
40 fuels as required by the department of revenue and  
41 finance pursuant to section 452A.6.

42 2. A person is eligible to receive financing under  
43 the biodiesel stock processing program if all of the  
44 following apply:

45 a. The person is a business association organized  
46 as a cooperative association under chapter 499 or 501,  
47 or a limited liability company organized under chapter  
48 490A. Qualified persons as defined in section 10.1  
49 must hold at least fifty-one percent of the business  
50 association, including fifty-one percent of each class

1 of or groups of members' equity. As used in this  
2 paragraph, "members' equity" includes but is not  
3 limited to issued shares, including common stock or  
4 preferred stock, regardless of distributions, and  
5 membership interests. However, "members' equity" does  
6 not include nonvoting interests such as nonvoting  
7 common stock or nonvoting membership interests. A  
8 security such as a warrant or option that may be  
9 converted to voting stock shall be considered members'  
10 equity.

11 b. The person demonstrates financial capability  
12 and technical expertise necessary for the processing  
13 of soybean oil into biodiesel stock used to produce  
14 biodiesel-blended fuel. The department may require  
15 that the person submit a business plan which includes  
16 a description of how the financing will be used, and a  
17 description of how the person expects the business  
18 association to become profitable.

19 3. a. The department may provide financing to an  
20 eligible person upon review and evaluation of the  
21 person's application according to procedures adopted  
22 by the department. Financing shall be in the form of  
23 a grant, loan, forgivable loan, loan guarantee, cost  
24 share, indemnification of costs, or any combination of  
25 such financing deemed appropriate by the department.  
26 The department shall not approve an application to  
27 refinance an existing loan. If moneys are repaid to  
28 the department pursuant to a loan agreement, the  
29 moneys shall be deposited into the biodiesel fuel  
30 promotion fund established in section 15E.114.

31 b. An eligible person who receives financing under  
32 this section shall prepare and deliver an annual  
33 report to the administrative unit of the department of  
34 natural resources designated by the department to  
35 analyze issues relating to energy. A copy of the  
36 report shall be delivered to the department of  
37 economic development. The report shall at least  
38 include the total volume of biodiesel stock produced  
39 during the last year by the eligible person at each  
40 business location which benefits from the financing.

41 Sec. 4. NEW SECTION. 15E.114 BIODIESEL FUEL  
42 PROMOTION FUND.

43 1. A biodiesel fuel promotion fund is created in  
44 the state treasury under the control of the  
45 department.

46 2. The biodiesel fuel promotion fund shall include  
47 any moneys appropriated to the fund by the general  
48 assembly, payments of interest earned, recaptures of  
49 awards, repayments of moneys loaned or expended under  
50 the biodiesel stock processing program as provided in

1 section 15E.113A, the repossession and sale of assets  
2 securing a loan made under the program, and any other  
3 moneys available to and obtained or accepted by the  
4 department from the federal government or private  
5 sources for placement in the fund.

6 3. The fund shall be used to support the biodiesel  
7 equipment acquisition program as provided in section  
8 15E.113 and the biodiesel stock processing program as  
9 provided in section 15E.113A.

10 4. a. The department shall not use more than two  
11 percent of all moneys deposited and required to be  
12 deposited in the fund, as calculated on July 1 of each  
13 year for departmental administrative expenses.

14 b. In administering the fund, the department may  
15 contract, sue and be sued, and adopt administrative  
16 rules necessary to carry out the provisions of this  
17 section and sections 15E.113 and 15E.113A. However,  
18 the department shall not in any manner directly or  
19 indirectly pledge the credit of the state.

20 c. Moneys shall not be transferred, used,  
21 obligated, appropriated, or otherwise encumbered  
22 except as provided in this section.

23 5. Section 8.33 does not apply to any moneys in  
24 the fund. Notwithstanding section 12C.7, interest  
25 earned on moneys in the fund shall be credited to the  
26 fund.

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

34 Sec. 5. Section 159A.2, subsections 6 and 8, Code  
35 2003, are amended to read as follows:

36 6. "Renewable fuel" means an energy source at  
37 least in part derived from an organic compound capable  
38 of powering machinery, including an engine or power  
39 plant. A renewable fuel includes but is not limited  
40 to ethanol-blended or ~~soydiesel~~ biodiesel-blended  
41 fuel.

42 8. ~~"Soydiesel"~~ "Biodiesel-blended fuel" means a  
43 fuel which is a mixture of diesel fuel and processed  
44 soybean oil, if at least ~~twenty~~ two percent of the  
45 mixed fuel by volume is processed soybean oil which  
46 meets American society for testing and materials  
47 standards.

48 Sec. 6. Section 159A.3, subsection 3, paragraph b,  
49 Code 2003, is amended to read as follows:

50 b. The office shall promote the production and



1 consumption of ~~soydiesel~~ biodiesel-blended fuel in  
2 this state.

3 Sec. 7. Section 307.20, subsection 1, Code 2003,  
4 is amended to read as follows:

5 1. a. A ~~biodiesel~~ biodiesel-blended fuel  
6 revolving fund is created in the state treasury. The  
7 ~~biodiesel~~ biodiesel-blended fuel revolving fund shall  
8 be administered by the department and shall consist of  
9 moneys received from the sale of EPAAct credits banked  
10 by the department ~~on April 19, 2001~~, moneys  
11 appropriated by the general assembly, and any other  
12 moneys obtained or accepted by the department for  
13 deposit in the fund.

14 b. Moneys in the fund are appropriated to and  
15 shall be used by the department for the purchase of  
16 ~~biodiesel~~ biodiesel-blended fuel for use in department  
17 vehicles. The department shall submit an annual  
18 report not later than January 31 to the members of the  
19 general assembly and the legislative fiscal bureau, of  
20 the expenditures made from the fund during the  
21 preceding fiscal year.

22 c. Section 8.33 does not apply to any moneys in  
23 the fund and, notwithstanding section 12C.7,  
24 subsection 2, earnings or interest on moneys deposited  
25 in the fund shall be credited to the fund.

26 Sec. 8. Section 307.20, subsection 3, paragraph a,  
27 Code 2003, is amended to read as follows:

28 a. ~~"Biodiesel~~ "Biodiesel-blended fuel" means  
29 ~~soydiesel fuel~~ the same as defined in section 159A.2.

30 Sec. 9. ELIGIBILITY FOR BIODIESEL EQUIPMENT  
31 ACQUISITION PROGRAM. The department may provide  
32 financing to a person who is a marine or pipeline  
33 terminal or marketer of special fuels under the  
34 biodiesel equipment acquisition program as provided in  
35 section 15E.113, and who is otherwise eligible to  
36 participate in the program if the person has acquired  
37 equipment or completed redesign planning on or after  
38 January 1, 2002, but prior to the effective date of  
39 this Act.

40 Sec. 10. DIRECTIONS TO CODE EDITOR. The Code  
41 editor is directed to transfer section 15E.110 as  
42 enacted in this Act to division X of chapter 15E and  
43 rename the division's title.

44 Sec. 11. CONTINGENT EFFECTIVENESS OF THIS ACT.  
45 This Act takes effect only if 2003 Iowa Acts, House  
46 File 683 is enacted."

47 2. Title page, by striking lines 2 and 3, and  
48 inserting the following: "financing, and providing  
49 for the Act's effectiveness."

By DRAKE of Pottawattamie

HOUSE FILE 688  
BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HF 578)  
(SUCCESSOR TO HSB 267)

(As Amended and Passed by the House April 28, 2003)

Passed House, Date 4/28/03 Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to biodiesel fuel, including by providing for  
2 financing, and providing for the Act's effectiveness.

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

4

5

All New Language

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

1 Section 1. NEW SECTION. 15E.110 DEFINITIONS.

2 As used in this division, unless the context otherwise  
3 requires:

4 1. "Biodiesel stock" means a fuel stock comprised of mon-  
5 alkyl esters which may be derived from soybean oil and which  
6 is used to produce biodiesel-blended fuel and meets  
7 requirements of the American society for testing and  
8 materials.

9 2. "Biodiesel-blended fuel" means the same as defined in  
10 section 159A.2.

11 3. "Special fuel" means the same as defined in section  
12 452A.2.

13 Sec. 2. NEW SECTION. 15E.113 BIODIESEL EQUIPMENT  
14 ACQUISITION PROGRAM.

15 1. The department shall establish a biodiesel equipment  
16 acquisition program. The department shall provide financing  
17 to eligible persons for the acquisition of equipment to  
18 produce and store biodiesel-blended fuel for sale. Equipment  
19 includes but is not limited to storage tanks, related devices,  
20 and machinery required to compound or blend biodiesel-blended  
21 fuel, including by splash blending or injection of biodiesel  
22 stock with petroleum-based diesel fuel. The department may  
23 provide financing to an eligible person who acquires equipment  
24 for redesign planning required to satisfy fire hazard  
25 prevention or environmental protection standards promulgated  
26 by this state or the federal government.

27 2. The department may provide financing to an eligible  
28 person upon review and evaluation of the person's application  
29 according to procedures adopted by the department. Financing  
30 shall be awarded on a cost-share basis. The eligible person  
31 must be one of the following:

32 a. A marine or pipeline terminal. The amount of the  
33 financing shall not exceed forty percent of the cost of  
34 acquiring the equipment and redesign planning as estimated by  
35 the department or forty percent of the actual cost of

1 acquiring the equipment and redesign planning, whichever is  
2 less. However, the marine or pipeline terminal shall not  
3 receive more than fifty thousand dollars in financing for the  
4 acquisition of equipment and the redesign planning at one  
5 business location.

6     b. A marketer of special fuels other than a marine or  
7 pipeline terminal. The amount of the financing shall not  
8 exceed eighty percent of the cost of acquiring the equipment  
9 and redesign planning as estimated by the department or eighty  
10 percent of the actual cost of acquiring the equipment and  
11 redesign planning, whichever is less. However, the marketer  
12 shall not receive more than fifty thousand dollars in  
13 financing for the acquisition of equipment and the redesign  
14 planning at one business location.

15     3. In order to qualify for financing all of the following  
16 must apply:

17     a. The eligible person must be issued a license to blend  
18 special fuels by the department of revenue and finance if the  
19 person is required to be issued the license pursuant to  
20 section 452A.6.

21     b. The eligible person has technical expertise necessary  
22 to produce biodiesel-blended fuel.

23     4. a. An eligible person who receives financing under  
24 this section shall prepare and deliver an annual report to the  
25 administrative unit of the department of natural resources  
26 designated by the department to analyze issues relating to  
27 energy. A copy of the report shall be delivered to the  
28 department of economic development.

29     b. The report shall at least include the total volume of  
30 biodiesel-blended fuel produced and sold during the last year  
31 by the eligible person at each business location installed  
32 with equipment financed under this section. For each gallon  
33 of biodiesel-blended fuel produced and sold, the report shall  
34 indicate its percentage of biodiesel stock as required by the  
35 department.

1     Sec. 3. NEW SECTION. 15E.113A BIODIESEL STOCK PROCESSING  
2 PROGRAM.

3     1. The department shall establish a biodiesel stock  
4 processing program. The purpose of the program is to provide  
5 financing to eligible persons engaged in the processing of  
6 soybean oil into biodiesel stock to be used for the production  
7 of biodiesel-blended fuel. This section does not require that  
8 a person eligible to receive financing obtain a license to  
9 blend special fuels as required by the department of revenue  
10 and finance pursuant to section 452A.6.

11    2. A person is eligible to receive financing under the  
12 biodiesel stock processing program if all of the following  
13 apply:

14    a. The person is a business association organized as a  
15 cooperative association under chapter 499 or 501, or a limited  
16 liability company organized under chapter 490A. Qualified  
17 persons as defined in section 10.1 must hold at least fifty-  
18 one percent of the business association, including fifty-one  
19 percent of each class of or groups of members' equity. As  
20 used in this paragraph, "members' equity" includes but is not  
21 limited to issued shares, including common stock or preferred  
22 stock, regardless of distributions, and membership interests.  
23 However, "members' equity" does not include nonvoting  
24 interests such as nonvoting common stock or nonvoting  
25 membership interests. A security such as a warrant or option  
26 that may be converted to voting stock shall be considered  
27 members' equity.

28    b. The person demonstrates financial capability and  
29 technical expertise necessary for the processing of soybean  
30 oil into biodiesel stock used to produce biodiesel-blended  
31 fuel. The department may require that the person submit a  
32 business plan which includes a description of how the  
33 financing will be used, and a description of how the person  
34 expects the business association to become profitable.

35    3. a. The department may provide financing to an eligible

1 person upon review and evaluation of the person's application  
2 according to procedures adopted by the department. Financing  
3 shall be in the form of a grant, loan, forgivable loan, loan  
4 guarantee, cost share, indemnification of costs, or any  
5 combination of such financing deemed appropriate by the  
6 department. The department shall not approve an application  
7 to refinance an existing loan. If moneys are repaid to the  
8 department pursuant to a loan agreement, the moneys shall be  
9 deposited into the biodiesel fuel promotion fund established  
10 in section 15E.114.

11 b. An eligible person who receives financing under this  
12 section shall prepare and deliver an annual report to the  
13 administrative unit of the department of natural resources  
14 designated by the department to analyze issues relating to  
15 energy. A copy of the report shall be delivered to the  
16 department of economic development. The report shall at least  
17 include the total volume of biodiesel stock produced during  
18 the last year by the eligible person at each business location  
19 which benefits from the financing.

20 Sec. 4. NEW SECTION. 15E.114 BIODIESEL FUEL PROMOTION  
21 FUND.

22 1. A biodiesel fuel promotion fund is created in the state  
23 treasury under the control of the department.

24 2. The biodiesel fuel promotion fund shall include any  
25 moneys appropriated to the fund by the general assembly,  
26 payments of interest earned, recaptures of awards, repayments  
27 of moneys loaned or expended under the biodiesel stock  
28 processing program as provided in section 15E.113A, the  
29 repossession and sale of assets securing a loan made under the  
30 program, and any other moneys available to and obtained or  
31 accepted by the department from the federal government or  
32 private sources for placement in the fund.

33 3. The fund shall be used to support the biodiesel  
34 equipment acquisition program as provided in section 15E.113  
35 and the biodiesel stock processing program as provided in

1 section 15E.113A.

2 4. a. The department shall not use more than two percent  
3 of all moneys deposited and required to be deposited in the  
4 fund, as calculated on July 1 of each year for departmental  
5 administrative expenses.

6 b. In administering the fund, the department may contract,  
7 sue and be sued, and adopt administrative rules necessary to  
8 carry out the provisions of this section and sections 15E.113  
9 and 15E.113A. However, the department shall not in any manner  
10 directly or indirectly pledge the credit of the state.

11 c. Moneys shall not be transferred, used, obligated,  
12 appropriated, or otherwise encumbered except as provided in  
13 this section.

14 5. Section 8.33 does not apply to any moneys in the fund.  
15 Notwithstanding section 12C.7, interest earned on moneys in  
16 the fund shall be credited to the fund.

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

23 Sec. 5. Section 159A.2, subsections 6 and 8, Code 2003,  
24 are amended to read as follows:

25 6. "Renewable fuel" means an energy source at least in  
26 part derived from an organic compound capable of powering  
27 machinery, including an engine or power plant. A renewable  
28 fuel includes but is not limited to ethanol-blended or  
29 ~~soydiesel~~ biodiesel-blended fuel.

30 8. "~~Soydiesel~~ "Biodiesel-blended fuel" means a fuel which  
31 is a mixture of diesel fuel and processed soybean oil, if at  
32 least twenty two percent of the mixed fuel by volume is  
33 processed soybean oil which meets American society for testing  
34 and materials standards.

35 Sec. 6. Section 159A.3, subsection 3, paragraph b, Code

1 2003, is amended to read as follows:

2 b. The office shall promote the production and consumption  
3 of ~~soydiesel~~ biodiesel-blended fuel in this state.

4 Sec. 7. Section 307.20, subsection 1, Code 2003, is  
5 amended to read as follows:

6 1. a. A ~~biodiesel~~ biodiesel-blended fuel revolving fund  
7 is created in the state treasury. The ~~biodiesel~~ biodiesel-  
8 blended fuel revolving fund shall be administered by the  
9 department and shall consist of moneys received from the sale  
10 of EPAct credits banked by the department ~~on April 19, 2001,~~  
11 moneys appropriated by the general assembly, and any other  
12 moneys obtained or accepted by the department for deposit in  
13 the fund.

14 b. Moneys in the fund are appropriated to and shall be  
15 used by the department for the purchase of ~~biodiesel~~  
16 biodiesel-blended fuel for use in department vehicles. The  
17 department shall submit an annual report not later than  
18 January 31 to the members of the general assembly and the  
19 legislative fiscal bureau, of the expenditures made from the  
20 fund during the preceding fiscal year.

21 c. Section 8.33 does not apply to any moneys in the fund  
22 and, notwithstanding section 12C.7, subsection 2, earnings or  
23 interest on moneys deposited in the fund shall be credited to  
24 the fund.

25 Sec. 8. Section 307.20, subsection 3, paragraph a, Code  
26 2003, is amended to read as follows:

27 a. "~~Biodiesel~~ "Biodiesel-blended fuel" means ~~soydiesel~~  
28 fuel the same as defined in section 159A.2.

29 Sec. 9. ELIGIBILITY FOR BIODIESEL EQUIPMENT ACQUISITION  
30 PROGRAM. The department may provide financing to a person who  
31 is a marine or pipeline terminal or marketer of special fuels  
32 under the biodiesel equipment acquisition program as provided  
33 in section 15E.113, and who is otherwise eligible to  
34 participate in the program if the person has acquired  
35 equipment or completed redesign planning on or after January



1 1, 2002, but prior to the effective date of this Act.

2 Sec. 10. DIRECTIONS TO CODE EDITOR. The Code editor is  
3 directed to transfer section 15E.110 as enacted in this Act to  
4 division X of chapter 15E and rename the division's title.

5 Sec. 11. CONTINGENT EFFECTIVENESS OF THIS ACT. This Act  
6 takes effect only if 2003 Iowa Acts, House File 683 is  
7 enacted.

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

29

30

31

32

33

34

35

Drake Chair  
Kuhn  
Klemme

Succeeded By  
SF 688

HSB 267  
Agriculture

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
AGRICULTURE BILL BY  
CHAIRPERSON DRAKE)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to biodiesel fuel, including biodiesel fuel tax  
2 credits and providing an applicability date.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23

1 Section 1. Section 159A.2, subsections 6 and 8, Code 2003,  
2 are amended to read as follows:

3 6. "Renewable fuel" means an energy source at least in  
4 part derived from an organic compound capable of powering  
5 machinery, including an engine or power plant. A renewable  
6 fuel includes but is not limited to ethanol-blended or  
7 ~~soydiesel~~ biodiesel fuel.

8 8. "~~Soydiesel~~ Biodiesel fuel" means a fuel which is a  
9 mixture of diesel fuel and processed soybean oil, if at least  
10 twenty percent of the mixed fuel by volume is processed  
11 soybean oil which meets American society for testing and  
12 materials standards.

13 Sec. 2. Section 159A.3, subsection 3, paragraph b, Code  
14 2003, is amended to read as follows:

15 b. The office shall promote the production and consumption  
16 of ~~soydiesel~~ biodiesel fuel in this state.

17 Sec. 3. Section 307.20, subsection 3, paragraph a, Code  
18 2003, is amended to read as follows:

19 a. "Biodiesel fuel" means ~~soydiesel-fuel~~ the same as  
20 defined in section 159A.2.

21 Sec. 4. NEW SECTION. 422.11H BIODIESEL FUEL TAX CREDIT.

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

24 a. "Biodiesel fuel" means the same as defined in section  
25 159A.2.

26 b. "Metered pump" means a motor vehicle fuel pump licensed  
27 by the department of agriculture and land stewardship pursuant  
28 to chapter 214.

29 c. "Retail dealer" means a retail dealer as defined in  
30 section 214A.1 who operates a metered pump at a service  
31 station.

32 d. "Sell" means to sell on a retail basis.

33 e. "Service station" means each geographic location in  
34 this state where a retail dealer sells and dispenses gasoline  
35 on a retail basis.

1 f. "Special fuel" means special fuel as defined in 452A.2.

2 g. "Tax credit" means the designated biodiesel fuel tax  
3 credit as provided in this section.

4 2. The taxes imposed under this division, less the credits  
5 allowed under sections 422.12 and 422.12B, shall be reduced by  
6 a biodiesel fuel tax credit for each tax year that the  
7 taxpayer is eligible to claim the tax credit under this  
8 section. In order to be eligible, all of the following must  
9 apply:

10 a. The taxpayer is a retail dealer.

11 b. The taxpayer operates at least one service station at  
12 which more than five percent of the total gallons of special  
13 fuel for diesel engines sold and dispensed through one or more  
14 metered pumps by the taxpayer in the tax year is biodiesel  
15 fuel.

16 c. The taxpayer complies with requirements of the  
17 department required to administer this section.

18 d. The taxpayer reports information to the department of  
19 natural resources as provided in section 473.7.

20 3. The tax credit shall be calculated separately for each  
21 service station operated by the taxpayer. The amount of the  
22 tax credit for each eligible service station is two and one-  
23 half cents multiplied by the total number of gallons of  
24 biodiesel fuel sold and dispensed through all metered pumps  
25 located at that service station during the tax year in excess  
26 of five percent of all special fuel for diesel engines sold  
27 and dispensed through metered pumps at that service station  
28 during the tax year.

29 4. Any credit in excess of the taxpayer's tax liability  
30 shall be refunded. In lieu of claiming a refund, the taxpayer  
31 may elect to have the overpayment shown on the taxpayer's  
32 final, completed return credited to the tax liability for the  
33 following tax year.

34 5. An individual may claim the tax credit allowed a  
35 partnership, limited liability company, S corporation, estate,

1 or trust electing to have the income taxed directly to the  
2 individual. The amount claimed by the individual shall be  
3 based upon the pro rata share of the individual's earnings of  
4 a partnership, limited liability company, S corporation,  
5 estate, or trust.

6 Sec. 5. Section 422.33, Code 2003, is amended by adding  
7 the following new subsection:

8 NEW SUBSECTION. 14. a. As used in this subsection,  
9 unless the context otherwise requires:

10 (1) "Biodiesel fuel", "metered pump", "retail dealer",  
11 "sell", "service station", and "special fuel" mean the same as  
12 defined in section 422.11H.

13 (2) "Tax credit" means the designated biodiesel fuel tax  
14 credit as provided in this subsection.

15 b. The taxes imposed under this division shall be reduced  
16 by a biodiesel fuel tax credit for each tax year that the  
17 taxpayer is eligible to claim the tax credit under this  
18 subsection. In order to be eligible, all of the following  
19 must apply:

20 (1) The taxpayer is a retail dealer.

21 (2) The taxpayer operates at least one service station at  
22 which more than five percent of the total gallons of special  
23 fuel for diesel engines sold and dispensed through one or more  
24 metered pumps by the taxpayer is biodiesel fuel.

25 (3) The taxpayer complies with requirements of the  
26 department required to administer this subsection.

27 (4) The taxpayer reports information to the department of  
28 natural resources as provided in section 473.7.

29 c. The tax credit shall be calculated separately for each  
30 service station operated by the taxpayer. The amount of the  
31 tax credit for each eligible service station is two and one-  
32 half cents multiplied by the total number of gallons of  
33 biodiesel fuel sold in excess of five percent of all special  
34 fuel for diesel engines sold and dispensed through metered  
35 pumps at that service station during the tax year.

1 d. Any credit in excess of the taxpayer's tax liability  
2 shall be refunded. In lieu of claiming a refund, the taxpayer  
3 may elect to have the overpayment shown on the taxpayer's  
4 final, completed return credited to the tax liability for the  
5 following tax year.

6 Sec. 6. Section 473.7, Code 2003, is amended by adding the  
7 following new subsection:

8 NEW SUBSECTION. 14A. Obtain information from retail  
9 dealers as defined in section 422.11H and maintain records  
10 regarding the market share and gallons purchased of special  
11 fuels for diesel engines and biodiesel fuel as provided in  
12 section 422.11H.

13 Sec. 7. APPLICABILITY. The biodiesel fuel tax credits  
14 provided in sections 422.11H and 422.33 apply to tax years  
15 beginning on or after January 1, 2004. The department of  
16 revenue and finance shall perform functions, prior to the  
17 beginning of that tax year, necessary in order to implement  
18 the tax credits.

19 **EXPLANATION**

20 This bill is patterned after the ethanol-blended gasoline  
21 tax credit provisions creating a tax credit for retail dealers  
22 of motor vehicle fuel who sell ethanol-blended gasoline  
23 (gasoline containing at least 10 percent alcohol). The  
24 ethanol-blended gasoline tax credit applies to both taxpayers  
25 filing as individuals under Code chapter 422, division II, and  
26 businesses under Code chapter 422, division III. Pursuant to  
27 the bill, a retail dealer may claim a tax credit for the sale  
28 of biodiesel fuel if the retail dealer operates at least one  
29 service station at which more than 5 percent of the total  
30 gallons of special fuel for diesel engines sold is biodiesel  
31 fuel. According to the bill, the amount of the tax credit for  
32 each eligible service station is two and one-half cents  
33 multiplied by the total number of gallons of biodiesel fuel  
34 sold at that service station during the tax year in excess of  
35 5 percent of all special fuel for diesel engines sold at that

1 service station. The bill also requires retail dealers to  
2 report information regarding sales of special fuels and  
3 biodiesel fuel to the department of natural resources.

4 Biodiesel fuel is a fuel which is a mixture of diesel fuel  
5 and processed soybean oil, if at least 20 percent of the mixed  
6 fuel by volume is processed soybean oil. The bill changes the  
7 term "soydiesel" fuel to "biodiesel" fuel in Code chapter 159A  
8 providing for renewable fuels. Code section 452A.2 defines a  
9 "special fuel" as a fuel used for generating power for the  
10 propulsion of motor vehicles other than motor fuel.

11 The tax credits apply to tax years beginning on or after  
12 January 1, 2004.

13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35