

# House File 2689 - Introduced

HOUSE FILE \_\_\_\_\_  
BY COMMITTEE ON WAYS AND  
MEANS

(SUCCESSOR TO HF 2632)  
(SUCCESSOR TO HSB 746)

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

## A BILL FOR

1 An Act relating to renewable fuel, including by providing for  
2 infrastructure associated with storing, blending, and  
3 dispensing renewable fuel, providing for the purchase of  
4 renewable fuels by governmental entities, providing for  
5 renewable fuel marketing efforts, and providing an effective  
6 date.  
7 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
8 TL5B 6451HZ 82  
9 da/nh/5

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1 1 DIVISION I  
1 2 RENEWABLE FUEL INFRASTRUCTURE  
1 3 Section 1. Section 15G.201, subsection 1, Code 2007, is  
1 4 amended to read as follows:  
1 5 1. "Biodiesel", "biodiesel blended fuel", "biodiesel  
1 6 fuel", "E=85 gasoline", "ethanol", "ethanol blended gasoline",  
1 7 "gasoline", "motor fuel", "~~motor fuel pump~~", "retail dealer",  
1 8 and "retail motor fuel site" mean the same as defined in  
1 9 section 214A.1.  
1 10 Sec. 2. Section 15G.201, Code 2007, is amended by adding  
1 11 the following new subsections:  
1 12 NEW SUBSECTION. 4A. "Motor fuel pump" and "motor fuel  
1 13 blender pump" or "blender pump" mean the same as defined in  
1 14 section 214.1.  
1 15 NEW SUBSECTION. 5A. "Tank vehicle" means the same as  
1 16 defined in section 321.1.  
1 17 Sec. 3. Section 15G.201, subsection 6, Code 2007, is  
1 18 amended by adding the following new paragraph:  
1 19 NEW PARAGRAPH. c. A biofuel manufacturer that is in the  
1 20 business of producing ethanol or biodiesel from biomass as  
1 21 defined in section 469.31.  
1 22 Sec. 4. NEW SECTION. 15G.201A CLASSIFICATION OF  
1 23 RENEWABLE FUEL.  
1 24 For purposes of this division, ethanol blended fuel and  
1 25 biodiesel fuel shall be classified in the same manner as  
1 26 provided in section 214A.2.  
1 27 Sec. 5. Section 15G.203, subsection 1, Code Supplement  
1 28 2007, is amended to read as follows:  
1 29 1. The purpose of the program is to improve retail motor  
1 30 fuel sites by installing, replacing, or converting ~~motor fuel~~  
1 31 ~~storage and dispensing infrastructure. The infrastructure~~  
1 32 ~~must be to be used to store, blend, or dispense renewable~~  
1 33 ~~fuel. The infrastructure shall be ethanol infrastructure or~~  
1 34 ~~biodiesel infrastructure.~~  
1 35 a. (1) Ethanol infrastructure shall be designed and shall  
2 1 be used exclusively to store do any of the following:  
2 2 (a) Store and dispense renewable fuel which is E=85  
2 3 gasoline.  
2 4 (b) Store, blend, and dispense motor fuel from a motor  
2 5 fuel blender pump, as required in this subparagraph  
2 6 subdivision. The ethanol infrastructure may provide for the  
2 7 storage of ethanol or ethanol blended gasoline, or for  
2 8 blending ethanol with gasoline, so long as the ethanol  
2 9 infrastructure includes a motor fuel blender pump which  
2 10 dispenses different classifications of ethanol blended  
2 11 gasoline and which allows E=85 gasoline to be dispensed at all  
2 12 times that the blender pump is operating.

2 13 (2) Biodiesel infrastructure shall be designed and used  
2 14 exclusively to do any of the following:  
2 15 (a) Store and dispense biodiesel, or biodiesel blended  
2 16 fuel on the  
2 17 (b) Blend or dispense biodiesel fuel from a motor fuel  
2 18 blender pump.  
2 19 b. The infrastructure must be part of any of the  
2 20 following:  
2 21 (1) The premises of a retail motor fuel sites site  
2 22 operated by a retail dealers dealer.  
2 23 (2) A tank vehicle operated by a retail dealer who  
2 24 operates the premises of a retail motor fuel site.  
2 25 Sec. 6. Section 15G.203, subsection 3, Code Supplement  
2 26 2007, is amended by striking the subsection.  
2 27 Sec. 7. Section 15G.203, subsection 4, paragraph b,  
2 28 subparagraphs (3) and (4), Code Supplement 2007, are amended  
2 29 to read as follows:  
2 30 (3) A statement describing how the retail motor fuel site  
2 31 is to be improved, the total estimated cost of the planned  
2 32 improvement, and the date when the infrastructure will be  
2 33 first used ~~to store and dispense the renewable fuel.~~  
2 34 (4) A statement certifying that the infrastructure shall  
2 35 ~~not only be used to store or dispense motor fuel other than~~  
3 1 ~~E-85 gasoline, biodiesel, or biodiesel blended fuel to comply~~  
3 2 ~~with the provisions of this section and as specified in the~~  
3 3 ~~cost=share agreement, unless granted a waiver by the~~  
3 4 ~~infrastructure board pursuant to this section.~~  
3 5 Sec. 8. Section 15G.203, subsection 6, Code Supplement  
3 6 2007, is amended by striking the subsection.  
3 7 Sec. 9. Section 15G.203, subsection 7, Code Supplement  
3 8 2007, is amended to read as follows:  
3 9 7. An award of financial incentives to a participating  
3 10 person shall be on a cost=share basis in the form of a grant.  
3 11 To  
3 12 ~~In order to~~ participate in the program, an eligible person  
3 13 must execute a cost=share agreement with the department as  
3 14 approved by the infrastructure board in which the person  
3 15 contributes a percentage of the total costs related to  
3 16 improving the retail motor fuel site. Except as otherwise  
3 17 provided in this section, a cost=share agreement shall not be  
3 18 for more than five years. The infrastructure board may  
3 19 approve multiple improvements to the same retail motor fuel  
3 20 site for the full amount available for both ethanol  
3 21 infrastructure and biodiesel infrastructure so long as the  
3 22 improvements for ethanol infrastructure and for biodiesel  
3 23 infrastructure are made under separate cost=share agreements.  
3 24 a. Except as provided in paragraph "b", a participating  
3 25 person may be awarded standard financial incentives. The  
3 26 standard financial incentives awarded to ~~the~~ a participating  
3 27 person for ethanol infrastructure improvements shall not  
3 28 exceed ~~fifty~~ seventy percent of the actual cost of making the  
3 29 improvement or ~~thirty~~ fifty thousand dollars, whichever is  
3 30 less. The standard financial incentives awarded to a  
3 31 participating person for biodiesel infrastructure shall not  
3 32 exceed fifty percent of the actual cost of making the  
3 33 improvement or fifty thousand dollars, whichever is less. The  
3 34 infrastructure board may approve multiple awards of standard  
3 35 financial incentives to make improvements to a retail motor  
4 1 fuel site so long as the total amount of the awards for  
4 2 ethanol infrastructure or biodiesel infrastructure does not  
4 3 exceed the limitations provided in this paragraph.  
4 4 b. In addition to any standard financial incentives  
4 5 awarded to a participating person under paragraph "a", the  
4 6 participating person may be awarded supplemental financial  
4 7 incentives to upgrade or replace a dispenser which is part of  
4 8 gasoline storage and dispensing infrastructure used to store  
4 9 and dispense E-85 gasoline as provided in section 455G.31.  
4 10 The participating person is only eligible to receive be  
4 11 awarded the supplemental financial incentives if the person  
4 12 installed the dispenser not later than sixty days after the  
4 13 date of the publication in the Iowa administrative bulletin of  
4 14 the state fire marshal's order providing that a commercially  
4 15 available dispenser is listed as compatible for use with E-85  
4 16 gasoline by an independent testing laboratory as provided in  
4 17 section 455G.31. The supplemental financial incentives  
4 18 awarded to the participating person shall not exceed  
4 19 seventy=five percent of the actual cost of making the  
4 20 improvement or thirty thousand dollars, whichever is less.  
4 21 Sec. 10. Section 15G.203, subsections 8 and 9, Code  
4 22 Supplement 2007, are amended to read as follows:  
4 23 8. A participating person shall not use the infrastructure

4 24 to store and dispense motor fuel other than the type of  
4 25 renewable fuel approved by the board in the cost=share  
4 26 agreement, unless one of the following applies:  
4 27 a. ~~The~~ the participating person is granted a waiver by the  
4 28 infrastructure board. The participating person shall store or  
4 29 dispense the motor fuel according to the terms and conditions  
4 30 of the waiver.

~~4 31 b. The renewable fuel infrastructure fund created in  
4 32 section 15G.205 is immediately repaid the total amount of  
4 33 moneys awarded to the participating person together with a  
4 34 monetary penalty equal to twenty-five percent of that awarded  
4 35 amount. The amount shall be deposited in the renewable fuel  
5 1 infrastructure fund created in section 15G.205.~~

5 2 9. A participating person who acts in violation of an may  
5 3 cancel a cost=share agreement executed with the department  
5 4 pursuant to this section is subject to a civil penalty of not  
5 5 more than one thousand dollars a day for each day of the  
5 6 violation. The civil penalty shall be deposited into the  
5 7 general fund of the state. The participating person must  
5 8 deliver a notice of cancellation to the department by  
5 9 certified mail, return receipt requested. The cost=share  
5 10 agreement shall be automatically canceled thirty days from the  
5 11 date that the department receives the notice of cancellation,  
5 12 unless a later date is provided in the notice of cancellation.  
5 13 Upon the cancellation of the cost=share agreement, the  
5 14 participating person shall repay a prorated amount of  
5 15 financial incentives awarded to the participating person under  
5 16 the cost=share agreement. The repayment shall be made by the  
5 17 date that the cost=share agreement would have expired by its  
5 18 terms if there had not been a cancellation. The repayment  
5 19 amount shall be calculated by taking the total amount of the  
5 20 financial incentives awarded under the cost=share agreement,  
5 21 prorating that total amount by the total number of days that  
5 22 the cost=share agreement was to be effective, and subtracting  
5 23 from the total amount the prorated amount for each day that  
5 24 the participating person acted in compliance with the  
5 25 cost=share agreement during the period that it was effective.  
5 26 The repayment amount shall be deposited into the renewable  
5 27 fuel infrastructure fund as provided in section 15G.205.

5 28 Sec. 11. Section 15G.203, Code Supplement 2007, is amended  
5 29 by adding the following new subsection:

5 30 NEW SUBSECTION. 10. a. A participating person who acts  
5 31 in violation of a cost=share agreement executed pursuant to  
5 32 this section shall immediately repay the department a  
5 33 repayment amount equal to the total amount of moneys awarded  
5 34 to the participating person under the cost=share agreement  
5 35 together with a monetary penalty equal to twenty=five percent  
6 1 of that awarded amount. The repayment amount shall be  
6 2 deposited in the renewable fuel infrastructure fund created in  
6 3 section 15G.205.

6 4 b. A participating person who acts in violation of a  
6 5 cost=share agreement executed with the department pursuant to  
6 6 this section is subject to a civil penalty of not more than  
6 7 one thousand dollars a day for each day of the violation. The  
6 8 civil penalty shall be deposited into the general fund of the  
6 9 state.

6 10 Sec. 12. Section 15G.204, subsection 2, Code Supplement  
6 11 2007, is amended by striking the subsection.

6 12 Sec. 13. Section 15G.204, subsection 4, Code Supplement  
6 13 2007, is amended to read as follows:

6 14 4. a. An award of financial incentives to a participating  
6 15 person shall be in the form of a grant. In order to  
6 16 participate in the program, an eligible person must execute a  
6 17 cost=share agreement with the department as approved by the  
6 18 infrastructure board in which the person contributes a  
6 19 percentage of the total costs related to improving the  
6 20 terminal. The financial incentives awarded to the  
6 21 participating person shall not exceed the following:

6 22 (1) For improvements to store or dispense biodiesel fuel  
6 23 from B=1 or higher but not as high as B=99, fifty percent of  
6 24 the actual cost of making the improvements or fifty thousand  
6 25 dollars, whichever is less.

6 26 (2) For improvements to store or dispense biodiesel fuel  
6 27 from B=99 to B=100, fifty percent of the actual cost of making  
6 28 the improvements or one hundred thousand dollars, whichever is  
6 29 less.

6 30 b. The infrastructure board may approve multiple awards to  
6 31 make improvements to a terminal so long as the total amount of  
6 32 the awards does not exceed the limitations provided in this  
6 33 subsection.

6 34 Sec. 14. Section 15G.204, subsection 5, Code Supplement

6 35 2007, is amended to read as follows:

7 1 5. A participating terminal operator shall not use the  
7 2 infrastructure to store or dispense motor fuel other than  
7 3 biodiesel or biodiesel blended fuel, unless ~~one of the~~  
7 4 ~~following applies:~~

7 5 a. ~~The participating terminal operator is granted a waiver~~  
7 6 ~~by the infrastructure board. The participating terminal~~  
7 7 ~~operator shall store or dispense the motor fuel according to~~  
7 8 ~~the terms and conditions of the waiver.~~

~~7 9 b. The renewable fuel infrastructure fund created in~~  
~~7 10 section 15G.205 is immediately repaid the total amount of~~  
~~7 11 moneys awarded to the participating terminal operator together~~  
~~7 12 with a monetary penalty equal to twenty-five percent of that~~  
~~7 13 awarded amount. The amount shall be deposited in the~~  
~~7 14 renewable fuel infrastructure fund created in section 15G.205.~~

~~7 15 c. 6. A participating terminal operator who acts in~~  
~~7 16 violation of an may cancel a cost=share agreement executed~~  
~~7 17 with the department pursuant to this section is subject to a~~  
~~7 18 civil penalty of not more than one thousand dollars a day for~~  
~~7 19 each day of the violation. The civil penalty shall be~~  
~~7 20 deposited into the general fund of the state. The participating~~  
~~7 21 terminal operator must deliver a notice of cancellation to the~~  
~~7 22 department by certified mail, return receipt requested. The~~  
~~7 23 cost=share agreement shall be automatically canceled thirty~~  
~~7 24 days from the date that the department receives the notice of~~  
~~7 25 cancellation, unless a later date is provided in the notice of~~  
~~7 26 cancellation. Upon the cancellation of the cost=share~~  
~~7 27 agreement, the participating terminal operator shall repay a~~  
~~7 28 prorated amount of financial incentives awarded to the~~  
~~7 29 participating terminal operator under the cost=share~~  
~~7 30 agreement. The repayment shall be made by the date that the~~  
~~7 31 cost=share agreement would have expired by its terms if there~~  
~~7 32 had not been a cancellation. The repayment amount shall be~~  
~~7 33 calculated by taking the total amount of the financial~~  
~~7 34 incentives awarded under the cost=share agreement, prorating~~  
~~7 35 that total amount by the total number of days that the~~  
~~8 1 cost=share agreement was to be effective, and subtracting from~~  
~~8 2 the total amount the prorated amount for each day that the~~  
~~8 3 participating terminal operator acted in compliance with the~~  
~~8 4 cost=share agreement during the period that it was effective.~~  
~~8 5 The repayment amount shall be deposited into the renewable~~  
~~8 6 fuel infrastructure fund as provided in section 15G.205.~~

8 7 Sec. 15. Section 15G.204, Code Supplement 2007, is amended  
8 8 by adding the following new subsection:

8 9 NEW SUBSECTION. 7. a. A participating terminal operator  
8 10 who acts in violation of a cost=share agreement executed  
8 11 pursuant to this section shall immediately repay the  
8 12 department a repayment amount equal to the total amount of  
8 13 moneys awarded to the participating terminal operator under  
8 14 the cost=share agreement together with a monetary penalty  
8 15 equal to twenty=five percent of that awarded amount. The  
8 16 repayment amount shall be deposited in the renewable fuel  
8 17 infrastructure fund created in section 15G.205.

8 18 b. A participating terminal operator who acts in violation  
8 19 of a cost=share agreement executed with the department  
8 20 pursuant to this section is subject to a civil penalty of not  
8 21 more than one thousand dollars a day for each day of the  
8 22 violation. The civil penalty shall be deposited into the  
8 23 general fund of the state.

8 24 Sec. 16. Section 214.1, Code 2007, is amended to read as  
8 25 follows:

8 26 214.1 DEFINITIONS.

8 27 ~~For the purpose of As used in this chapter, unless the~~  
8 28 ~~context otherwise requires:~~

~~8 29 1. "Biodiesel", "biodiesel fuel", "biofuel", "ethanol",~~  
~~8 30 "motor fuel", "retail dealer", "retail motor fuel site", and~~  
~~8 31 "wholesale dealer" mean the same as defined in section 214A.1.~~

~~8 32 2. "Commercial weighing and measuring device" or "device"~~  
~~8 33 means the same as defined in section 215.26.~~

~~8 34 2- 3. "Motor fuel" means the same as defined in section~~  
~~8 35 214A.1 fuel blender pump" or "blender pump" means a motor fuel~~  
~~9 1 pump that dispenses a type of motor fuel that is blended from~~  
~~9 2 two or more different types of motor fuels and which may~~  
~~9 3 dispense more than one type of blended motor fuel.~~

~~9 4 3- 4. "Motor fuel pump" means a pump, meter, or similar~~  
~~9 5 commercial weighing and measuring device used to measure and~~  
~~9 6 dispense motor fuel on a retail basis.~~

~~9 7 4. "Retail dealer" means the same as defined in section~~  
~~9 8 214A.1.~~

~~9 9 5. "Wholesale dealer" means the same as defined in section~~  
~~9 10 214A.1 "Motor fuel storage tank" or "storage tank" means an~~

9 11 ~~aboveground or belowground container that is a fixture used to~~  
9 12 ~~store an accumulation of motor fuel.~~

9 13 Sec. 17. Section 214.9, Code 2007, is amended to read as  
9 14 follows:

9 15 214.9 SELF-SERVICE MOTOR FUEL PUMPS.

9 16 ~~Self-service~~ A self-service motor fuel pump ~~pumps~~ pump located  
9 17 at a retail motor vehicle fuel stations site may be equipped  
9 18 with an automatic latch=open devices device on the fuel  
9 19 dispensing hose nozzle only if the nozzle valve is the  
9 20 automatic closing type.

9 21 Sec. 18. Section 214A.1, Code 2007, is amended by adding  
9 22 the following new subsection:

9 23 NEW SUBSECTION. 4A. "Biodiesel fuel" means biodiesel or  
9 24 biodiesel blended fuel.

9 25 Sec. 19. Section 214A.1, subsections 9, 14, and 15, Code  
9 26 2007, are amended to read as follows:

9 27 9. "E=85 gasoline" means ethanol blended gasoline  
9 28 formulated with a ~~minimum~~ percentage of between seventy and  
9 29 eighty-five percent by volume of ethanol, if the formulation  
9 30 meets the standards provided in section 214A.2.

9 31 14. "Motor fuel pump" and "motor fuel blender pump" or  
9 32 "blender pump" means the same as defined in section 214.1.

9 33 15. "Motor fuel storage tank" means ~~an aboveground or~~  
9 34 ~~belowground container that is a fixture, used to keep an~~

9 35 ~~accumulation of motor fuel the same as defined in section~~  
10 1 ~~214.1.~~

10 2 Sec. 20. Section 214A.1, Code 2007, is amended by adding  
10 3 the following new subsection:

10 4 NEW SUBSECTION. 21A. "Unleaded gasoline" means gasoline,  
10 5 including ethanol blended gasoline, if all of the following  
10 6 applies:

10 7 a. It has an octane number of not less than eighty-seven  
10 8 as provided in section 214A.2.

10 9 b. Lead or phosphorus compounds have not been  
10 10 intentionally added to it.

10 11 c. It does not contain more than thirteen thousandths  
10 12 grams of lead per liter and not more than thirteen  
10 13 ten-thousandths grams of phosphorus per liter.

10 14 Sec. 21. Section 214A.2, subsection 3, paragraph b, Code  
10 15 2007, is amended to read as follows:

10 16 b. If the motor fuel is advertised for sale or sold as  
10 17 ethanol blended gasoline, the motor fuel must comply with  
10 18 departmental standards which shall ~~comply with specifications~~  
10 19 ~~for ethanol blended gasoline adopted by A.S.T.M.~~

10 20 ~~international. For ethanol blended gasoline meet~~ all of the  
10 21 following ~~shall apply~~ requirements:

10 22 (1) Ethanol must be an agriculturally derived ethyl  
10 23 alcohol that meets A.S.T.M. international specification D4806  
10 24 for denatured fuel ethanol for blending with gasoline for use  
10 25 as automotive spark-ignition engine fuel, or a successor  
10 26 A.S.T.M. international specification, as established by rules  
10 27 adopted by the department.

10 28 (2) Gasoline blended with ethanol must meet any of the  
10 29 following requirements:

10 30 (a) For the gasoline, A.S.T.M. international specification  
10 31 D4814.

10 32 (b) For the ethanol blended gasoline, A.S.T.M.  
10 33 international specification D4814.

10 34 (c) For the gasoline, A.S.T.M. international specification  
10 35 D4814 except for distillation, if, for E=10 or a

11 1 classification below E=10, the ethanol blended gasoline meets  
11 2 the requirements of A.S.T.M. international specification

11 3 D4814.

11 4 (3) For ethanol blended gasoline ~~other than E-85 gasoline,~~  
11 5 ~~at least ten nine percent of the gasoline~~ by volume must be  
11 6 fuel grade ethanol. In addition the following applies:

11 7 (a) For the period beginning on September 16 and ending on  
11 8 May 31 of each year, the state grants a waiver of one pound  
11 9 per square inch from the A.S.T.M. international D4814 Reid  
11 10 vapor pressure requirement.

11 11 (b) For the period beginning on June 1 and ending on  
11 12 September 15 of each year the United States environmental

11 13 protection agency grants a one pound per square inch waiver  
11 14 for ethanol blended conventional gasoline with at least nine

11 15 but not more than ten percent by volume of ethanol pursuant to  
11 16 40 C.F.R. } 80.27.

11 17 (4) E=85 gasoline must be an agriculturally derived ethyl  
11 18 alcohol that meets A.S.T.M. international specification D5798,

11 19 described as a fuel blend for use in ground vehicles with  
11 20 automotive spark-ignition engines, or a successor A.S.T.M.

11 21 international specification, as established by rules adopted

11 22 by the department.  
11 23 Sec. 22. Section 214A.2, Code 2007, is amended by adding  
11 24 the following new subsection:  
11 25 NEW SUBSECTION. 4A. Ethanol blended gasoline shall be  
11 26 designated E-xx where "xx" is the volume percent of ethanol in  
11 27 the ethanol blended gasoline and biodiesel shall be designated  
11 28 B=xx where "xx" is the volume percent of biodiesel.  
11 29 Sec. 23. Section 214A.2B, Code Supplement 2007, is amended  
11 30 to read as follows:  
11 31 214A.2B LABORATORY FOR MOTOR FUEL AND BIOFUELS.  
11 32 A laboratory for motor fuel and biofuels is established at  
11 33 a merged area school which is engaged in biofuels testing on  
11 34 July 1, 2007, and which testing includes but is not limited to  
11 35 ~~B=20~~ B=20 biodiesel fuel testing for motor trucks and the  
12 1 ability of biofuels to meet A.S.T.M. international standards.  
12 2 The laboratory shall conduct testing of motor fuel sold in  
12 3 this state and biofuel which is blended in motor fuel in this  
12 4 state to ensure that the motor fuel or biofuels meet the  
12 5 requirements in section 214A.2.  
12 6 Sec. 24. Section 214A.3, subsection 2, paragraph b, Code  
12 7 2007, is amended to read as follows:  
12 8 b. (1) Ethanol blended gasoline sold by a dealer shall be  
12 9 designated E-xx where "xx" is the volume percent of ethanol in  
~~12 10 the ethanol blended gasoline according to its classification~~  
~~12 11 as provided in section 214A.2.~~ However, a person advertising  
12 12 E=9 or E=10 gasoline may only designate it as ethanol blended  
12 13 gasoline. A person advertising ethanol blended gasoline  
~~12 14 formulated with a percentage of between seventy and~~  
~~12 15 eighty-five percent by volume of ethanol shall designate it as~~  
~~12 16 E=85.~~ A person shall not knowingly falsely advertise ethanol  
12 17 blended gasoline by using an inaccurate designation in  
12 18 violation of this subparagraph.  
12 19 (2) Biodiesel ~~blended~~ fuel shall be designated ~~B-xx where~~  
~~12 20 "xx" is the volume percent of biodiesel in the biodiesel~~  
~~12 21 blended fuel according to its classification as provided in~~  
~~12 22 section 214A.2.~~ A person shall not knowingly falsely  
12 23 advertise biodiesel blended fuel by using an inaccurate  
12 24 designation in violation of this subparagraph.  
12 25 Sec. 25. Section 214A.16, Code 2007, is amended to read as  
12 26 follows:  
12 27 214A.16 NOTICE OF BLENDED FUEL == DECAL.  
12 28 1. If motor fuel containing a renewable fuel is sold from  
12 29 a motor fuel pump, the pump shall have affixed a decal  
12 30 identifying the name of the renewable fuel. The decal ~~may~~  
12 31 shall be different based on the type of renewable fuel ~~used~~  
12 32 dispensed. If the motor fuel pump dispenses ethanol blended  
~~12 33 gasoline classified as higher than E=10 pursuant to section~~  
~~12 34 214A.2, the decal shall contain the following notice: "FOR~~  
~~12 35 FLEXIBLE FUEL VEHICLES ONLY".~~  
13 1 2. The design and location of the decal shall be  
13 2 prescribed by rules adopted by the department. A decal  
13 3 identifying a renewable fuel shall be consistent with  
13 4 standards adopted pursuant to section 159A.6. The department  
13 5 may approve an application to place a decal in a special  
13 6 location on a pump or container or use a decal with special  
13 7 lettering or colors, if the decal appears clear and  
13 8 conspicuous to the consumer. The application shall be made in  
13 9 writing pursuant to procedures adopted by the department.  
13 10 Sec. 26. Section 455G.31, subsection 1, Code Supplement  
13 11 2007, is amended by adding the following new paragraph:  
13 12 NEW PARAGRAPH. 0a. "Dispenser" includes a motor fuel pump  
13 13 as defined in section 214.1, including but not limited to a  
13 14 motor fuel blender pump.  
13 15 Sec. 27. Section 455G.31, subsection 1, paragraph b, Code  
13 16 Supplement 2007, is amended to read as follows:  
13 17 b. "Gasoline storage and dispensing infrastructure" means  
13 18 any storage tank located below ground or above ground and any  
13 19 associated equipment including but not limited to a pipe,  
13 20 hose, connection, fitting seal, or motor fuel pump, which is  
13 21 used to store, measure, and dispense gasoline by a retail  
13 22 dealer.  
13 23 Sec. 28. Section 15.401, Code 2007, is repealed.  
13 24 Sec. 29. LEGISLATIVE INTENT == FUTURE REVENUE SOURCES. It  
13 25 is the intent of the general assembly that all options be  
13 26 examined in order to continue the financing of renewable fuel  
13 27 infrastructure as provided in chapter 15G, subchapter II.  
13 28 DIVISION II  
13 29 GOVERNMENT FLEET PURCHASES  
13 30 OF RENEWABLE FUELS  
13 31 Sec. 30. Section 8A.362, subsection 3, paragraph b, Code  
13 32 Supplement 2007, is amended to read as follows:

13 33 b. A ~~gasoline=powered~~ motor vehicle operated under this  
13 34 subsection shall not operate on gasoline other than ethanol  
13 35 blended gasoline as defined in section 214A.1, unless under  
14 1 emergency circumstances. A ~~diesel=powered motor vehicle~~  
14 2 ~~operated under this subsection shall not operate on diesel~~  
14 3 ~~fuel other than biodiesel fuel as defined in section 214A.1,~~  
14 4 ~~if commercially available.~~ A state-issued credit card ~~used to~~  
14 5 ~~purchase gasoline~~ shall not be valid to purchase gasoline  
14 6 other than ethanol blended gasoline, if commercially  
14 7 available, ~~or to purchase diesel fuel other than biodiesel~~  
14 8 ~~fuel, if commercially available.~~ The motor vehicle shall also  
14 9 be affixed with a brightly visible sticker which notifies the  
14 10 traveling public that the motor vehicle is being operated on  
14 11 ethanol blended gasoline ~~or biodiesel fuel, as applicable.~~  
14 12 However, the sticker is not required to be affixed to an  
14 13 unmarked vehicle used for purposes of providing law  
14 14 enforcement or security.

14 15 Sec. 31. Section 216B.3, subsection 16, paragraph a, Code  
14 16 Supplement 2007, is amended to read as follows:

14 17 a. A ~~gasoline=powered~~ motor vehicle purchased by the  
14 18 commission shall not operate on gasoline other than ethanol  
14 19 blended gasoline as defined in section 214A.1. A  
14 20 ~~diesel=powered motor vehicle purchased by the commission shall~~  
14 21 ~~not operate on diesel fuel other than biodiesel fuel as~~  
14 22 ~~defined in section 214A.1, if commercially available.~~ A state  
14 23 issued credit card ~~used to purchase gasoline~~ shall not be  
14 24 valid to purchase gasoline other than ethanol blended gasoline  
14 25 ~~or to purchase diesel fuel other than biodiesel fuel, if~~  
14 26 ~~commercially available.~~ The motor vehicle shall also be  
14 27 affixed with a brightly visible sticker which notifies the  
14 28 traveling public that the motor vehicle is being operated on  
14 29 ethanol blended gasoline ~~or biodiesel fuel, as applicable.~~  
14 30 However, the sticker is not required to be affixed to an  
14 31 unmarked vehicle used for purposes of providing law  
14 32 enforcement or security.

14 33 Sec. 32. Section 262.25A, subsection 2, Code Supplement  
14 34 2007, is amended to read as follows:

14 35 2. A ~~gasoline=powered~~ motor vehicle purchased by the  
15 1 institutions shall not operate on gasoline other than ethanol  
15 2 blended gasoline as defined in section 214A.1, unless under  
15 3 emergency circumstances ~~or if to do so would result in the use~~  
15 4 ~~of a percentage of ethanol blended gasoline higher than~~  
15 5 ~~recommended by the vehicle manufacturer or would result in a~~  
15 6 ~~violation of the vehicle's manufacturer warranty.~~ A  
15 7 ~~diesel=powered motor vehicle purchased by the institutions~~  
15 8 ~~shall not operate on diesel fuel other than biodiesel fuel as~~  
15 9 ~~defined in section 214A.1, if commercially available, unless~~  
15 10 ~~to do so would result in the use of a percentage of biodiesel~~  
15 11 ~~not recommended by the vehicle manufacturer or would result in~~  
15 12 ~~violation of the vehicle's manufacturer warranty, or under~~  
15 13 ~~emergency circumstances.~~ A state-issued credit card ~~used to~~  
15 14 ~~purchase gasoline~~ shall not be ~~valid used~~ to purchase gasoline  
15 15 other than ethanol blended gasoline if commercially available  
15 16 ~~or to purchase diesel fuel other than biodiesel fuel if~~  
15 17 ~~commercially available.~~ The motor vehicle shall also be  
15 18 affixed with a brightly visible sticker which notifies the  
15 19 traveling public that the motor vehicle is being operated on  
15 20 ethanol blended gasoline ~~or biodiesel fuel, as applicable.~~  
15 21 However, the sticker is not required to be affixed to an  
15 22 unmarked vehicle used for purposes of providing law  
15 23 enforcement or security.

15 24 Sec. 33. Section 307.21, subsection 4, paragraph d, Code  
15 25 Supplement 2007, is amended to read as follows:

15 26 d. A ~~motor gasoline=powered~~ vehicle purchased by the  
15 27 administrator shall not operate on gasoline other than ethanol  
15 28 blended gasoline as defined in section 214A.1. A  
15 29 ~~diesel=powered motor vehicle purchased by the administrator~~  
15 30 ~~shall not operate on diesel fuel other than biodiesel fuel as~~  
15 31 ~~defined in section 214A.1, if commercially available.~~ A  
15 32 state-issued credit card ~~used to purchase gasoline~~ shall not  
15 33 be valid to purchase gasoline other than ethanol blended  
15 34 gasoline ~~or to purchase diesel fuel other than biodiesel fuel,~~  
15 35 ~~if commercially available.~~ The motor vehicle shall also be  
16 1 affixed with a brightly visible sticker which notifies the  
16 2 traveling public that the motor vehicle is being operated on  
16 3 ethanol blended gasoline ~~or biodiesel fuel, as applicable.~~  
16 4 However, the sticker is not required to be affixed to an  
16 5 unmarked vehicle used for purposes of providing law  
16 6 enforcement or security.

16 7 Sec. 34. Section 904.312A, subsection 1, Code Supplement  
16 8 2007, is amended to read as follows:

16 9 1. A gasoline-powered motor vehicle purchased by the  
16 10 department shall not operate on gasoline other than ethanol  
16 11 blended gasoline as defined in section 214A.1. A  
16 12 diesel-powered motor vehicle purchased by the department shall  
16 13 not operate on diesel fuel other than biodiesel fuel as  
16 14 defined in section 214A.1, if commercially available. A  
16 15 state-issued credit card used to purchase gasoline shall not  
16 16 be valid to purchase gasoline other than ethanol blended  
16 17 gasoline, or to purchase diesel fuel other than biodiesel  
16 18 fuel, if commercially available. The motor vehicle shall also  
16 19 be affixed with a brightly visible sticker which notifies the  
16 20 traveling public that the motor vehicle is being operated on  
16 21 ethanol blended gasoline or biodiesel fuel, as applicable.  
16 22 However, the sticker is not required to be affixed to an  
16 23 unmarked vehicle used for purposes of providing law  
16 24 enforcement or security.

16 25 Sec. 35. USE OF BIODIESEL FUEL BY LOCAL ENTITIES. It is  
16 26 the policy of the state to encourage the use of biodiesel fuel  
16 27 to the extent practical in all diesel-powered motor vehicles  
16 28 purchased or used by cities, counties, school corporations,  
16 29 and merged area schools.

#### 16 30 DIVISION III

##### 16 31 RENEWABLE FUEL MARKETING EFFORTS

16 32 Sec. 36. RENEWABLE FUEL MARKETING PLAN. The office of  
16 33 energy independence shall develop a renewable fuel marketing  
16 34 plan to promote the biofuel industry in this state.

16 35 1. The renewable fuel marketing plan shall provide for  
17 1 research to determine what barriers hinder increased biofuel  
17 2 use in this state. The research shall include but is not  
17 3 limited to determining all of the following:

17 4 a. Barriers that may prevent retail dealers from selling  
17 5 more biofuels, which shall at least include issues involving  
17 6 infrastructure, product quality, and cost efficiencies.

17 7 b. Barriers that may prevent consumers from purchasing  
17 8 more biofuels, which shall at least include issues involving  
17 9 fuel efficiency and consumer awareness of biofuels and  
17 10 flexible fuel vehicles.

17 11 2. The office shall prepare and submit the renewable fuel  
17 12 marketing plan to the governor and the general assembly by  
17 13 January 30, 2009.

17 14 Sec. 37. DIRECT MARKETING CAMPAIGN == FLEXIBLE FUEL  
17 15 VEHICLES. The office of energy independence shall conduct a  
17 16 direct marketing campaign specifically targeted to owners of  
17 17 flexible fuel vehicles.

17 18 1. The direct marketing campaign shall include but is not  
17 19 limited to education to increase owner awareness and knowledge  
17 20 regarding flexible fuel vehicles and E=85 as an alternative  
17 21 fuel choice. The office shall provide owners with maps  
17 22 indicating where E=85 dispensers are located.

17 23 2. The department of transportation shall provide the  
17 24 office with a list of the names and addresses of owners of  
17 25 flexible fuel vehicles, including vehicles registered under  
17 26 sections 321.109, 321.121, and 321.122.

17 27 3. The office shall complete the direct marketing campaign  
17 28 by October 1, 2008.

17 29 Sec. 38. COLLABORATION. The office of energy independence  
17 30 may collaborate with public or private organizations to carry  
17 31 out the provisions of this division of this Act.

17 32 Sec. 39. FUNDING. The office of energy independence shall  
17 33 carry out the provisions of this division of this Act using  
17 34 moneys appropriated to the office as provided in section  
17 35 469.10.

#### 18 1 DIVISION IV

##### 18 2 EFFECTIVE DATE

18 3 Sec. 40. EFFECTIVE DATE. This Act, being deemed of  
18 4 immediate importance, takes effect upon enactment.

##### 18 5 EXPLANATION

18 6 BACKGROUND. This bill amends Code provisions relating to  
18 7 renewable fuel and specifically biofuels used in motor fuels,  
18 8 including ethanol (ethyl alcohol) and biodiesel (derived from  
18 9 vegetable oils or animal fats). Ethanol is blended into  
18 10 gasoline and biodiesel used without blending or blending into  
18 11 diesel fuel. The bill refers to biodiesel and biodiesel  
18 12 blended fuel and "biodiesel fuel". The bill also refers to  
18 13 the percentage of biofuel contained in a gallon of motor fuel  
18 14 as E=xx where "xx" equals the percentage of ethanol by volume  
18 15 and B=xx equals the percentage of biodiesel by volume.  
18 16 Generally, motor fuel pumps and motor fuel are regulated by  
18 17 the department of agriculture and land stewardship.

18 18 DIVISION I == RENEWABLE FUEL INFRASTRUCTURE. The bill  
18 19 amends provisions relating to infrastructure associated with



18 20 the storage, blending, and dispensing of renewable fuel and  
18 21 specifically programs administered by the renewable fuel  
18 22 infrastructure board (see Code section 15G.202) established  
18 23 within the department of economic development and supported by  
18 24 moneys appropriated from the grow Iowa values fund (see Code  
18 25 section 15G.111(7)). The programs include the renewable fuel  
18 26 infrastructure programs for retail motor fuel sites (see Code  
18 27 section 15G.203) and biodiesel terminal facilities (see Code  
18 28 section 15G.204) which provide grants on a cost=share basis to  
18 29 participating persons.

18 30 TANK VEHICLES. The bill provides that a tank vehicle  
18 31 operated by a retail dealer qualifies as renewable fuel  
18 32 infrastructure.

18 33 BLENDER PUMPS. The bill provides for a new type of motor  
18 34 fuel pump referred to as a motor fuel blender pump (blender  
18 35 pump) which dispenses a blend of two or more types of motor  
19 1 fuel and may allow a retail customer to select the percent of  
19 2 biofuel, either ethanol or biodiesel. The bill expands the  
19 3 renewable fuel infrastructure program to provide financing to  
19 4 support the installation, replacement, or conversion of  
19 5 infrastructure associated with using a blender pump to  
19 6 dispense ethanol blended gasoline or biodiesel fuel.

19 7 COST=SHARE AGREEMENTS. The bill provides that a cost=share  
19 8 agreement executed by the infrastructure board and a  
19 9 participating person receiving financial incentives to improve  
19 10 a retail motor fuel site cannot exceed five years.

19 11 Under the bill, a participating person may execute two  
19 12 cost=share agreements: (1) to receive up to the full amount  
19 13 available to improve their retail motor fuel site with ethanol  
19 14 infrastructure, and (2) to receive up to the full amount  
19 15 available to improve the same retail motor fuel site with  
19 16 biodiesel infrastructure.

19 17 For ethanol infrastructure used to improve a motor fuel  
19 18 site, the amount of the financing is increased from 50 to 70  
19 19 percent of the actual cost of making the improvement, so long  
19 20 as the financing does not exceed a ceiling amount increased  
19 21 from \$30,000 to \$50,000. For biodiesel infrastructure used to  
19 22 improve a motor fuel site, the amount of financing shall not  
19 23 exceed 50 percent of the cost of making the improvement or  
19 24 \$50,000, whichever is less. It also provides that a person  
19 25 who has made such improvement under an old cost=share  
19 26 agreement may be reimbursed for the extra amount up to the new  
19 27 limits provided in the bill.

19 28 The bill amends provisions relating to the renewable fuel  
19 29 infrastructure program for biodiesel terminals, by increasing  
19 30 the amount that a participating person is eligible to receive  
19 31 from \$50,000 to \$100,000 for installing improvements to store  
19 32 and dispense B=99 to B=100. The bill retains the alternative  
19 33 cap of 50 percent of making an improvement for installing  
19 34 improvements to store and dispense less than B=99. It also  
19 35 provides that a person who has made such improvements under an  
20 1 old cost=share agreement may be reimbursed for the extra  
20 2 amount up to the new limits provided in the bill.

20 3 The bill provides that a person participating in the  
20 4 infrastructure program for the retail dealers or the  
20 5 infrastructure program for terminals may cancel a cost=share  
20 6 agreement, if the person delivers a notice to the department  
20 7 of economic development and repays the infrastructure fund on  
20 8 a prorated basis.

20 9 MOTOR FUEL STANDARDS. The bill provides a definition of  
20 10 unleaded gasoline including by providing that it contains an  
20 11 octane number of at least 87, and limits the amount of lead or  
20 12 phosphorus. It provides standards for unleaded gasoline  
20 13 blended with ethanol based on A.S.T.M. specifications. It  
20 14 reduces the minimum percentage of ethanol contained in ethanol  
20 15 blended gasoline from 10 to 9 percent by volume. It requires  
20 16 that a retail dealer advertising motor fuel containing between  
20 17 70 and 85 percent ethanol must be advertised as "E=85".

20 18 The bill amends provisions that require motor fuel pumps be  
20 19 affixed with a decal notifying the public that it contains  
20 20 renewable fuel, by providing that if the motor fuel pump  
20 21 dispenses ethanol blended gasoline classified higher than  
20 22 E=10, it must state that it is only for use by flexible fuel  
20 23 vehicles.

20 24 AUTHORIZATION TO USE BLENDER PUMPS. The bill amends Code  
20 25 section 45G.31 which allows the state fire marshal to approve  
20 26 the installation of infrastructure associated with storing and  
20 27 dispensing E=85. The bill provides that such infrastructure  
20 28 includes blender pumps.

20 29 FUTURE SOURCES OF REVENUE. The bill includes a provision  
20 30 expressing the intent of the general assembly to examine all

20 31 options to continue the financing of renewable fuel  
20 32 infrastructure.

20 33 DIVISION II == GOVERNMENT FLEET PURCHASES OF BIODIESEL  
20 34 FUEL. The bill amends a number of provisions that currently  
20 35 require state government gasoline-powered vehicles to operate  
21 1 using ethanol blended gasoline, and restricts the use of a  
21 2 state-issued credit card to purchase gasoline other than  
21 3 ethanol blended gasoline by state agencies. The bill provides  
21 4 that state diesel-powered vehicles must use biodiesel fuel  
21 5 whenever available and restricts the use of a state-issued  
21 6 credit card to purchase diesel fuel other than biodiesel fuel  
21 7 by state agencies. The bill provides that regents  
21 8 institutions are not required to meet the renewable fuel  
21 9 purchase requirement if it would violate a motor vehicle  
21 10 manufacturer's warranty or if nonbiodiesel fuel is used under  
21 11 emergency circumstances.

21 12 The bill declares that it is the policy of the state to  
21 13 encourage the use of biodiesel fuel by schools, counties,  
21 14 cities, and community colleges.

21 15 DIVISION III == RENEWABLE FUEL MARKETING EFFORTS. The bill  
21 16 requires the office of energy independence to develop a  
21 17 renewable fuel marketing plan to provide research to determine  
21 18 what barriers hinder increased biofuel use in this state. The  
21 19 bill also requires the office to conduct a direct marketing  
21 20 campaign specifically targeted to owners of flexible fuel  
21 21 vehicles. The department of transportation must assist the  
21 22 office in carrying out the campaign.

21 23 DIVISION IV == EFFECTIVE DATE. The bill takes effect upon  
21 24 enactment.

21 25 LSB 6451HZ 82

21 26 da/nh/5