

**House Study Bill 555 - Introduced**

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON COMMERCE BILL BY  
CHAIRPERSON COWNIE)

**A BILL FOR**

1 An Act relating to the purchasing preference requirements for  
2 the purchase of industrial lubricants by state agencies and  
3 community colleges.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 8A.311, subsection 14, paragraph b, Code  
2 2016, is amended to read as follows:

3 *b.* The procurement by state agencies of biobased ~~hydraulic~~  
4 ~~fluids, greases, and other~~ industrial lubricants ~~manufactured~~  
5 ~~from soybeans~~ in accordance with the requirements of section  
6 8A.316.

7 Sec. 2. Section 8A.316, Code 2016, is amended to read as  
8 follows:

9 **8A.316 ~~Lubricants and oils~~ Industrial lubricants —**  
10 **preferences.**

11 The department shall do all of the following:

12 1. Develop its procedures and specifications for the  
13 purchase of ~~lubricating oil and industrial oil~~ lubricants to  
14 eliminate exclusion of ~~recycled oils and any requirement that~~  
15 ~~oils be manufactured from virgin materials~~ any such products  
16 composed of biobased materials.

17 2. Require that purchases of ~~lubricating oil and industrial~~  
18 ~~oil~~ lubricants be made from the seller whose oil product  
19 contains the greatest percentage of ~~recycled oil~~ biobased  
20 materials, unless one of the following circumstances regarding  
21 a specific ~~oil~~ product containing ~~recycled oil~~ biobased  
22 materials exists:

23 *a.* The product is not available within a reasonable period  
24 of time or in quantities necessary or in container sizes  
25 appropriate to meet a state agency's needs.

26 *b.* The product does not meet the performance requirements or  
27 standards recommended by the equipment or vehicle manufacturer,  
28 including any warranty requirements.

29 *c.* The product is available only at a cost greater than  
30 one hundred five percent of the cost of comparable ~~virgin oil~~  
31 nonbiobased products on a life cycle cost basis, taking into  
32 account the frequency of oil changes or drain intervals, fuel  
33 economy benefits, engine durability, and other performance  
34 benefits of the specific product.

35 3. Establish and maintain a preference biopreferred

1 procurement program for procuring ~~oils~~ industrial lubricants  
2 containing the maximum content of ~~recycled oil~~ biobased  
3 materials in biobased products. The ~~preference~~ biopreferred  
4 procurement program shall include but is not limited to all of  
5 the following:

6     *a.* The inclusion of the preferences for ~~recycled oil~~  
7 biobased products in publications used to solicit bids from  
8 suppliers.

9     *b.* The provision of a description of the ~~recycled oil~~  
10 procurement program at bidders' conferences.

11     *c.* Discussion of the ~~preference~~ procurement program in  
12 ~~lubricating oil and industrial oil~~ lubricant procurement  
13 solicitations or invitations to bid.

14     *d.* Efforts to inform industry trade associations about the  
15 preference procurement program.

16     4. *a.* Provide that when purchasing ~~hydraulic fluids,~~  
17 ~~greases, and other~~ industrial lubricants, the department or a  
18 state agency authorized by the department to directly purchase  
19 ~~hydraulic fluids, greases, and other~~ industrial lubricants  
20 shall give preference to purchasing ~~biobased hydraulic fluids,~~  
21 ~~greases, and other industrial lubricants~~ manufactured biobased  
22 products, with additional preference given to biobased products  
23 derived from soybeans.

24     *b.* Provide for the implementation of requirements necessary  
25 in order to carry out [this subsection](#) by the department or  
26 state agency making the purchase, which shall include all of  
27 the following:

28         (1) Including the preference requirements in publications  
29 used to solicit bids for ~~hydraulic fluids, greases, and other~~  
30 industrial lubricants.

31         (2) Describing the preference requirements at bidders'  
32 conferences in which bids for the sale of ~~hydraulic fluids,~~  
33 ~~greases, and other~~ industrial lubricants are sought by the  
34 department or authorized state agency.

35         (3) Discussing the preference requirements in procurement

1 solicitations or invitations to bid for ~~hydraulic fluids,~~  
2 ~~greases, and other~~ industrial lubricants.

3 (4) Informing industry trade associations about the  
4 preference requirements.

5 c. As used in [this subsection](#), unless the context otherwise  
6 requires:

7 (1) ~~"Biobased hydraulic fluids, greases, and other industrial~~  
8 ~~lubricants" material~~ means the same as defined by the United  
9 States department of agriculture, if the department has  
10 adopted such a definition. If the United States department of  
11 agriculture has not adopted a definition, ~~"biobased hydraulic~~  
12 ~~fluids, greases, and other industrial lubricants"~~ means hydraulic  
13 fluids, greases, and other lubricants containing a minimum of  
14 ~~fifty-one percent soybean oil~~ the same as defined in section  
15 8A.317.

16 (2) ~~"Other industrial lubricants"~~ "Biobased product" means  
17 ~~lubricants used or applied to machinery~~ the same as defined by  
18 the United States department of agriculture.

19 (3) "Industrial lubricant" means industrial oil, automotive  
20 engine oil, and any other lubricating oil used or applied to  
21 machinery.

22 Sec. 3. Section 8A.317, subsection 3, Code 2016, is amended  
23 to read as follows:

24 3. ~~This section~~ Subsection 2 does not apply to a biobased  
25 product which is subject to requirements for procurement in  
26 another provision of [this chapter](#) including but not limited to  
27 any of the following:

28 a. Soybean-based ink as provided in [section 8A.315](#).

29 b. Degradable loose foam packing material manufactured  
30 from grain starches or other renewable resources as provided  
31 in [section 8A.315](#).

32 c. ~~A biobased hydraulic fluid, grease, or other~~ An  
33 industrial lubricant as provided in [section 8A.316](#).

34 Sec. 4. Section 216B.3, subsection 17, Code 2016, is amended  
35 to read as follows:

1 17. Comply with the requirements for the purchase of  
2 ~~lubricating oils, industrial oils, greases, and hydraulic~~  
3 ~~fluids~~ industrial lubricants as established pursuant to section  
4 8A.316.

5 Sec. 5. Section 260C.19B, Code 2016, is amended to read as  
6 follows:

7 **260C.19B Purchase of biobased hydraulic fluids, greases, and**  
8 **other industrial lubricants.**

9 ~~Hydraulic fluids, greases, and other industrial~~ Industrial  
10 lubricants purchased by or used under the direction of the  
11 board of directors to provide services to a merged area shall  
12 be purchased in compliance with the preference requirements  
13 for purchasing biobased ~~hydraulic fluids, greases, and other~~  
14 industrial lubricants as provided pursuant to [section 8A.316](#).

15 Sec. 6. Section 262.9, subsection 7, Code 2016, is amended  
16 to read as follows:

17 7. Purchase and use recycled printing and writing paper,  
18 with the exception of specialized paper when no recyclable  
19 product is available, in accordance with the schedule  
20 established in [section 8A.315](#); establish a wastepaper  
21 recycling program for all institutions governed by the board  
22 in accordance with recommendations made by the department of  
23 natural resources and the requirements of [section 8A.329](#);  
24 shall, in accordance with the requirements of [section 8A.311](#),  
25 require product content statements and compliance with  
26 requirements regarding procurement specifications; and shall  
27 comply with the requirements for the purchase of ~~lubricating~~  
28 ~~oils and industrial oils~~ industrial lubricants as established  
29 pursuant to [section 8A.316](#).

30 Sec. 7. Section 262.25B, Code 2016, is amended to read as  
31 follows:

32 **262.25B Purchase of biobased hydraulic fluids, greases, and**  
33 **other industrial lubricants.**

34 The state board of regents and institutions under the  
35 control of the board purchasing ~~hydraulic fluids, greases, and~~

1 ~~other~~ industrial lubricants shall give preference to purchasing  
2 biobased ~~hydraulic fluids, greases, and other~~ industrial  
3 lubricants as provided in [section 8A.316](#).

4 Sec. 8. Section 307.21, subsection 2, paragraph d, Code  
5 2016, is amended to read as follows:

6 *d.* Comply with the requirements for the purchase of  
7 ~~lubricating oils, industrial oils, greases, and hydraulic~~  
8 ~~fluids~~ industrial lubricants as established pursuant to section  
9 8A.316.

10 Sec. 9. Section 904.312B, Code 2016, is amended to read as  
11 follows:

12 **904.312B Purchase of biobased ~~hydraulic fluids, greases, and~~**  
13 **~~other~~ industrial lubricants.**

14 The department when purchasing ~~hydraulic fluids, greases,~~  
15 ~~and other~~ industrial lubricants shall give preference to  
16 purchasing biobased ~~hydraulic fluids, greases, and other~~  
17 industrial lubricants as provided in [section 8A.316](#).

18 EXPLANATION

19 The inclusion of this explanation does not constitute agreement with  
20 the explanation's substance by the members of the general assembly.

21 This bill makes changes relating to the requirement that  
22 the department of administrative services (DAS) establish a  
23 preference for the purchase of industrial lubricants by state  
24 agencies and community colleges.

25 Current Code section 8A.316 requires DAS to develop  
26 procedures for purchasing lubricating oil without excluding  
27 recycled oils in such products and to require purchases  
28 of lubricating oil made from the greatest percentage of  
29 recycled oil, unless the product is unavailable, does not  
30 meet performance requirements, or is available only at a cost  
31 greater than 105 percent of the cost of nonrecycled products.  
32 Current Code section 8A.316 also requires DAS to establish a  
33 preference for purchasing hydraulic fluids, greases, and other  
34 industrial lubricants made from soybeans.

35 The bill removes all references to the terms "lubricating

1 oil and industrial oil" and "hydraulic fluids, greases, and  
2 other industrial lubricants" and uniformly applies the term  
3 "industrial lubricants", which the bill defines as industrial  
4 oil, automotive engine oil, and any other lubricating oil used  
5 or applied to machinery. The bill makes conforming amendments  
6 relating to this terminology change.

7 The bill requires DAS to develop procedures for purchasing  
8 industrial lubricants without the exclusion of products  
9 composed of biobased materials, as defined in the bill, and to  
10 require purchases of industrial lubricants that are biobased  
11 products containing the greatest percentage of biobased  
12 materials. The bill modifies the exception for purchasing  
13 products that are only available at a cost greater than 105  
14 percent of the cost of comparable products to provide that  
15 the comparison is on a life cycle cost basis, as described in  
16 the bill. The bill also modifies the requirement that DAS  
17 establish and maintain a procurement program for procuring  
18 industrial lubricants containing the maximum content of  
19 biobased materials in biobased products, with additional  
20 preference given to biobased products derived from soybeans,  
21 rather than the current law requirement that they contain  
22 soybean oil.