

SENATE FILE 2129

BY JOHNSON, LAMBERTI, IVERSON,
ZIEMAN, KETTERING, SEYMOUR,
MULDER, BOETTGER, TINSMAN,
BRUNKHORST, MCKINLEY, MCKIBBEN,
HAHN, WIECK, BEHN, ZAUN, MILLER,
SHULL, HOUSER, GASKILL, WARD,
ANGELO, LARSON, and PUTNEY

Passed Senate, Date _____ Passed House, Date _____

Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____

Approved _____

A BILL FOR

1 An Act providing for state petroleum replacement, by providing
2 for renewable fuel including ethanol blended fuel and
3 biodiesel blended fuel, providing incentives for
4 infrastructure used to store and dispense renewable fuel,
5 income tax credits, and an appropriation, providing penalties,
6 making penalties applicable, and providing an applicability
7 date.

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

9
10
11
12
13
14
15
16
17
18

AGRICULTURE
SF 2129

1
2
3
4
5
6
7
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

DIVISION I

ESTABLISHMENT OF RENEWABLE FUEL STANDARDS

Section 1. Section 214A.1, Code 2005, is amended by adding the following new subsections:

NEW SUBSECTION. 0A. "Advertise" means to present a commercial message in any medium, including but not limited to print, radio, television, sign, display, label, tag, or articulation.

NEW SUBSECTION. 1A. "B-2 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of two percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1B. "B-5 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of five percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1C. "B-20 biodiesel blended fuel" means biodiesel blended fuel formulated with a minimum percentage of twenty percent by volume of biodiesel, if the formulation meets the standards provided in section 214A.2.

NEW SUBSECTION. 1D. "Biodiesel" means a combustible liquid comprised of mono-alkyl esters of long-chain fatty acids which is all of the following:

- a. A renewable fuel which is a motor fuel capable of powering diesel engines or aircraft engines.
- b. Processed from natural oils or fats derived from crops such as soybeans, vegetables, or animals.
- c. Meets departmental specifications for that type of motor fuel as provided in section 214A.2.

NEW SUBSECTION. 1E. "Biodiesel blended fuel" means a formulation of diesel fuel which is a liquid petroleum product blended with biodiesel, if the formulation meets departmental standards as provided in section 214A.2.

NEW SUBSECTION. 1F. "Committee" means the renewable fuels and coproducts advisory committee established pursuant to

1 section 159A.4.

2 NEW SUBSECTION. 1G. "Dealer" means a wholesale dealer or
3 retail dealer.

4 NEW SUBSECTION. 1H. "Diesel fuel" means any liquid
5 product prepared, advertised, offered for sale, or sold for
6 use as, or commonly and commercially used as, motor fuel for
7 use in an internal combustion engine and ignited by pressure
8 without the presence of an electric spark, and which meets the
9 specifications provided in section 214A.2.

10 NEW SUBSECTION. 1I. "E-85 gasoline" means ethanol blended
11 gasoline formulated with a minimum percentage of between
12 seventy-five and eighty-five percent by volume of ethanol, if
13 the formulation meets the standards provided in section
14 214A.2.

15 NEW SUBSECTION. 1J. "Ethanol" means ethyl alcohol that is
16 denatured as required in 23 C.F.R., pts. 20 and 21, for use as
17 an oxygenate in gasoline.

18 NEW SUBSECTION. 1K. "Ethanol blended gasoline" means a
19 formulation of gasoline which is a liquid petroleum product
20 blended with ethanol, if the formulation meets the standards
21 provided in section 214A.2.

22 NEW SUBSECTION. 1L. "Gasoline" means any liquid product
23 prepared, advertised, offered for sale or sold for use as, or
24 commonly and commercially used as, motor fuel for use in a
25 spark-ignition, internal combustion engine, and which meets
26 the specifications provided in section 214A.2.

27 NEW SUBSECTION. 2A. "Motor fuel pump" means the same as
28 defined in section 214.1.

29 NEW SUBSECTION. 5A. "Renewable fuel" means a combustible
30 liquid derived from grain starch, oilseed, animal fat, or
31 other biomass; or produced from a biogas source, including any
32 nonfossilized decaying organic matter which is capable of
33 powering machinery, including but not limited to an engine or
34 power plant. Renewable fuel includes but is not limited to
35 ethanol blended gasoline, biodiesel, or biodiesel blended fuel

1 meeting the standards provided in section 214A.2.

2 NEW SUBSECTION. 5B. "Renewable fuel producer" means a
3 person engaged in the production of any of the following:

4 a. Ethanol for use as a distillate in ethanol blended
5 gasoline.

6 b. Biodiesel for use as a motor fuel or as a distillate in
7 biodiesel blended fuel.

8 NEW SUBSECTION. 7A. "Service station" means each
9 geographic location in this state where a retail dealer sells
10 and dispenses motor fuel on a retail basis.

11 Sec. 2. Section 214A.1, subsection 2, Code 2005, is
12 amended to read as follows:

13 2. "Motor ~~vehiele~~ fuel" means a substance or combination
14 of substances which is intended to be or is capable of being
15 used for the purpose ~~of-propelling-or-running-by-combustion~~
16 any of operating an internal combustion engine, including but
17 not limited to a motor vehicle, and is kept for sale or sold
18 for that purpose. ~~The-products-commonly-known-as-kerosene-and~~
19 ~~distillate-or-petroleum-products-of-lower-gravity-(Baume~~
20 ~~scale),-when-not-used-to-propel-a-motor-vehicle-or-for~~
21 ~~compounding-or-combining-with-a-motor-vehicle-fuel,-are-exempt~~
22 ~~from-this-chapter-except-as-provided-in-section-214A.2A.~~

23 Sec. 3. Section 214A.1, subsections 6 and 8, Code 2005,
24 are amended by striking the subsections and inserting in lieu
25 thereof the following:

26 6. "Retail dealer" means a person who operates a place of
27 business where motor fuel is stored and dispensed from a motor
28 fuel pump for sale on a retail basis, including a service
29 station or mobile location.

30 8. "Wholesale dealer" means a person, other than a retail
31 dealer, who operates a place of business where motor fuel is
32 stored and dispensed for sale in this state, including a
33 permanent or mobile location.

34 Sec. 4. NEW SECTION. 214A.1A PRODUCTION STANDARDS --
35 ACCREDITATION.

1 A quality standards program for renewable fuel producers is
2 established. A renewable fuel producer shall not sell
3 biodiesel or biodiesel blended fuel in this state, and a
4 dealer shall not purchase biodiesel or biodiesel blended fuel
5 from a renewable fuel manufacturer, unless the renewable fuel
6 producer is accredited as required under the program. The
7 department, in consultation with the committee, shall certify
8 an accreditation service to administer the program. The
9 accreditation service shall perform a formal review and audit
10 of the capacity and commitment of the renewable fuel producer
11 to produce or market biodiesel or biodiesel blended fuel in a
12 manner and according to procedures that meet the program
13 standards for quality, including A.S.T.M. international
14 specifications and requirements for the storage, sampling,
15 testing, blending, shipping, and distribution of biodiesel and
16 biodiesel blended fuel as established by the accreditation
17 service.

18 Sec. 5. Section 214A.2, subsection 1, Code 2005, is
19 amended to read as follows:

20 1. The secretary department shall adopt rules pursuant to
21 chapter 17A for carrying out this chapter. The rules may
22 include, but are not limited to, specifications relating to
23 motor fuel or-oxygenate-octane-enhancers, including but not
24 limited to renewable fuel such as ethanol blended gasoline,
25 biodiesel, biodiesel blended fuel, and motor fuel components
26 such as an oxygenate or other additive. In the interest of
27 uniformity, the secretary department shall adopt by reference
28 or otherwise other specifications relating to tests and
29 standards for motor fuel or-oxygenate-octane-enhancers
30 including renewable fuel and motor fuel components,
31 established by the United States environmental protection
32 agency or A.S.T.M. (American-society-for-testing-and
33 materials) international, ~~unless the secretary determines~~
34 ~~those specifications are inconsistent with this chapter or are~~
35 ~~not appropriate to the conditions which exist in this state.~~

1 In adopting standards for a renewable fuel, the department
2 shall consult with the committee.

3 Sec. 6. Section 214A.2, Code 2005, is amended by adding
4 the following new subsection:

5 NEW SUBSECTION. 2A. a. For motor fuel advertised for
6 sale or sold as gasoline by a dealer, the motor fuel must meet
7 registration requirements for that type of motor fuel and its
8 additives established by the United States environmental
9 protection agency including as provided under 42 U.S.C. §
10 7545.

11 b. If the motor fuel is advertised for sale or sold as
12 ethanol blended gasoline, the motor fuel must comply with
13 departmental standards which to every extent feasible shall
14 comply with specifications for ethanol blended gasoline
15 adopted by A.S.T.M. international. For ethanol blended
16 gasoline all of the following shall apply:

17 (1) For ethanol blended gasoline other than E-85 gasoline,
18 at least ten percent of the gasoline by volume must be
19 ethanol.

20 (2) For E-85 gasoline all of the following must apply:

21 (a) From the first day of April until the last day of
22 October, at least eighty-five percent of the gasoline by
23 volume must be ethanol.

24 (b) From the first day of November until the last day of
25 March, at least seventy-five percent of the gasoline by volume
26 must be ethanol.

27 (3) In calculating the percentage of ethanol required for
28 the formulation of ethanol blended gasoline fuel, a percentage
29 of a denaturant or contaminants permitted in the ethanol
30 blended gasoline may be excluded as provided by rules adopted
31 by the department.

32 Sec. 7. Section 214A.2, subsection 3, Code 2005, is
33 amended by striking the subsection and inserting in lieu
34 thereof the following:

35 3. a. For motor fuel advertised for sale or sold as

1 biodiesel or biodiesel blended fuel by a dealer, the motor
2 fuel must meet registration requirements for that type of
3 motor fuel and its additives established by the United States
4 environmental protection agency including as provided under 42
5 U.S.C. § 7545.

6 b. Biodiesel shall be produced by a renewable fuel
7 producer accredited pursuant to the quality standards program
8 for renewable fuel producers as provided in section 214A.1A.

9 c. The motor fuel must comply with departmental standards
10 which to every extent feasible shall comply with
11 specifications adopted by A.S.T.M. international for biodiesel
12 or biodiesel blended fuel.

13 (1) The department shall adopt standards for biodiesel
14 blended fuel, including B-2 biodiesel blended fuel, B-5
15 biodiesel blended fuel, and B-20 biodiesel blended fuel. At
16 least two percent of biodiesel blended fuel by volume must be
17 biodiesel.

18 (2) In calculating the percentage of biodiesel required
19 for the formulation of biodiesel blended fuel, a percentage of
20 a denaturant or contaminants permitted in the biodiesel
21 blended fuel may be excluded as provided by rules adopted by
22 the department.

23 Sec. 8. Section 214A.2A, Code 2005, is amended to read as
24 follows:

25 214A.2A KEROSENE LABELING.

26 1. Fuel which is sold or is kept, offered, or exposed for
27 sale as kerosene shall be labeled as kerosene. The label
28 shall include the word "kerosene" and a designation as either
29 "K1" or "K2", and shall indicate that the kerosene is in
30 compliance with the standard specification adopted by the
31 A.S.T.M. in international specification D-3699 (1982).

32 2. A product commonly known as kerosene and distillate or
33 a petroleum product of lower gravity (Baume scale), when not
34 used to propel a motor vehicle or for compounding or combining
35 with a motor fuel, are exempt from this chapter except as

1 provided in this section.

2 Sec. 9. Section 214A.3, Code 2005, is amended to read as
3 follows:

4 214A.3 FALSE-REPRESENTATIONS ADVERTISING.

5 A person ~~for purposes of selling~~ shall not ~~falsely~~
6 represent do any of the following:

7 1. Falsely advertise the quality or kind of any motor
8 vehicle fuel or an oxygenate octane-enhancer-or-add which may
9 be added to motor fuel.

10 2. Falsely advertise that a motor fuel is a renewable
11 fuel.

12 a. The person shall not advertise the sale of motor fuel
13 using the letter "E" followed by a number, such as "E-10" or
14 "E-85", or use the term "ethanol", "ethanol blend", or use any
15 derivative, plural, or compound of any such term unless the
16 motor fuel meets the standards provided in section 214A.2.

17 b. The person shall not advertise the sale of motor fuel
18 using the letter "B" followed by a number, such as "B-2", "B-
19 5", or "B-20", or use the term "biodiesel", "biodiesel blend",
20 or use any derivative, plural, or compound of any such term
21 unless the motor fuel meets the standards provided in section
22 214A.2.

23 3. Add a coloring matter thereto to motor vehicle fuel for
24 the purpose of misleading the public as to its quality.

25 DIVISION II

26 PETROLEUM REPLACEMENT

27 Sec. 10. Section 15G.110, Code Supplement 2005, is amended
28 to read as follows:

29 15G.110 GENERAL FUND APPROPRIATION -- GROW IOWA VALUES
30 FUND.

31 1. For the fiscal ~~period~~ year beginning July 1, 2005, and
32 ending June 30, ~~2015~~ 2006, there is appropriated to the
33 department of economic development ~~each-fiscal-year~~ fifty
34 million dollars from the general fund of the state for deposit
35 in the grow Iowa values fund.

1 2. For the fiscal period beginning July 1, 2006, and
2 ending June 30, 2015, there is appropriated to the department
3 of economic development each fiscal year forty-five million
4 dollars from the general fund of the state for deposit in the
5 grow Iowa values fund.

6 Sec. 11. Section 15G.111, subsection 1, paragraph a, Code
7 Supplement 2005, is amended to read as follows:

8 a. For the fiscal period beginning July 1, 2005, and
9 ending June 30, 2015, there is appropriated each fiscal year
10 from the grow Iowa values fund created in section 15G.108, to
11 the following amounts for the purposes designated:

12 (1) For the fiscal year beginning July 1, 2005, and ending
13 June 30, 2006, to the department of economic development
14 thirty-five million dollars for programs administered by the
15 department of economic development as provided in this
16 section.

17 (2) For the remainder of the fiscal period, to the
18 department of economic development thirty million dollars for
19 programs administered by the department of economic
20 development as provided in this section.

21 Sec. 12. Section 452A.2, subsection 2, Code Supplement
22 2005, is amended by striking the subsection and inserting in
23 lieu thereof the following:

24 2. "Biodiesel" and "biodiesel blended fuel" mean the same
25 as defined in section 214A.1.

26 Sec. 13. Section 452A.2, subsection 3, Code Supplement
27 2005, is amended to read as follows:

28 3. "Blender" means a person who owns and blends ~~alcohol~~
29 ethanol with gasoline to produce ethanol blended gasoline and
30 blends the product at a nonterminal location. The ~~blender~~
31 person is not restricted to blending ~~alcohol~~ ethanol with
32 gasoline. Products blended with gasoline other than ~~grain~~
33 ~~alcohol~~ ethanol are taxed as gasoline. "Blender" also means a
34 person blending two or more special fuel products at a
35 nonterminal location where the tax has not been paid on all of

1 the products blended. This blend is taxed as a special fuel.

2 Sec. 14. Section 452A.2, Code Supplement 2005, is amended
3 by adding the following new subsections:

4 NEW SUBSECTION. 9A. "E-85 gasoline" means the same as
5 defined in section 214A.1.

6 NEW SUBSECTION. 13A. "Gasoline" means the same as defined
7 in section 214A.1.

8 NEW SUBSECTION. 19A. "Motor fuel pump" means the same as
9 defined in section 214.1.

10 NEW SUBSECTION. 19B. "Motor fuel storage and dispensing
11 infrastructure" or "infrastructure" means a motor fuel storage
12 tank and motor fuel pumps necessary to keep and dispense motor
13 fuel at a service station, including but not limited to all
14 associated equipment, dispensers, pumps, pipes, hoses, tubes,
15 lines, fittings, valves, filters, seals, and covers.

16 NEW SUBSECTION. 19C. "Motor fuel storage tank" or "tank"
17 means an underground storage container or a combination of
18 such containers which are designed and used to keep an
19 accumulation of gasoline at a service station.

20 NEW SUBSECTION. 24A. "Retail dealer" means the same as
21 defined in section 214A.1.

22 NEW SUBSECTION. 24B. "Service station" means the same as
23 defined in section 214A.1.

24 Sec. 15. Section 452A.2, subsection 11, Code Supplement
25 2005, is amended to read as follows:

26 11. "Ethanol blended gasoline" means ~~motor-fuel-containing~~
27 ~~at-least-ten-percent-alcohol-distilled-from-cereal-grains~~ the
28 same as defined in section 214A.1.

29 Sec. 16. Section 452A.2, subsection 19, unnumbered
30 paragraph 1, Code Supplement 2005, is amended to read as
31 follows:

32 "Motor fuel" means both motor fuel as defined in section
33 214A.1 and includes all of the following:

34 Sec. 17. Section 452A.2, subsection 21, Code Supplement
35 2005, is amended to read as follows:

1 21. "Nonterminal storage facility" means a facility where
2 motor fuel or special fuel, other than liquefied petroleum
3 gas, is stored that is not supplied by a pipeline or a marine
4 vessel. "Nonterminal storage facility" includes a facility
5 that manufactures products such as ~~alcohol~~ ethanol as defined
6 in section 214A.1, biofuel, blend stocks, or additives which
7 may be used as motor fuel or special fuel, other than
8 liquefied petroleum gas, for operating motor vehicles or
9 aircraft.

10 DIVISION II

11 PETROLEUM REPLACEMENT INITIATIVE

12 PART A

13 STATE PETROLEUM REPLACEMENT GOALS

14 Sec. 18. NEW SECTION. 452A.31 RENEWABLE FUELS SOLD AND
15 DISPENSED DURING A DETERMINATION PERIOD.

16 1. For each determination period beginning January 1 and
17 ending December 31, the department shall obtain information
18 for ethanol blended gasoline which has been distributed in
19 this state, including information required to calculate all of
20 the following:

21 a. The total number of gallons of ethanol which is sold
22 and dispensed as a formulation of ethanol blended gasoline
23 from motor fuel pumps located at all service stations in this
24 state. The department shall include in its calculation all of
25 the following:

26 (1) The distribution percentage which is the number of
27 gallons of ethanol blended gasoline that is sold and dispensed
28 from motor fuel pumps located at all service stations in this
29 state as expressed as a percentage of the total number of
30 gallons of gasoline sold and dispensed from motor pumps
31 located at all service stations in this state, including for
32 use in determining the excise tax rate for gasoline as
33 provided in section 452A.3.

34 (2) The aggregate distribution percentage which is the
35 total number of gallons of ethanol which is sold and dispensed

1 as a formulation of ethanol blended gasoline from motor fuel
2 pumps located at all service stations in this state as
3 expressed as a percentage of the total number of gallons of
4 gasoline sold and dispensed from all motor fuel pumps in this
5 state for use in determining whether the state has met a
6 petroleum replacement goal pursuant to section 452A.32.

7 (3) The total number of gallons of E-85 gasoline which is
8 sold and dispensed from motor fuel pumps located at all
9 service stations in this state.

10 b. The total number of gallons of ethanol which is sold
11 and dispensed as a formulation of ethanol blended gasoline
12 from motor fuel pumps owned or operated by each retail dealer
13 in this state including for purposes of determining the
14 ethanol blended gasoline tax credit as provided in section
15 422.11C or 422.33.

16 c. The total number of gallons of E-85 gasoline which is
17 sold and dispensed from motor fuel pumps owned or operated by
18 each retail dealer in this state. The calculation shall
19 include the total number of gallons of E-85 gasoline which is
20 sold and dispensed from motor fuel pumps at each service
21 station which is owned by a retail dealer in this state
22 including for purposes of determining the E-85 gasoline tax
23 credit as provided in sections 422.11M and 422.33.

24 2. For each determination period beginning January 1 and
25 ending December 31, the department shall obtain information
26 for biodiesel blended fuel which has been distributed in this
27 state, including information required to calculate all of the
28 following:

29 a. The total number of gallons of biodiesel which is sold
30 and dispensed as a formulation of biodiesel blended fuel from
31 motor fuel pumps located at all service stations in this
32 state.

33 b. The total number of gallons of biodiesel which is sold
34 and dispensed as a formulation of biodiesel blended fuel from
35 motor fuel pumps owned or operated by each retail dealer in

1 this state including for purposes of determining the biodiesel
2 blended fuel tax credit as provided in section 422.11N or
3 422.33. The calculation shall include the total number of
4 gallons of biodiesel blended fuel which is sold and dispensed
5 from motor fuel pumps at each service station which is owned
6 by a retail dealer in this state.

7 Sec. 19. NEW SECTION. 452A.32 PETROLEUM REPLACEMENT
8 GOALS.

9 1. Petroleum replacement goals are established based on
10 aggregate distribution percentages calculated by the
11 department pursuant to section 452A.31.

12 a. On January 1, 2010, the petroleum replacement goal is
13 ten percent.

14 b. On January 1, 2015, the petroleum replacement goal is
15 fifteen percent.

16 c. On January 1, 2020, the petroleum replacement goal is
17 twenty percent.

18 2. The department of revenue and the department of
19 agriculture and land stewardship, in cooperation with the
20 renewable fuels and coproducts advisory committee shall
21 monitor the state's progress in meeting the petroleum
22 replacement goals.

23 Sec. 20. NEW SECTION. 452A.33 RENEWABLE FUELS SOLD AND
24 DISPENSED DURING A DETERMINATION PERIOD -- REPORT.

25 On or before February 1 following a determination period as
26 provided in section 452A.31, the department shall prepare a
27 report which compiles the information as provided in section
28 452A.31 to the governor, the department of agriculture and
29 land stewardship, and the fiscal services division of the
30 legislative services agency. The report shall project the
31 total number of gallons of ethanol which will be sold and
32 dispensed as a formulation of ethanol blended gasoline from
33 motor fuel pumps located at all service stations in this state
34 for each future determination period until the applicable
35 petroleum replacement goal is met as provided in section

1 452A.32. The report shall predict when whether the applicable
2 petroleum replacement goal will be met and the amount of
3 additional ethanol required to be sold and dispensed from all
4 motor fuel pumps located at all service stations in this state
5 in order to meet the petroleum replacement goal.

6 PART B

7 E-85 GASOLINE INFRASTRUCTURE

8 Sec. 21. NEW SECTION. 452A.41 E-85 GASOLINE
9 INFRASTRUCTURE FUND -- GENERAL FUND APPROPRIATION.

10 For the fiscal period beginning July 1, 2006, and ending
11 June 30, 2015, there is appropriated to the department each
12 fiscal year from the general fund of the state five million
13 dollars for deposit in the E-85 gasoline infrastructure fund
14 as provided in section 452A.42.

15 Sec. 22. NEW SECTION. 452A.42 E-85 GASOLINE
16 INFRASTRUCTURE FUND.

17 1. An E-85 gasoline infrastructure fund is created in the
18 state treasury under the control of the department. The fund
19 is separate from the general fund of the state.

20 2. Moneys in the E-85 gasoline infrastructure fund are
21 appropriated to the department exclusively to support the E-
22 85 gasoline infrastructure program as provided in section
23 452A.43. Moneys in the fund shall not be transferred, used,
24 obligated, appropriated, or otherwise encumbered except as to
25 award grants under the program.

26 3. a. The recapture of moneys awarded pursuant to the
27 program and the payment of any monetary penalty shall be
28 deposited in the E-85 gasoline infrastructure fund.

29 b. Notwithstanding section 8.33, any unexpended balance in
30 the fund at the end of the fiscal year shall be retained in
31 the fund.

32 c. Notwithstanding section 12C.7, subsection 2, interest,
33 earnings on investments, or time deposits of the moneys in the
34 fund shall be credited to the fund.

35 Sec. 23. NEW SECTION. 452A.43 E-85 GASOLINE

1 INFRASTRUCTURE PROGRAM.

2 The department shall establish and administer an E-85
3 gasoline infrastructure program as follows:

4 1. The purpose of the program is to improve a service
5 station by installing, replacing, or converting motor fuel
6 storage and dispensing infrastructure. The infrastructure
7 must be designed and shall be used exclusively to store and
8 dispense E-85 gasoline on the premises of service stations
9 operated by retail dealers.

10 2. The department shall award financial incentives to a
11 person participating in the program. In order to be eligible
12 to participate in the program all of the following must apply:

13 a. The person must be an owner or operator of the service
14 station.

15 b. The person must apply to the department in a manner and
16 according to procedures required by the department. The
17 application must contain all information required by the
18 department and shall at least include all of the following:

19 (1) The name of the participating person and the address
20 of the service station to be improved.

21 (2) A detailed description of the infrastructure that is
22 installed, replaced, or converted, including but not limited
23 to the model number of each installed, replaced, or converted
24 motor fuel storage tank if available.

25 (3) A statement describing how the service station was
26 improved, the total estimated cost of the planned improvement,
27 and the date when the infrastructure was or will be first used
28 to store and dispense E-85 gasoline.

29 (4) A statement by the installer of the infrastructure
30 certifying that the service station has been improved, and the
31 total costs of the improvements.

32 (5) A statement by the participating person certifying
33 that the infrastructure shall not be used to store or dispense
34 motor fuel other than E-85 gasoline, unless granted a waiver
35 by the department pursuant to this section.

1 3. A service station which is improved using financial
2 incentives must comply with federal and state standards
3 governing new or upgraded motor fuel storage tanks used to
4 store and dispense E-85 gasoline. A site classified as a no
5 further action site pursuant to a certificate issued by the
6 department under section 455B.474 shall retain its
7 classification following modifications necessary to store and
8 dispense E-85 gasoline and the owner or operator shall not be
9 required to perform a new site assessment unless the site
10 causes a clear, present, and impending danger to the public
11 health or the environment.

12 4. The department shall award financial incentives to a
13 participating person pursuant to an agreement executed by the
14 department and the participating person based on the person's
15 application and in compliance with this section and rules
16 adopted by the department, in a manner and according to
17 procedures required by the department.

18 a. The financial incentives shall be in the form of a
19 grant as provided in an agreement executed by the
20 participating person and the department. The department shall
21 immediately make the award unless the department has cause to
22 believe that the application is improper. The department
23 shall not award more than twenty-five thousand dollars to
24 improve a service station as provided in this section. The
25 department may make multiple awards to install, replace, or
26 convert infrastructure at the service station so long as the
27 total amount of the awards in all years for the improvements
28 is not more than twenty-five thousand dollars.

29 b. This section does not prohibit the department from
30 awarding financial incentives to a participating person who
31 does any of the following:

32 (1) Uses the financial incentives to improve multiple
33 service stations.

34 (2) Installs, replaces, or converts infrastructure
35 associated with more than one motor fuel storage tank or motor

1 fuel pump at the same service station.

2 c. A participating person shall not use the infrastructure
3 to store or dispense motor fuel other than E-85 gasoline,
4 unless one of the following applies:

5 (1) The participating person is granted a waiver by the
6 department. The participating person shall store or dispense
7 the motor fuel according to the terms and conditions of the
8 waiver.

9 (2) The department is immediately repaid the total amount
10 of moneys awarded to the participating person together with a
11 monetary penalty equal to twenty-five percent of that awarded
12 amount.

13 d. A participating person who acts in violation of an
14 agreement executed with the department pursuant to this
15 section is subject to a civil penalty of not more than one
16 thousand dollars a day for each day of the violation. The
17 civil penalty shall be deposited into the general fund of the
18 state.

19 DIVISION III

20 RENEWABLE FUEL TAX CREDIT FOR RETAIL DEALERS

21 Sec. 24. Section 422.11C, subsection 1, paragraphs a
22 through g, Code 2005, are amended by striking the paragraphs
23 and inserting in lieu thereof the following:

24 a. "E-85 gasoline", "ethanol blended gasoline",
25 "gasoline", "retail dealer", and "service station" mean the
26 same as defined in section 214A.1.

27 b. "Motor fuel pump" means the same as motor vehicle fuel
28 pump as defined in section 214.1.

29 c. "Sell" means to sell on a retail basis.

30 d. "Tax credit" means the designated ethanol blended
31 gasoline tax credit as provided in this section.

32 Sec. 25. Section 422.11C, subsection 2, paragraph b, Code
33 2005, is amended to read as follows:

34 b. The taxpayer operates at least one service station at
35 which more than sixty percent of the total gallons of gasoline

1 sold and dispensed through one or more metered motor fuel
2 pumps by the taxpayer in the tax year is ethanol blended
3 gasoline.

4 Sec. 26. Section 422.11C, subsection 3, Code 2005, is
5 amended to read as follows:

6 3. a. The tax credit shall be calculated separately for
7 each service station site operated by the taxpayer.

8 b. The amount of the tax credit for each eligible service
9 station is two and one-half cents multiplied by the total
10 number of gallons of ethanol blended gasoline sold and
11 dispensed through all metered motor fuel pumps located at that
12 service station during the tax year in excess of sixty percent
13 of all gasoline sold and dispensed through metered motor fuel
14 pumps at that service station during the tax year.

15 c. The tax credit is not allowed for a gallon of E-85
16 gasoline sold and distributed through a motor fuel pump
17 located at a service station if the taxpayer claims an E-85
18 gasoline tax credit for that same gallon of E-85 gasoline as
19 provided in section 422.11M in the same tax year.

20 Sec. 27. NEW SECTION. 422.11M E-85 GASOLINE TAX CREDIT.

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

23 a. "E-85 gasoline", "retail dealer", and "service station"
24 mean the same as defined in section 214A.1.

25 b. "Motor fuel pump" means the same as defined in section
26 214A.1.

27 c. "Sell" means to sell on a retail basis.

28 d. "Tax credit" means an E-85 gasoline tax credit as
29 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 the amount of the E-85 gasoline tax credit for each tax year
33 that the taxpayer is eligible to claim under this section.

34 a. In order to be eligible, all of the following must
35 apply:

1 (1) The taxpayer is a retail dealer who owns or operates
2 at least one service station at which E-85 gasoline is sold
3 and dispensed through a motor fuel pump in the tax year in
4 which the tax credit is claimed.

5 (2) The taxpayer complies with requirements of the
6 department established to administer this section.

7 b. The tax credit shall be calculated for each service
8 station owned or operated by the taxpayer in the tax year in
9 which the tax credit is claimed. The amount of the tax credit
10 is calculated by multiplying a rate of ten cents by the total
11 number of gallons of E-85 gasoline sold and dispensed through
12 all motor fuel pumps located at that service station during
13 the tax year.

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

19 4. An individual may claim the tax credit allowed a
20 partnership, limited liability company, S corporation, estate,
21 or trust electing to have the income taxed directly to the
22 individual. The amount claimed by the individual shall be
23 based upon the pro rata share of the individual's earnings of
24 the partnership, limited liability company, S corporation,
25 estate, or trust.

26 5. This section is repealed January 1, 2016.

27 Sec. 28. NEW SECTION. 422.11N BIODIESEL BLENDED FUEL TAX
28 CREDIT.

29 1. As used in this section, unless the context otherwise
30 requires:

31 a. "Biodiesel blended fuel", "diesel fuel", "retail
32 dealer", and "service station" mean the same as defined in
33 section 214A.1.

34 b. "Motor fuel pump" means the same as defined in section
35 214.1.

1 c. "Sell" means to sell on a retail basis.

2 d. "Tax credit" means a biodiesel blended fuel tax credit
3 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 the amount of the biodiesel blended fuel tax credit for each
7 tax year that the taxpayer is eligible to claim under this
8 subsection.

9 a. In order to be eligible, all of the following must
10 apply:

11 (1) The taxpayer is a retail dealer who owns or operates
12 at least one service station at which biodiesel blended fuel
13 is sold and dispensed through a motor fuel pump in the tax
14 year in which the tax credit is claimed.

15 (2) The taxpayer complies with requirements of the
16 department established to administer this section.

17 b. The tax credit shall be calculated for each service
18 station owned or operated by the taxpayer in the tax year in
19 which the tax credit is claimed. The tax credit shall apply
20 to biodiesel blended fuel formulated with a minimum percentage
21 of two percent by volume of biodiesel, if the formulation
22 meets the standards provided in section 214A.2. The amount of
23 the tax credit is calculated by multiplying a designated rate
24 by the total number of gallons of biodiesel blended fuel sold
25 and dispensed through all motor fuel pumps located at that
26 service station during the tax year. The designated rate is
27 as follows:

28 (1) Three cents per gallon of biodiesel for all gallons of
29 biodiesel blended fuel which is fifty percent or more but less
30 than sixty percent of all diesel fuel sold and dispensed
31 through the motor fuel pumps at the service station.

32 (2) Four cents per gallon of biodiesel for all gallons of
33 biodiesel blended fuel which is sixty percent or more but less
34 than seventy percent of all diesel fuel sold and dispensed
35 through the motor fuel pumps at the service station.

1 (3) Five cents per gallon of biodiesel for all gallons of
2 biodiesel blended fuel which is seventy percent or more of all
3 diesel fuel sold and dispensed through the motor fuel pumps at
4 the service station.

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

10 4. An individual may claim the tax credit allowed a
11 partnership, limited liability company, S corporation, estate,
12 or trust electing to have the income taxed directly to the
13 individual. The amount claimed by the individual shall be
14 based upon the pro rata share of the individual's earnings of
15 the partnership, limited liability company, S corporation,
16 estate, or trust.

17 5. This section is repealed January 1, 2012.

18 Sec. 29. Section 422.33, subsection 11, paragraph a,
19 subparagraph (1), Code Supplement 2005, is amended to read as
20 follows:

21 (1) ~~"Ethanol~~ "E-85 gasoline", "ethanol blended gasoline",
22 "gasoline", "metered-pump", "motor fuel pump", "retail
23 dealer", "sell", and "service station" mean the same as
24 defined in section 422.11C.

25 Sec. 30. Section 422.33, subsection 11, paragraph b,
26 subparagraph (2), Code Supplement 2005, is amended to read as
27 follows:

28 (2) The taxpayer operates at least one service station at
29 which more than sixty percent of the total gallons of gasoline
30 sold and dispensed through one or more ~~metered~~ motor fuel
31 pumps by the taxpayer is ethanol blended gasoline.

32 Sec. 31. Section 422.33, subsection 11, paragraph c, Code
33 Supplement 2005, is amended to read as follows:

34 c. (1) The tax credit shall be calculated separately for
35 each service station site operated by the taxpayer.

1 (2) The amount of the tax credit for each eligible service
2 station is two and one-half cents multiplied by the total
3 number of gallons of ethanol blended gasoline sold and
4 dispensed through all metered motor fuel pumps located at that
5 service station during the tax year in excess of sixty percent
6 of all gasoline sold and dispensed through metered motor fuel
7 pumps at that service station during the tax year.

8 (3) The tax credit is not allowed for a gallon of E-85
9 gasoline sold and distributed through a motor fuel pump
10 located at a service station if the taxpayer claims an E-85
11 gasoline tax credit for that same gallon of E-85 gasoline as
12 provided in this section in the same tax year.

13 Sec. 32. Section 422.33, Code Supplement 2005, is amended
14 by adding the following new subsection:

15 NEW SUBSECTION. 11A. The taxes imposed under this
16 division shall be reduced by an E-85 gasoline tax credit for
17 each tax year that the taxpayer is eligible to claim the tax
18 credit under this subsection.

19 a. The taxpayer may claim the E-85 gasoline tax credit
20 according to the same requirements, for the same amount, and
21 calculated in the same manner, as provided for the E-85
22 gasoline tax credit pursuant to section 422.11M.

23 b. Any E-85 gasoline tax credit which is in excess of the
24 taxpayer's tax liability shall be refunded or may be shown on
25 the taxpayer's final, completed return credited to the tax
26 liability for the following tax year in the same manner as
27 provided in section 422.11M.

28 c. This subsection is repealed January 1, 2016.

29 Sec. 33. Section 422.33, Code Supplement 2005, is amended
30 by adding the following new subsection:

31 NEW SUBSECTION. 11B. The taxes imposed under this
32 division shall be reduced by a biodiesel blended fuel tax
33 credit for each tax year that the taxpayer is eligible to
34 claim the tax credit under this subsection.

35 a. The taxpayer may claim the biodiesel blended fuel tax

1 credit according to the same requirements, for the same
2 amount, and calculated in the same manner, as provided for the
3 biodiesel blended fuel tax credit pursuant to section 422.11N.

4 b. Any biodiesel blended fuel tax credit which is in
5 excess of the taxpayer's tax liability shall be refunded or
6 may be shown on the taxpayer's final, completed return
7 credited to the tax liability for the following tax year in
8 the same manner as provided in section 422.11N.

9 c. This subsection is repealed January 1, 2012.

10 Sec. 34. APPLICABILITY DATE. Sections 422.11M and
11 422.11N, as enacted in this Act, and section 422.33,
12 subsections 11A and 11B, as enacted in this Act, apply to tax
13 years beginning on or after January 1, 2007.

14 DIVISION IV

15 GOVERNMENT VEHICLES

16 Sec. 35. Section 8A.101, Code 2005, is amended by adding
17 the following new subsection:

18 NEW SUBSECTION. 3A. "E-85 gasoline", "gasoline", and
19 "motor vehicle fuel" mean the same as defined in section
20 214A.1.

21 Sec. 36. Section 8A.362, subsection 3, Code 2005, is
22 amended to read as follows:

23 3. The director shall provide for a record system for the
24 keeping of records of the total number of miles state-owned
25 motor vehicles are driven and the per-mile cost of operation
26 of each motor vehicle. Every state officer or employee shall
27 keep a record book to be furnished by the director in which
28 the officer or employee shall enter all purchases of gasoline,
29 lubricating oil, grease, and other incidental expense in the
30 operation of the motor vehicle assigned to the officer or
31 employee, giving the quantity and price of each purchase,
32 including the cost and nature of all repairs on the motor
33 vehicle. Each operator of a state-owned motor vehicle shall
34 promptly prepare a report at the end of each month on forms
35 furnished by the director and forwarded to the director,

1 giving the information the director may request in the report.
2 Each month the director shall compile the costs and mileage of
3 state-owned motor vehicles from the reports and keep a cost
4 history for each motor vehicle and the costs shall be reduced
5 to a cost-per-mile basis for each motor vehicle. The director
6 shall call to the attention of an elected official or the head
7 of any state agency to which a motor vehicle has been assigned
8 any evidence of the mishandling or misuse of a state-owned
9 motor vehicle which is called to the director's attention.

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

22 Sec. 37. Section 8A.362, subsection 4, paragraphs a and b,
23 Code 2005, are amended to read as follows:

24 a. The director shall provide for the purchase of all
25 motor vehicles for all branches of the state government as
26 part of the state fleet, except the department for the blind
27 pursuant to section 216B.3, the state department of
28 transportation pursuant to section 307.21, institutions under
29 the control of the state board of regents pursuant to section
30 262.25A, ~~the department for the blind, and~~ the department of
31 corrections pursuant to section 904.312A, or any other state
32 agency exempted by law.

33 (1) The director shall purchase new motor vehicles in
34 accordance with competitive bidding procedures for items or
35 services as provided in this subchapter.

1 (2) The director may purchase used or preowned motor
2 vehicles at governmental or dealer auctions if the purchase is
3 determined to be in the best interests of the state. In
4 purchasing a used or preowned motor vehicle which is a
5 gasoline powered passenger motor vehicle or light pickup
6 truck, the director shall provide a preference for the
7 purchase of a flexible fuel motor vehicle which is equipped
8 with an engine which operates using E-85 gasoline as defined
9 in section 214A.1.

10 b. ~~The director~~ department, and any other state agency,
11 which for purposes of this subsection includes but is not
12 limited to community colleges and institutions under the
13 control of the state board of regents, or local governmental
14 subdivisions purchasing new motor vehicles, shall purchase new
15 passenger motor vehicles and light pickup trucks so that the
16 average fuel efficiency for the fleet of new passenger motor
17 vehicles and light pickup trucks purchased in that year equals
18 or exceeds the average fuel economy standard for the motor
19 vehicles' model year as established by the United States
20 secretary of transportation under 15 U.S.C. § 2002. This
21 paragraph "b" does not apply to motor vehicles purchased for
22 law enforcement purposes or used for off-road maintenance
23 work, or work vehicles used to pull loaded trailers.

24 Sec. 38. Section 8A.362, Code 2005, is amended by adding
25 the following new subsection:

26 NEW SUBSECTION. 4A. For gasoline powered motor vehicles
27 which are part of the state fleet purchased by the director
28 pursuant to this section, all of the following shall apply:

29 a. Each new passenger motor vehicle or light pickup truck
30 purchased by the director shall be a flexible fuel motor
31 vehicle which is equipped with an engine which operates using
32 E-85 gasoline as defined in section 214A.1.

33 b. The following shall apply to a motor vehicle which is a
34 passenger motor vehicle or light pickup truck:

35 (1) Except as provided in subparagraph (2), the motor

1 vehicle shall only operate using ethanol blended gasoline,
2 unless under emergency circumstances. A state-issued credit
3 card used to purchase gasoline required to operate the motor
4 vehicle shall not be valid to purchase gasoline other than
5 ethanol blended gasoline, unless under emergency
6 circumstances.

7 (2) If the motor vehicle is a flexible fuel motor vehicle
8 equipped with an engine which operates using E-85 gasoline,
9 the motor vehicle shall only operate using E-85 gasoline,
10 unless under emergency circumstances or if E-85 gasoline is
11 not reasonably available. In that case, the motor vehicle
12 shall only operate using ethanol blended gasoline other than
13 E-85 gasoline as provided in subparagraph (1). A state-
14 issued credit card used to purchase gasoline required to
15 operate the motor vehicle shall not be valid to purchase
16 gasoline other than E-85 gasoline, unless under emergency
17 circumstances or if E-85 gasoline is not reasonably available.
18 In that case, a state-issued credit card used to purchase
19 gasoline required to operate the motor vehicle shall not be
20 valid to purchase gasoline other than as provided in
21 subparagraph (1).

22 c. (1) Except as provided in subparagraph (2), each motor
23 vehicle shall be affixed with a brightly visible sticker which
24 notifies the traveling public that the motor vehicle is being
25 operated using ethanol blended gasoline. If the motor vehicle
26 is a flexible fuel motor vehicle which is equipped with an
27 engine which operates using E-85 gasoline, the motor vehicle
28 shall be affixed with a brightly visible sticker notifying the
29 traveling public that the motor vehicle is being operated
30 using E-85 gasoline.

31 (2) A sticker as provided in subparagraph (1) is not
32 required to be affixed to an unmarked motor vehicle used for
33 purposes of providing law enforcement or security.

34 Sec. 39. Section 8A.362, subsection 5, Code 2005, is
35 amended to read as follows:

1 5. ~~Of~~ For motor vehicles which are part of the state fleet
2 purchased by the director pursuant to this section, all of the
3 following shall apply:

4 a. Except as provided in paragraph "b", of all of the new
5 passenger motor vehicles and light pickup trucks which are
6 part of the state fleet purchased by the director pursuant to
7 this section, a minimum of ten percent of all such vehicles
8 ~~and-trucks-purchased~~ motor vehicles shall be equipped with
9 engines which utilize alternative methods of propulsion
10 including but not limited to any of the following:

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

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

14 ~~(2) (1) A fuel which is a mixture of diesel fuel and~~
15 ~~processed soybean oil.~~ At Flexible fuel motor vehicles which
16 are equipped with engines which operate using biodiesel or a
17 biodiesel blended fuel. A biodiesel blended fuel must be
18 formulated with at least twenty percent of the mixed fuel
19 biodiesel by volume must be processed soybean oil according to
20 standards required pursuant to section 214A.2.

21 ~~(3) (2) A renewable fuel other than ethanol blended~~
22 ~~gasoline,~~ approved by the office of renewable fuels and
23 coproducts pursuant to section 159A.3.

24 b. (3) Compressed or liquefied natural gas.

25 c. (4) Propane gas.

26 d. (5) Solar energy.

27 e. (6) Electricity.

28 ~~b. This subsection does~~ The requirements provided in
29 paragraph "a" do not apply to vehicles and trucks motor
30 vehicles purchased and directly used for law enforcement or
31 purchased and used for off-road maintenance work or to pull
32 loaded trailers.

33 Sec. 40. Section 216B.3, subsection 16, Code 2005, is
34 amended by striking the subsection and inserting in lieu
35 thereof the following:

1 16. The commission shall purchase motor vehicles for the
2 department, and those motor vehicles shall be operated using
3 ethanol blended gasoline including E-85 gasoline or
4 alternative methods of propulsion according to the same
5 requirements and exceptions as provided in section 8A.362,
6 including but not limited to all of the following:

7 a. The commission's purchase of used or preowned motor
8 vehicles or new motor vehicles.

9 b. For the operation of gasoline powered motor vehicles,
10 all of the following:

11 (1) The use of ethanol blended gasoline, including E-85
12 gasoline.

13 (2) The purchase of ethanol blended gasoline including E-
14 85 gasoline by state-issued credit card.

15 (3) Affixing a brightly visible sticker to the motor
16 vehicle notifying the traveling public that the motor vehicle
17 is being operated using ethanol blended gasoline including E-
18 85 gasoline.

19 Sec. 41. Section 260C.19A, Code 2005, is amended by
20 striking the section and inserting in lieu thereof the
21 following:

22 260C.19A MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
23 REQUIREMENTS.

24 The board of directors shall purchase motor vehicles for
25 its own use or for use under its direction to provide services
26 to a merged area, and those motor vehicles shall be operated
27 using ethanol blended gasoline including E-85 gasoline or
28 alternative methods of propulsion according to the same
29 requirements and exceptions as provided in section 8A.362,
30 including but not limited to all of the following:

31 1. The board's purchase of used or preowned motor vehicles
32 or new motor vehicles.

33 2. For the operation of gasoline powered motor vehicles,
34 all of the following:

35 a. The use of ethanol blended gasoline, including E-85

1 gasoline.

2 b. Affixing a brightly visible sticker to the motor
3 vehicle notifying the traveling public that the motor vehicle
4 is being operated using ethanol blended gasoline, including E-
5 85 gasoline.

6 Sec. 42. Section 262.25A, subsection 2, Code 2005, is
7 amended by striking the section and inserting in lieu thereof
8 the following:

9 2. An institution under the control of the state board of
10 regents shall purchase motor vehicles, and those motor
11 vehicles shall be operated using ethanol blended gasoline
12 including E-85 gasoline or alternative methods of propulsion
13 according to the same requirements and exceptions as provided
14 in section 8A.362, including but not limited to all of the
15 following:

16 a. The institution's purchase of used or preowned motor
17 vehicles or new motor vehicles.

18 b. For the operation of gasoline powered motor vehicles,
19 all of the following:

20 (1) The use of ethanol blended gasoline, including E-85
21 gasoline.

22 (2) The purchase of ethanol blended gasoline including E-
23 85 gasoline by state-issued credit card.

24 (3) Affixing a brightly visible sticker to the motor
25 vehicle notifying the traveling public that the motor vehicle
26 is being operated using ethanol blended gasoline, including E-
27 85 gasoline.

28 Sec. 43. Section 279.34, Code 2005, is amended by striking
29 the section and inserting in lieu thereof the following:

30 279.34 MOTOR VEHICLES REQUIRED TO OPERATE ON ETHANOL
31 BLENDED GASOLINE.

32 The board of directors shall purchase motor vehicles for
33 its own use or for use under its direction to provide services
34 to a school corporation, and those motor vehicles shall be
35 operated using ethanol blended gasoline including E-85

1 gasoline according to the same requirements and exceptions as
2 provided in section 8A.362, including but not limited to all
3 of the following:

4 1. The board's purchase of used or preowned motor vehicles
5 or new motor vehicles.

6 2. For the operation of motor vehicles, all of the
7 following:

8 a. The use of ethanol blended gasoline, including E-85
9 gasoline.

10 b. Affixing a brightly visible sticker to the motor
11 vehicle notifying the traveling public that the motor vehicle
12 is being operated using ethanol blended gasoline, including E-
13 85 gasoline.

14 Sec. 44. Section 307.21, subsection 4, paragraph d, Code
15 2005, is amended by striking the paragraph.

16 Sec. 45. Section 307.21, subsection 5, Code 2005, is
17 amended by striking the subsection.

18 Sec. 46. NEW SECTION. 307.21A MOTOR VEHICLE PURCHASES --
19 ALTERNATIVE FUEL REQUIREMENTS.

20 The department's administrator of administrative services
21 shall purchase motor vehicles for the department, and those
22 motor vehicles shall be operated using ethanol blended
23 gasoline, including E-85 gasoline or alternative methods of
24 propulsion, according to the same requirements and exceptions
25 as provided in section 8A.362, including but not limited to
26 all of the following:

27 1. The administrator's purchase of used or preowned motor
28 vehicles or new motor vehicles.

29 2. For the operation of gasoline powered motor vehicles,
30 all of the following:

31 a. The use of ethanol blended gasoline, including E-85
32 gasoline.

33 b. Affixing a brightly visible sticker to the motor
34 vehicle notifying the traveling public that the motor vehicle
35 is being operated using ethanol blended gasoline, including E-

1 85 gasoline.

2 Sec. 47. Section 331.908, Code 2005, is amended by
3 striking the section and inserting in lieu thereof the
4 following:

5 331.908 MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
6 REQUIREMENTS.

7 A county government, including the county board of
8 supervisors or an administrative unit of county government
9 under the direction of the board, may purchase motor vehicles
10 for the county, and those motor vehicles shall be operated
11 using ethanol blended gasoline, including E-85 gasoline,
12 according to the same requirements and exceptions as provided
13 in section 8A.362, including but not limited to all of the
14 following:

15 1. The county government's purchase of used or preowned
16 motor vehicles or new motor vehicles.

17 2. For the operation of motor vehicles, all of the
18 following:

19 a. The use of ethanol blended gasoline, including E-85
20 gasoline.

21 b. Affixing a brightly visible sticker to the motor
22 vehicle notifying the traveling public that the motor vehicle
23 is being operated using ethanol blended gasoline, including E-
24 85 gasoline.

25 Sec. 48. Section 364.20, Code 2005, is amended by striking
26 the section and inserting in lieu thereof the following:

27 364.20 MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
28 REQUIREMENTS.

29 A city government may purchase motor vehicles for the city,
30 and those motor vehicles shall be operated using ethanol
31 blended gasoline, including E-85 gasoline, according to the
32 same requirements and exceptions as provided in section
33 8A.362, including but not limited to all of the following:

34 1. The city government's purchase of used or preowned
35 motor vehicles or new motor vehicles.

1 2. For the operation of motor vehicles, all of the
2 following:

3 a. The use of ethanol blended gasoline, including E-85
4 gasoline.

5 b. Affixing a brightly visible sticker to the motor
6 vehicle notifying the traveling public that the motor vehicle
7 is being operated using ethanol blended gasoline, including E-
8 85 gasoline.

9 Sec. 49. Section 904.312A, Code 2005, is amended by
10 striking the section and inserting in lieu thereof the
11 following:

12 904.312A MOTOR VEHICLE PURCHASES -- ALTERNATIVE FUEL
13 REQUIREMENTS.

14 The director shall purchase motor vehicles for the
15 department, and those motor vehicles shall be operated using
16 ethanol blended gasoline, including E-85 gasoline or
17 alternative methods of propulsion, according to the same
18 requirements and exceptions as provided in section 8A.362,
19 including but not limited to all of the following:

20 1. The director's purchase of used or preowned motor
21 vehicles or new motor vehicles.

22 2. For the operation of gasoline powered motor vehicles,
23 all of the following:

24 a. The use of ethanol blended gasoline, including E-85
25 gasoline.

26 b. Affixing a brightly visible sticker to the motor
27 vehicle notifying the traveling public that the motor vehicle
28 is being operated using ethanol blended gasoline, including E-
29 85 gasoline.

30 DIVISION V

31 NOTICE TO THE TRAVELING PUBLIC

32 Sec. 50. Section 306C.11, subsection 5, Code 2005, is
33 amended by adding the following new paragraph:

34 NEW PARAGRAPH. h. Provisions for identifying a service
35 station that sells and dispenses E-85 gasoline as defined in

1 section 214A.1, and the proximate distance in miles to that
2 service station.

3 Sec. 51. Section 307.14, Code 2005, is amended to read as
4 follows:

5 307.14 OFFICIAL IOWA MAP.

6 The department shall publish a map of the state of Iowa.

7 1. At the request of a citizen of a particular city or
8 town, the department shall add the city or town to the
9 existing map of Iowa and identify the main road leading into
10 the city or town if the city or town meets two or more of the
11 following criteria:

12 1- a. Has a zip coded post office in the city or town.

13 2- b. Has a population of twenty-five or more.

14 3- c. Has a building on the national register of historic
15 places in the city or town.

16 4- d. Has an association with a public recreation area
17 managed by the department of natural resources in the city or
18 town.

19 5- e. Has a high school, grade school, private school,
20 church, or cemetery in the city or town.

21 6- f. Has a retail business in the city or town.

22 7- g. Has an annual festival or celebration.

23 2. The department shall to every extent feasible identify
24 each proximate location where a service station sells and
25 dispenses E-85 gasoline as defined in section 214A.1.

26 DIVISION VI

27 COORDINATING PROVISIONS -- MISCELLANEOUS

28 Sec. 52. Section 15.401, Code Supplement 2005, is amended
29 to read as follows:

30 15.401 ~~E-85-BLENDED-GASOLINE~~ RENEWABLE FUELS.

31 1. As used in this section, unless the context otherwise
32 requires, "biodiesel", "biodiesel blended fuel", "E-85
33 gasoline" and "service station" mean the same as defined in
34 section 214A.1.

35 2. The department shall provide a cost-share program for

1 financial incentives for the installation or conversion of
2 infrastructure used by service stations to do all of the
3 following:

4 a. ~~sell~~ Sell and dispense E-85 blended gasoline ~~and-for~~
5 ~~the-installation-or-conversion-of.~~

6 b. Install or convert infrastructure required to establish
7 on-site and off-site terminal facilities that store biodiesel
8 or biodiesel blended fuel for distribution to service
9 stations.

10 3. The department shall provide for an addition of at
11 least thirty new or converted E-85 gasoline retail outlets and
12 four new or converted on-site or off-site terminal facilities
13 with a maximum expenditure of three hundred twenty-five
14 thousand dollars per year for the fiscal period beginning July
15 1, 2005, and ending June 30, 2008. The department may provide
16 for the marketing of these products in conjunction with this
17 infrastructure program.

18 Sec. 53. Section 159A.2, Code 2005, is amended by adding
19 the following new subsections:

20 NEW SUBSECTION. 0A. "Biodiesel" and "biodiesel blended
21 fuel" mean the same as defined in section 214A.1.

22 NEW SUBSECTION. 3A. "Department" means the department of
23 agriculture and land stewardship.

24 NEW SUBSECTION. 3B. "Ethanol blended gasoline" means the
25 same as defined in section 214A.1.

26 Sec. 54. Section 159A.2, subsection 6, Code 2005, is
27 amended by striking the subsection and inserting in lieu
28 thereof the following:

29 6. "Renewable fuel" means the same as defined in section
30 214A.1.

31 Sec. 55. Section 159A.2, subsection 8, Code 2005, is
32 amended by striking the subsection.

33 Sec. 56. Section 159A.3, subsection 3, Code 2005, is
34 amended to read as follows:

35 3. a. A chief purpose of the office is to further the

1 production and consumption of ethanol ~~fuel~~ blended gasoline in
2 this state. The office shall be the primary state agency
3 charged with the responsibility to promote public consumption
4 of ethanol ~~fuel~~ blended gasoline.

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

8 Sec. 57. Section 214A.19, subsection 1, unnumbered
9 paragraph 1, Code 2005, is amended to read as follows:

10 The department of natural resources, conditioned upon the
11 availability of funds, is authorized to award demonstration
12 grants to persons who purchase vehicles which operate on
13 alternative fuels, including but not limited to, ~~high-blend~~
14 ~~ethanol~~ E-85 gasoline, biodiesel, compressed natural gas,
15 electricity, solar energy, or hydrogen. A grant shall be for
16 the purpose of conducting research connected with the fuel or
17 the vehicle, and not for the purchase of the vehicle itself,
18 except that the money may be used for the purchase of the
19 vehicle if all of the following conditions are satisfied:

20 Sec. 58. Section 307.20, Code 2005, is amended to read as
21 follows:

22 307.20 BIODIESEL AND BIODIESEL BLENDED FUEL REVOLVING
23 FUND.

24 1. A biodiesel and biodiesel blended fuel revolving fund
25 is created in the state treasury. The biodiesel and biodiesel
26 blended fuel revolving fund shall be administered by the
27 department and shall consist of moneys received from the sale
28 of EPAAct credits banked by the department on April 19, 2001,
29 moneys appropriated by the general assembly, and any other
30 moneys obtained or accepted by the department for deposit in
31 the fund. Moneys in the fund are appropriated to and shall be
32 used by the department for the purchase of biodiesel and
33 biodiesel blended fuel for use in department vehicles. The
34 department shall submit an annual report not later than
35 January 31 to the members of the general assembly and the

1 legislative services agency, of the expenditures made from the
2 fund during the preceding fiscal year. Section 8.33 does not
3 apply to any moneys in the fund and, notwithstanding section
4 12C.7, subsection 2, earnings or interest on moneys deposited
5 in the fund shall be credited to the fund.

6 2. A department departmental motor vehicle operating on
7 using biodiesel or biodiesel blended fuel shall be affixed
8 with a brightly visible sticker that notifies the traveling
9 public that the motor vehicle uses biodiesel blended fuel.

10 3. For purposes of this section the following definitions
11 apply:

12 a. "~~Biodiesel~~ "Biodiesel" and "biodiesel blended fuel"
13 ~~means-soydiesel-fuel~~ mean the same as defined in section
14 ~~159A:2~~ 214A.1.

15 b. "EPAct credit" means a credit issued pursuant to the
16 federal Energy Policy Act (EPAct), 42 U.S.C. § 13201 et seq.
17 Sec. 59. Section 452A.3, subsection 1B, Code Supplement
18 2005, is amended to read as follows:

19 1B. An excise tax of seventeen cents is imposed on each
20 gallon of E-85 gasoline, ~~which contains at least eighty-five~~
21 ~~percent denatured alcohol by volume from the first day of~~
22 ~~April until the last day of October or seventy percent~~
23 ~~denatured alcohol from the first day of November until the~~
24 ~~last day of March, used for the privilege of operating motor~~
25 ~~vehicles in this state as defined in section 214A.1, subject~~
26 to the determination provided in subsection 1C.

27 Sec. 60. Section 452A.6, Code 2005, is amended to read as
28 follows:

29 452A.6 ETHANOL BLENDED GASOLINE AND OTHER PRODUCTS --
30 BLENDER'S LICENSE.

31 1. a. A person other than a supplier, restrictive
32 supplier, or importer licensed under this division, who blends
33 gasoline with ~~alcohol distilled from cereal grains so that the~~
34 ~~blend contains at least ten percent alcohol distilled from~~
35 ~~cereal grains~~ ethanol as defined in section 214A.1 in order to

1 formulate ethanol blended gasoline, shall obtain a blender's
2 license.

3 b. A person who blends two or more special fuel products
4 or sells one hundred percent biofuel shall obtain a blender's
5 license.

6 2. The A blender's license shall be obtained by following
7 the procedure under section 452A.4 and the blender's license
8 is subject to the same restrictions as contained in that
9 section.

10 3. A blender required to obtain a license pursuant to this
11 section shall maintain records as required by section 452A.10
12 as to motor fuel, ~~alcohol~~ ethanol, ethanol blended gasoline,
13 and special fuels.

14 DIVISION VII

15 CHANGE OF TERMS

16 Sec. 61. CHANGE OF TERMS.

17 1. Sections 8A.362, 101.21, 159A.4, 214.1, 214.11, 214A.1,
18 214A.2, 214A.4, 214A.5, 214A.7, 214A.8, 214A.9, 214A.10,
19 214A.16, 214A.17, 214A.18, 306C.11, 312.1, 321.40, 321.56,
20 423.14, 452A.63, 452A.66, and 452A.78, Code 2005, are amended
21 by striking from the provisions the words "motor vehicle fuel"
22 and inserting the following: "motor fuel".

23 2. Sections 214.1, 214.3, 214.9, 214.11, and 214A.16, Code
24 2005, are amended by striking the words "motor vehicle fuel
25 pump" or "motor vehicle fuel pumps" and inserting the
26 following: "motor fuel pump" or "motor fuel pumps".

27 3. Sections 159A.3 and 214A.17, Code 2005, are amended by
28 striking from the provisions the words "oxygenate octane
29 enhancers" and inserting the following: "oxygenates".

30 4. Sections 214A.1, 214A.4, 214A.5, 214A.7, 214A.8, and
31 214A.10, Code 2005, are amended by striking from the
32 provisions the words "oxygenate octane enhancer" and inserting
33 the following: "oxygenate".

34 EXPLANATION

35 BACKGROUND. The general assembly has enacted a number of

1 Acts which have promoted the production and consumption of
2 ethanol blended gasoline.

3 In 1991, the general assembly enacted S.F. 545 (1991 Iowa
4 Acts, ch. 254), which requires that state and local government
5 vehicles operate using ethanol blended gasoline and provides
6 that a state-issued credit card can only be used to purchase
7 ethanol blended gasoline. The provisions state that ethanol
8 blended gasoline must contain at least 10 percent ethanol (so
9 called "E-10" gasoline). It also provides that a sticker be
10 affixed to each motor vehicle (other than a motor vehicle in
11 undercover police work) notifying the traveling public that it
12 operates using ethanol.

13 In 1994, the general assembly enacted H.F. 2337 (1994 Iowa
14 Acts, chapter 1119), which requires that of all new passenger
15 vehicles and light pickup trucks purchased by the department
16 of administrative services, other state agencies, and
17 community colleges, a minimum of 10 percent of those motor
18 vehicles must be equipped with engines which utilize
19 alternative fuels (referred to as alternative methods of
20 propulsion), including a flexible fuel (E-85 gasoline or
21 biodiesel blended gasoline), a renewable fuel approved by the
22 office of renewable fuels and coproducts pursuant to Code
23 section 159A.3, compressed or liquefied natural gas, propane
24 gas, solar energy, or electricity. The alternative fuel
25 requirements do not apply to motor vehicles purchased and
26 directly used for law enforcement or purchased and used for
27 off-road maintenance work or to pull loaded trailers.

28 In 2001, the general assembly enacted H.F. 716 (2001 Iowa
29 Acts, ch. 123), which created a tax credit for retail dealers
30 of gasoline who sell ethanol blended gasoline (containing at
31 least 10 percent alcohol). The tax credit applies to both
32 taxpayers filing as individuals under Code section 422.11C and
33 businesses under Code section 422.33. Specifically, the Act
34 provided a tax credit for a retail dealer who operates at
35 least one service station at which more than 60 percent of the

1 total gallons of gasoline sold by the retail dealer is ethanol
2 blended gasoline.

3 The Act also amended provisions in Code section 452A.3 that
4 provide for an excise tax on each gallon of motor fuel sold in
5 the state. Under the Act, until June 30, 2007, the rates for
6 unblended and blended motor fuel are adjusted each year based
7 on the number of gallons of ethanol blended gasoline that are
8 distributed in this state as expressed as a percentage of the
9 total number of gallons of motor fuel distributed in this
10 state.

11 In 2005, the general assembly enacted H.F. 868 (2005 Iowa
12 Acts, ch. 150) imposing a special rate of 17 cents on each
13 gallon of E-85 gasoline (a blend containing a minimum of
14 between 75 and 85 percent alcohol depending on the season) if
15 certain conditions were met. The Act requires the department
16 of revenue to compare the amount of moneys actually collected
17 using the special 17 cents rate with the amount of moneys that
18 would have been collected if the adjusted rate applied. If
19 the difference is equal to or greater than \$25,000, the tax
20 rate beginning the next year is at the adjusted rate.

21 DIVISION I -- ESTABLISHMENT OF RENEWABLE FUEL STANDARDS.
22 This division amends Code chapter 214A, which provides
23 authority to the department of agriculture and land
24 stewardship to regulate the sale of motor fuel.

25 The division amends Code section 214A.1 by providing a
26 number of definitions for "biodiesel", "biodiesel blended
27 fuel", "ethanol", "ethanol blended gasoline", and "E-85
28 gasoline". The division establishes a quality standards
29 program for renewable fuel producers. It provides that a
30 renewable fuel producer is prohibited from selling biodiesel
31 or biodiesel blended fuel in this state, and a dealer is
32 prohibited from purchasing biodiesel or biodiesel blended fuel
33 from a renewable fuel producer, unless the renewable fuel
34 producer is accredited under the terms and conditions of the
35 program. Under the program, an accreditation service

1 appointed by the department performs a formal review and audit
2 of the capacity and commitment of the renewable fuel producer
3 to produce or market biodiesel or biodiesel blended fuel in a
4 manner and according to procedures that meet the program
5 standards for quality.

6 The division amends Code section 214A.2, which provides for
7 different types of motor fuel and establishes standards or
8 specifications for motor fuel. The division amends the
9 section to require that ethanol blended gasoline contain a
10 blend of at least 10 percent ethanol (the so called "E-10"
11 standard). It designates gasoline with a minimum seasonal
12 blend of between 75 and 85 percent or more ethanol as E-85
13 blended gasoline based on current law (see Code Supplement
14 section 452A.3).

15 The division establishes similar standards for biodiesel
16 and biodiesel blended fuel. It requires that biodiesel
17 blended fuel contain at least 2 percent biodiesel by volume.
18 It prohibits any person from falsely advertising motor fuel,
19 including renewable fuel, and specifically, ethanol blended
20 gasoline and biodiesel blended gasoline. Code section 214A.11
21 provides that any person violating the provisions of Code
22 chapter 214A is guilty of a simple misdemeanor. A simple
23 misdemeanor is punishable by confinement for no more than 30
24 days or a fine of at least \$50, but not more than \$500, or by
25 both.

26 DIVISION II -- PETROLEUM REPLACEMENT. This division amends
27 provisions in Code chapter 452A in part authorizing the
28 department of revenue to collect excise taxes imposed on each
29 gallon of motor fuel sold in this state. The division
30 establishes a new subchapter which requires that the
31 department track information regarding the sale of renewable
32 fuels in this state, including ethanol blended gasoline and
33 biodiesel blended fuel. The division requires the department
34 to track information on a calendar year basis referred to as a
35 determination period. The department is currently required to

1 keep some information such as the per gallon distribution
2 percentage required to adjust the excise tax on conventional
3 and ethanol blended gasoline pursuant to Code section 452A.3.
4 The division also requires the department to track the
5 aggregate distribution percentage which is the total number of
6 gallons of ethanol which is sold and dispensed as a
7 formulation of ethanol blended gasoline from motor fuel pumps
8 located at all service stations in this state expressed as a
9 percentage of the total number of gallons of gasoline which is
10 sold and dispensed from all motor fuel pumps in this state for
11 use in determining whether the state has met a threshold.

12 The division establishes petroleum replacement goals based
13 on aggregate distribution percentages calculated by the
14 department for each determination period. For each
15 determination period, incremental goals of ethanol sales are
16 established beginning at 10 and ending at 20 percent. The
17 department is required to submit a report to the governor, the
18 department of agriculture and land stewardship, and the fiscal
19 services division of the legislative services agency. The
20 report must state whether the aggregate distribution
21 percentage for the determination period will meet the required
22 goal.

23 The division establishes a renewable fuel infrastructure
24 initiative. It appropriates moneys which would otherwise be
25 available from the grow Iowa values fund to an E-85 gasoline
26 infrastructure fund which is under the control of the
27 department of revenue. Moneys in the fund are appropriated to
28 the department exclusively to support an E-85 gasoline
29 infrastructure program as created in the division, including
30 costs necessary to administer the program.

31 The purpose of the program is to improve a service station
32 by installing, replacing, or converting motor fuel storage and
33 dispensing infrastructure which is designed and used
34 exclusively to store and dispense E-85 gasoline on a retail
35 basis. The division includes eligibility requirements for a

1 person to participate in the program. The financial
2 incentives are in the form of a grant. In order to
3 participate in the program an eligible person must execute an
4 agreement with the department. A participating person who
5 acts in violation of an agreement with the department is
6 subject to a civil penalty of not more than \$1,000 a day for
7 each day of the violation.

8 DIVISION III -- RENEWABLE FUEL TAX CREDIT FOR RETAIL
9 DEALERS. This division amends tax credit provisions in Code
10 chapter 422 to provide that a retail dealer who sells E-85
11 gasoline is eligible to receive a tax credit. The tax credit
12 applies to taxpayers filing as individuals or businesses. The
13 amount of the tax credit is a rate of 10 cents multiplied by
14 the total number of gallons of E-85 gasoline sold and
15 dispensed through all motor fuel pumps operated at each of the
16 taxpayer's service stations during the tax year.

17 The division also provides that a retail dealer who sells
18 biodiesel blended fuel is also eligible to receive a tax
19 credit with similar requirements that apply to a retail dealer
20 who sells ethanol blended gasoline. In this case, the amount
21 is based on each gallon of biodiesel sold and dispensed by the
22 retail dealer and ranges from 3 to 5 cents depending upon the
23 percentage of biodiesel blended fuel sold when compared to the
24 total amount of diesel fuel sold.

25 The provisions which provide a tax credit to retail dealers
26 selling E-85 gasoline and biodiesel blended fuel apply to tax
27 years beginning on or after January 1, 2007, and are repealed
28 January 1, 2016.

29 DIVISION IV -- GOVERNMENT VEHICLES. This division amends
30 Code section 8A.362, which authorizes the department of
31 administrative services to purchase used or new motor vehicles
32 as part of the state fleet. The division requires that in
33 purchasing a gasoline powered passenger motor vehicle or light
34 pickup truck, the department must provide a preference for the
35 purchase of a flexible fuel motor vehicle which is equipped

1 with an engine which operates using E-85 gasoline. It also
2 requires that each new passenger motor vehicle or light pickup
3 truck purchased by the department must be a flexible fuel
4 motor vehicle which is equipped with an engine which operates
5 using E-85 gasoline. The division also provides that each
6 such flexible fuel motor vehicle must operate using E-85
7 gasoline and a state-issued credit card cannot be used to
8 purchase gasoline for use in the motor vehicle other than E-85
9 gasoline. There are two exceptions. The motor vehicle may
10 operate using gasoline other than E-85 gasoline if it is not
11 reasonably available, and in that circumstance, a state-issued
12 credit card may be used to purchase the gasoline. In any
13 case, a motor vehicle must operate using ethanol (at least E-
14 10) unless under emergency circumstances. The division also
15 requires that a sticker be affixed to the motor vehicle
16 notifying the traveling public that it uses E-85 gasoline.
17 The division retains the requirement that a minimum of 10
18 percent of all such motor vehicles be equipped with engines
19 which utilize alternative fuels but no longer classifies E-85
20 gasoline as an alternative fuel.

21 Other government units with independent authority to
22 purchase motor vehicles include several state agencies (the
23 department for the blind under Code chapter 216B, the state
24 department of transportation under Code chapter 307, and
25 institutions under the control of the state board of regents
26 under Code chapter 262) and community colleges under Code
27 chapter 260C. The division provides that if those
28 governmental units purchase motor vehicles, the passenger
29 motor vehicles and light pickup trucks must be flexible fuel
30 vehicles operating using E-85 gasoline. The division retains
31 the requirement that 10 percent of their motor vehicle
32 purchases must operate using alternative fuels. The same
33 exceptions that apply to the department of administrative
34 services apply to these governmental units.

35 The division addresses three local governmental units,

1 including school districts under Code chapter 279, counties
2 under Code chapter 331, and cities under Code chapter 364.
3 Motor vehicles operated by these local governmental entities
4 must use ethanol blended gasoline (at a minimum E-10
5 gasoline), but are not required to purchase motor vehicles
6 using an alternative fuel including a flexible fuel such as E-
7 85 gasoline. The division requires that when a local
8 government purchases a used or new gasoline-powered passenger
9 motor vehicle or light pickup truck, it must purchase a
10 flexible fuel motor vehicle which is equipped with an engine
11 which operates using E-85 gasoline to the same extent as
12 pursuant to the same exceptions as applied to the department
13 of administrative services. It must also attach a sticker to
14 its motor vehicles which notifies the public that it operates
15 using E-85 gasoline. There is no new provision which requires
16 that the local government purchase motor vehicles which
17 operate using an alternative fuel as provided in the bill.

18 DIVISION V -- NOTICE TO THE TRAVELING PUBLIC. This
19 division requires the Iowa department of transportation to
20 identify each location on the map where a service station
21 sells and dispenses E-85 gasoline as defined in Code section
22 214A.1. It also provides that the department must post signs
23 on highways which identify service stations that sell E-85
24 gasoline.

25 DIVISION VI -- COORDINATING PROVISIONS -- MISCELLANEOUS. A
26 number of provisions in the Code refer to alcohol or ethanol
27 blended gasoline, including E-85 gasoline, and soydiesel or
28 biofuel. This division standardizes the language and refers
29 to common definitions as created in the division amending Code
30 section 214A.1 and related standards created in the division
31 amending Code section 214A.2.

32 DIVISION VII -- CHANGE IN TERMS. This division amends a
33 number of provisions by changing the term "oxygenate octane
34 enhancer" to "oxygenate", "motor vehicle fuel" to "motor
35 fuel", and "motor vehicle fuel pump" to "motor fuel pump" for

1 purposes of consistency in chapters throughout the Code, but
2 in particular in Code chapters 214A and 452A.

- 3
- 4
- 5
- 6
- 7
- 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