

# Senate Study Bill 1244

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON AGRICULTURE  
BILL BY CO=CHAIRPERSONS  
FRAISE and JOHNSON)

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

## A BILL FOR

1 An Act relating to the promotion of biodiesel and E=85 blended  
2 gasoline as renewable fuels.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 2837XC 81  
5 da/sh/8

PAG LIN

1 1 DIVISION XXIII  
1 2 PROMOTION OF RENEWABLE FUELS  
1 3 Section 1. NEW SECTION. 15E.401 DEFINITIONS.  
1 4 As used in this division, unless the context otherwise  
1 5 requires:  
1 6 1. "Biodiesel" means the end product achieved through a  
1 7 chemical process which produces monoalkyl esters of long chain  
1 8 fatty acids derived from plant or animal matter for use in  
1 9 diesel-powered engines that meets all of the following  
1 10 requirements:  
1 11 a. The registration requirements for fuels and fuel  
1 12 additives established by the United States environmental  
1 13 protection agency under 42 U.S.C. } 7545.  
1 14 b. Compliance with the specifications of ASTM (American  
1 15 society for testing and materials) international designation  
1 16 D=5798=99.  
1 17 2. "E=85 blended gasoline" means a petroleum product that  
1 18 is gasoline or natural gasoline blended with agriculturally  
1 19 derived ethanol which has been denatured, if the petroleum  
1 20 product typically contains eighty=five percent ethanol by  
1 21 volume but at least contains sixty percent ethanol by volume.  
1 22 3. "Off=site terminal facility" means a vehicle facility  
1 23 that is used to manufacturer, store, or distribute motor  
1 24 vehicle fuel to a service station, if the facility is not  
1 25 supplied by a pipeline or a marine vessel.  
1 26 4. "Renewable fuel" means an energy source which is  
1 27 derived from a biomass that is an organic compound available  
1 28 on a renewable or recurring basis, including but not limited  
1 29 to agricultural crops, if the biomass when processed may be  
1 30 used alone or blended with another product to power machinery,  
1 31 including an engine or power plant. "Renewable fuel" includes  
1 32 but is not limited to biodiesel or "E=85 blended gasoline".  
1 33 5. "Service station" means a geographic location where a  
1 34 retail dealer as defined in section 214A.1 operates a metered  
1 35 pump at a service station for purposes of selling and  
2 1 dispensing motor vehicle fuel as defined in section 214A.1 on  
2 2 a retail basis.  
2 3 Sec. 2. NEW SECTION. 15E.402 RENEWABLE FUEL  
2 4 INFRASTRUCTURE COST SHARE PROGRAMS == E=85 BLENDED GASOLINE  
2 5 AND BIODIESEL.  
2 6 The department shall establish and administer renewable  
2 7 infrastructure cost share fuel programs as follows:  
2 8 1. a. An E=85 infrastructure cost share program to  
2 9 provide financial incentives for the installation or  
2 10 conversion of infrastructure related to equipment or devices  
2 11 used by service stations to sell and dispense E=85 blended  
2 12 gasoline.  
2 13 b. A biodiesel infrastructure cost share program to  
2 14 provide financial incentives for the installation or  
2 15 conversion of infrastructure required to establish off=site  
2 16 terminal facilities that manufacture or store biodiesel for

2 17 distribution to service stations.

2 18 2. The financial incentives provided under this section  
2 19 shall not exceed fifty percent of the estimated cost or fifty  
2 20 percent of the actual cost, whichever is less, of installing  
2 21 the necessary infrastructure located at a service station or  
2 22 off-site terminal facility. The moneys shall not be used to  
2 23 pay for expenses incurred by the department in administering  
2 24 the programs. In awarding the financial incentives, the  
2 25 department may cooperate with the office of renewable fuels  
2 26 and coproducts pursuant to section 159A.3.

2 27 3. For each fiscal year in the fiscal period beginning  
2 28 July 1, 2005, and ending June 30, 2008, the department shall  
2 29 reserve and expend up to three hundred twenty-five thousand  
2 30 dollars of moneys appropriated to the department for purposes  
2 31 of allocating cost share moneys as financial incentives as  
2 32 provided in this section.

2 33 a. For each of the fiscal years, not more than two hundred  
2 34 fifty thousand dollars shall be used to support the E=85  
2 35 infrastructure cost share program. During the fiscal period,  
3 1 the department shall allocate the moneys to at least thirty  
3 2 service stations.

3 3 b. For each of the fiscal years, not more than seventy=  
3 4 five thousand dollars shall be used to support the biodiesel  
3 5 infrastructure cost share program. During the fiscal period,  
3 6 the department shall allocate the moneys to at least four off=  
3 7 site terminal facilities.

3 8 Notwithstanding section 8.33, any unobligated or unexpended  
3 9 moneys available on June 30 of a fiscal year shall not revert  
3 10 but shall be retained by the department to carry out the  
3 11 renewable infrastructure cost share fuel programs.

3 12 Sec. 3. NEW SECTION. 15E.403 RENEWABLE FUEL EDUCATION  
3 13 PROGRAM == E=85 BLENDED GASOLINE AND BIODIESEL.

3 14 The department shall establish and administer a renewable  
3 15 fuel education program directed at ultimate consumers of motor  
3 16 vehicle fuel. The program shall promote the advantages  
3 17 associated with using E=85 blended gasoline and biodiesel as  
3 18 an alternative to conventional motor vehicle fuel.

3 19 1. The department shall award the moneys on a competitive  
3 20 grant basis as provided by the department. The department may  
3 21 award moneys to one or more persons. The moneys shall not be  
3 22 used to pay for expenses incurred by the department in  
3 23 administering the program. In awarding the moneys, the  
3 24 department may cooperate with the office of renewable fuels  
3 25 and coproducts created under section 159A.3.

3 26 2. A person is eligible to be awarded moneys if all of the  
3 27 following apply:

3 28 a. The person is a nonprofit corporation organized under  
3 29 chapter 504 which is exempt from taxation pursuant to section  
3 30 501(c) of the Internal Revenue Code.

3 31 b. The person demonstrates a knowledge about all  
3 32 significant aspects relating to the production and use of  
3 33 renewable fuels, and experience in promoting renewable fuels  
3 34 to ultimate consumers.

3 35 3. a. For each fiscal year in the fiscal period beginning  
4 1 July 1, 2005, and ending June 30, 2008, the department shall  
4 2 reserve and expend up to one hundred thousand dollars of  
4 3 moneys appropriated to the department for purposes of  
4 4 allocating moneys as awards as provided in this section.

4 5 b. Notwithstanding section 8.33, any unobligated or  
4 6 unexpended moneys available on June 30 of a fiscal year shall  
4 7 not revert but shall be retained by the department to carry  
4 8 out a renewable fuel education program.

#### 4 9 EXPLANATION

4 10 This bill establishes programs for the promotion of  
4 11 renewable fuels and particularly programs for biodiesel and E=  
4 12 85 blended gasoline to be administered by the department of  
4 13 economic development.

4 14 The bill establishes a cost share program to provide  
4 15 financial incentives for the installation or conversion of  
4 16 infrastructure used by service stations to sell and dispense  
4 17 E=85 blended gasoline. It also establishes a cost share  
4 18 program to provide financial incentives for the installation  
4 19 or conversion of infrastructure required to establish off-site  
4 20 terminal facilities which manufacture or store biodiesel for  
4 21 distribution to service stations. The bill provides that for  
4 22 each of three years, the department must reserve up to  
4 23 \$325,000 for purposes of supporting the programs.

4 24 The bill also establishes a renewable fuel education  
4 25 program directed at ultimate consumers of motor vehicle fuel  
4 26 in order to promote the advantages associated with using E=85  
4 27 blended gasoline and biodiesel as an alternative to

4 28 conventional motor vehicle fuel. The department must award  
4 29 the moneys on a competitive grant basis to qualified nonprofit  
4 30 organizations. The bill provides that for each of three  
4 31 years, the department must reserve up to \$100,000 for purposes  
4 32 of supporting the program.  
4 33 LSB 2837XC 81  
4 34 da:rj/sh/8