

House File 2128 - Introduced

HOUSE FILE 2128

BY COMMITTEE ON WAYS AND MEANS

(SUCCESSOR TO HSB 594)

A BILL FOR

1 An Act relating to renewable fuels, including ethanol
2 blended gasoline and biodiesel blended fuel used to power
3 internal combustion engines, by providing for compliance
4 requirements and promotional initiatives that relate to
5 establishing classifications and standards for renewable
6 fuels, advertising and selling renewable fuels, storing
7 and dispensing renewable fuels, using state motor vehicles
8 powered by renewable fuels, and taxes, tax credits, and tax
9 refunds relating to renewable fuels; providing penalties and
10 making penalties applicable; and including effective date
11 and retroactive applicability provisions.
12 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 DIVISION I
2 COMPLIANCE REQUIREMENTS — STANDARDS
3 AND CLASSIFICATIONS FOR GASOLINE — MOTOR FUEL STORAGE
4 AND DISPENSING INFRASTRUCTURE
5 PART A
6 E-15 ACCESS STANDARD

7 Section 1. NEW SECTION. 214A.31 E-15 access standard —
8 establishment.

9 In order to ensure consumer access to gasoline containing
10 fifteen percent ethanol by volume, an E-15 access standard is
11 established in accordance with 2013 Iowa Acts, ch. 127, §1,
12 section 159A.1, and this subchapter.

13 Sec. 2. NEW SECTION. 214A.32 E-15 access standard — retail
14 dealer compliance.

15 1. Except as provided in sections 214A.33 through 214A.35,
16 a retail dealer owning or operating a retail motor fuel site
17 shall comply with the E-15 access standard as provided in this
18 section.

19 2. In order to comply with the E-15 access standard, a
20 retail dealer must advertise for sale and sell E-15 gasoline
21 from a minimum number of qualifying motor fuel dispensers
22 located at the retail dealer's retail motor fuel site. A
23 qualifying motor fuel dispenser must be capable of dispensing
24 gasoline at all times that it is in operation.

25 a. Except as provided in paragraph "b", a retail dealer
26 shall comply with a general E-15 access standard by dispensing
27 E-15 gasoline from the following:

28 (1) One qualified motor fuel dispenser, if there is only one
29 qualified motor fuel dispenser.

30 (2) At least fifty percent of all qualified motor fuel
31 dispensers, if there are more than one qualified motor fuel
32 dispenser.

33 b. (1) A retail dealer complies with an alternative E-15
34 access standard if all of the following apply:

35 (a) On and after January 1, 2023, the retail dealer does not

1 install, replace, or convert a motor fuel storage tank.

2 (b) On and after January 1, 2026, the retail dealer
3 advertises for sale and sells E-15 gasoline from at least one
4 qualifying motor fuel dispenser.

5 (2) A retail dealer who no longer complies with the
6 alternative E-15 access standard as provided in subparagraph
7 (1) shall immediately comply with the general E-15 access
8 standard as provided in paragraph "a".

9 c. The E-15 access standard does not prohibit a retail
10 dealer owning or operating a retail motor fuel site from
11 advertising for sale and selling motor fuel from any number of
12 nonqualifying motor fuel dispensers. A nonqualifying motor
13 fuel dispenser is limited to any of the following:

14 (1) A dispenser that exclusively dispenses any of the
15 following:

16 (a) Aviation fuel.

17 (b) Diesel fuel.

18 (c) Kerosene.

19 (2) A dispenser that is part of a tank vehicle as defined
20 in section 321.1 that is not used to dispense gasoline on the
21 premises of the retail motor fuel site.

22 3. a. A retail dealer is not in violation of this section
23 during any period of noncompliance with the E-15 access
24 standard caused by an excusable event. An excusable event is
25 limited to any of the following:

26 (1) The maintenance, repair, or reconditioning of motor
27 fuel storage and dispensing infrastructure.

28 (2) The installation, expansion, replacement, or conversion
29 of motor fuel storage and dispensing infrastructure.

30 b. The department may require that a retail dealer
31 notify the department that an excusable event as described
32 in paragraph "a" is planned to occur, is occurring, or has
33 occurred. The department may inspect the applicable retail
34 motor fuel site to determine whether the noncompliance is
35 caused by an excusable event.

1 4. *a.* This section shall be implemented on January 1, 2023.

2 *b.* This subsection is repealed January 2, 2023.

3 Sec. 3. NEW SECTION. 214A.33 **Suspension of E-15 access**
4 **standard by order issued by governor.**

5 1. The governor may issue or renew an executive order that
6 temporarily suspends the requirement in section 214A.32 that a
7 retail dealer comply with the E-15 access standard at a retail
8 motor fuel site owned or operated by the retail dealer.

9 2. The E-15 access standard suspension order as described in
10 subsection 1 must be supported by the governor's determination
11 that any of the following apply:

12 *a.* There is an inadequate supply of E-15 gasoline.

13 *b.* The market price of E-15 gasoline may cause consumers to
14 suffer economic hardship.

15 *c.* Existing motor fuel storage and dispensing infrastructure
16 is not capable of storing and dispensing E-15 gasoline.

17 3. The governor may issue or renew an executive order under
18 this section on a statewide or regional basis.

19 4. The E-15 access standard suspension order shall take
20 effect on its date of publication in the Iowa administrative
21 bulletin, unless the order specifies a later date. The order
22 shall expire one year from its effective date unless a shorter
23 period is stated in the order. The early expiration of the
24 order may also occur based on circumstances described in the
25 order.

26 5. *a.* This section shall be implemented on January 1, 2023.

27 *b.* This subsection is repealed January 2, 2023.

28 Sec. 4. NEW SECTION. 214A.34 **Waiver of E-15 access**
29 **standard by order issued by secretary of agriculture — E-15**
30 **unavailability.**

31 1. The secretary of agriculture may issue an administrative
32 order that temporarily waives the requirement in section
33 214A.32 that a retail dealer comply with the E-15 access
34 standard at a retail motor fuel site owned or operated by the
35 retail dealer based on E-15 gasoline availability.

1 2. A retail dealer may apply for an E-15 unavailability
2 waiver order as described in subsection 1 by submitting an
3 application to the department in a manner and according to
4 procedures required by the department.

5 a. The application must be supported by credible evidence
6 that the retail dealer has not been able to reasonably obtain
7 E-15 gasoline to be advertised for sale and sold at the retail
8 dealer's retail motor fuel site.

9 b. The retail dealer must sign the application which shall
10 include a statement that the retail dealer swears and affirms
11 that all information in the application completed by the retail
12 dealer is true and correct.

13 3. The department shall publish a copy of the E-15
14 unavailability waiver order on the department's internet site
15 within ten days after the order's issuance.

16 4. The E-15 unavailability waiver order shall take effect
17 on its date of publication on the department's internet site,
18 unless the order specifies a later date. The order shall
19 expire six months from its effective date unless a shorter
20 period is stated in the order. The early expiration of the
21 order may also occur based on circumstances described in the
22 order.

23 5. a. This section shall be implemented on January 1, 2023.

24 b. This subsection is repealed January 2, 2023.

25 **Sec. 5. NEW SECTION. 214A.35 Waiver of E-15 access standard**
26 **by order issued by secretary of agriculture — E-15 incompatible**
27 **infrastructure.**

28 1. The secretary of agriculture may issue an administrative
29 order that temporarily waives the requirement in section
30 214A.32 that a retail dealer comply with the E-15 access
31 standard at a retail motor fuel site owned or operated by the
32 retail dealer based on the incompatibility of the motor fuel
33 storage and dispensing infrastructure to store and dispense
34 E-15 gasoline.

35 2. A retail dealer may apply for an E-15 incompatible

1 infrastructure waiver order as described in subsection 1 by
2 submitting an application to the department in a manner and
3 according to procedures required by the department.

4 *a.* The application must be supported by credible evidence
5 that the retail dealer is unable to comply with the E-15
6 access standard because the motor fuel storage and dispensing
7 infrastructure located at the retail motor fuel site is not
8 compatible with the use of E-15 gasoline and that the retail
9 dealer is eligible for a class 1 or class 2 waiver as provided
10 in this section.

11 *b.* The application must provide information required to
12 be completed by the retail dealer, which must include an
13 inventory and description of motor fuel storage and dispensing
14 infrastructure located at the retail motor fuel site.

15 *c.* The department may require a retail dealer to attach any
16 supporting documentation to the application, which may include
17 an inspection report completed by a person certified by the
18 department as a professional retail motor fuel site installer.
19 The certified professional retail motor fuel site installer
20 may be a licensed engineer or other person who the department
21 determines is qualified by education, testing, or experience to
22 oversee a project involving the installation, replacement, or
23 conversion of motor fuel storage and dispensing infrastructure,
24 and who is able to provide a reliable estimate of the project's
25 costs.

26 *d.* The department shall review and evaluate an application
27 to determine whether it is supported by credible evidence
28 sufficient for the secretary to issue an order granting a
29 waiver under this section. The department shall approve or
30 disapprove a completed application within one hundred twenty
31 days following the date that the application was delivered to
32 the department for filing.

33 *e.* The retail dealer must sign the application which shall
34 include a statement that the retail dealer swears and affirms
35 that all information in the application completed by the retail

1 dealer is true and correct. If a certified professional retail
2 motor fuel site installer completes an inspection report to
3 support an application, the installer shall sign a statement
4 that the installer swears and affirms that all information in
5 the inspection report completed by the installer is true and
6 correct.

7 *f.* The department may inspect the premises of a retail
8 motor fuel site during normal business hours to administer and
9 enforce the provisions of this section.

10 *g.* The department of agriculture and land stewardship
11 may cooperate with the department of natural resources and
12 the state fire marshal in administering and enforcing the
13 provisions of this section.

14 3. The department shall publish a copy of the E-15
15 incompatible infrastructure waiver order on the department's
16 internet site within ten days after the order's issuance. The
17 order shall take effect on its date of publication, unless the
18 order specifies a later date.

19 4. *a.* The secretary of agriculture shall terminate the
20 E-15 incompatible infrastructure waiver order if a terminable
21 event has occurred. A terminable event is limited to any of
22 the following:

23 (1) The failure of a retail dealer to be licensed as
24 required under section 214.2 to use a commercial weighing and
25 measuring device when dispensing gasoline.

26 (2) The cessation of the retail dealer's business of
27 advertising for sale or selling gasoline at the retail motor
28 fuel site.

29 (3) The installation, replacement, or conversion of a motor
30 fuel storage tank located at the retail motor fuel site.

31 *b.* The department may require that a retail dealer
32 notify the department that a terminable event as described
33 in paragraph "a" is planned to occur, is occurring, or has
34 occurred.

35 5. *a.* The secretary of agriculture may issue an E-15

1 incompatible infrastructure class 1 waiver order. If the
2 department determines an inspection of the retail motor
3 fuel site is necessary, it may either conduct the inspection
4 or accept an inspection report completed by a certified
5 professional retail motor fuel site installer.

6 *b.* The order must be supported by credible evidence that
7 all motor fuel storage tanks used to store gasoline that are
8 located at the retail motor fuel site fall within any of the
9 following categories:

10 (1) Each motor fuel storage tank not constructed of
11 fiberglass was installed during or prior to 1985.

12 (2) Each motor fuel storage tank constructed of fiberglass
13 was installed during or prior to the following years:

14 (a) For a double-wall fiberglass underground motor fuel
15 storage tank, 1991.

16 (b) For a single-wall fiberglass underground motor fuel
17 storage tank, 1996.

18 6. The secretary of agriculture may issue an E-15
19 incompatible infrastructure class 2 waiver order which shall
20 be based on an inspection of the retail motor fuel site. The
21 department may either conduct the inspection and complete an
22 inspection report or file and review a completed inspection
23 report submitted by a certified professional retail motor fuel
24 site installer.

25 *a.* The inspection report must include all of the following:

26 (1) A completed checklist of items adopted as part of a form
27 used by the department to confirm that the motor fuel storage
28 and dispensing infrastructure located at the retail motor fuel
29 site is not compatible with E-15 gasoline.

30 (2) The total estimated cost of improving the retail
31 motor fuel site to comply with the E-15 access standard by
32 installing, replacing, or converting the motor fuel storage
33 and dispensing infrastructure located at the retail motor fuel
34 site.

35 *b.* (1) The department shall determine whether to issue an

1 E-15 incompatible infrastructure class 2 waiver order based
2 on an eligibility assessment which shall calculate all of the
3 following:

4 (a) The total estimated cost of improvement which equals the
5 total estimated cost of improving the retail motor fuel site to
6 comply with the E-15 access standard based on the department's
7 analysis of the inspection report described in paragraph "a".
8 The total estimated cost of improvement shall only include
9 costs used to calculate the amount of financial incentives
10 that may be awarded by the renewable fuel infrastructure
11 board to a retail dealer participating in the renewable fuel
12 infrastructure program for retail motor fuel sites as provided
13 in section 159A.14.

14 (b) The E-15 infrastructure base amount which equals the
15 maximum cost necessary to be incurred by the retail dealer
16 in order to receive the total amount of standard financial
17 incentives that could be awarded to the retail dealer under the
18 renewable fuel infrastructure program for retail motor fuel
19 sites as provided in section 159A.14 in order to comply with
20 the E-15 access standard. The department's calculation shall
21 not include any of the following:

22 (i) The amount of any prior financial incentives awarded
23 to the retail dealer under the renewable fuel infrastructure
24 program for retail motor fuel sites.

25 (ii) Whether the retail dealer is applying for or may be
26 awarded any future financial incentives under the renewable
27 fuel infrastructure program for retail motor fuel sites.

28 (2) A retail dealer is only eligible to be issued an
29 E-15 incompatible infrastructure class 2 waiver order if
30 the department determines that the total estimated cost of
31 improvement as described in subparagraph (1), subparagraph
32 division (a), exceeds the E-15 infrastructure base amount as
33 described in subparagraph (1), subparagraph division (b).

34 7. a. This section shall be implemented on January 1, 2023.

35 b. This subsection is repealed January 2, 2023.

1 8. This section is repealed January 1, 2041.

2 Sec. 6. NEW SECTION. 214A.36 **Disciplinary action.**

3 1. The department may refuse to issue or renew and may
4 suspend or revoke a license issued to a retail dealer pursuant
5 to section 214.2 for not complying with the E-15 access
6 standard as provided in section 214A.32, including rules
7 adopted by the department pursuant to section 214A.1A to
8 administer or enforce that section.

9 2. *a.* This section shall be implemented on January 1, 2023.

10 *b.* This subsection is repealed January 2, 2023.

11 Sec. 7. **ISSUANCE OF ORDERS SUSPENDING OR WAIVING E-15 ACCESS**
12 **STANDARD.**

13 1. The governor may issue an E-15 access standard suspension
14 order as provided in section 214A.33, as enacted in this part
15 of this division of this Act, prior to January 1, 2023, if the
16 governor determines it is necessary to issue the order prior
17 to that date.

18 2. The secretary of agriculture may issue an E-15
19 unavailability waiver order as provided in section 214A.34, as
20 enacted in this part of this division of this Act, prior to
21 January 1, 2023, if the secretary determines it is necessary to
22 issue the order prior to that date.

23 3. The secretary of agriculture may issue an E-15
24 incompatible infrastructure waiver order as provided in section
25 214A.35, as enacted in this part of this division of this Act,
26 prior to January 1, 2023, if the secretary determines it is
27 necessary to issue the order prior to that date.

28 Sec. 8. **ADOPTION OF RULES IMPLEMENTING E-15 ACCESS STANDARD**
29 **AND E-15 INCOMPATIBLE INFRASTRUCTURE WAIVER ORDER.**

30 1. The department of agriculture and land stewardship
31 shall adopt rules pursuant to chapter 17A prior to January 1,
32 2023, as necessary to administer and enforce the E-15 access
33 standard, as provided in section 214A.32, as enacted in this
34 part of this division of this Act.

35 2. The department of agriculture and land stewardship shall

1 adopt rules pursuant to chapter 17A prior to January 1, 2023,
2 as necessary to administer and enforce an E-15 incompatible
3 infrastructure waiver order, as provided in section 214A.35, as
4 enacted in this part of this division of this Act.

5

PART B

6

RELATED RENEWABLE FUELS AND INFRASTRUCTURE PROVISIONS

7

Sec. 9. Section 159A.6, subsection 1, paragraph c, Code

8

2022, is amended by striking the paragraph.

9

Sec. 10. Section 214.1, Code 2022, is amended by adding the

10

following new subsections:

11

NEW SUBSECTION. 1A. *“Department”* means the department of

12

agriculture and land stewardship.

13

NEW SUBSECTION. 1B. *“E-15 gasoline”* or *“E-15”* means the

14

same as defined in section 214A.1.

15

NEW SUBSECTION. 3A. *“Motor fuel dispenser”* or *“dispenser”*

16

means equipment that is the part of motor fuel storage

17

and dispensing infrastructure that includes mechanical or

18

electrical systems that operate a motor fuel pump dispensing

19

motor fuel from a motor fuel storage tank to the end point of

20

the equipment’s nozzle.

21

NEW SUBSECTION. 4A. a. *“Motor fuel storage and dispensing*

22

infrastructure” or *“infrastructure”* means equipment used to do

23

any of the following:

24

(1) Store and dispense motor fuel.

25

(2) Store, blend, and dispense motor fuel.

26

b. *“Motor fuel storage and dispensing infrastructure”* or

27

“infrastructure” includes but is not limited to a motor fuel

28

storage tank, motor fuel pump or motor fuel blender pump, motor

29

fuel dispenser, and associated pipes, hoses, nozzles, tubes,

30

lines, fittings, valves, filters, seals, and covers.

31

Sec. 11. Section 214.1, subsections 3, 4, and 5, Code 2022,

32

are amended to read as follows:

33

3. *“Motor fuel blender pump”* or *“blender pump”* means a motor

34

fuel ~~meter~~ pump that measures and dispenses a type of motor

35

fuel that is blended ~~from~~ to formulate two or more different

1 ~~types classifications of that motor fuels and which may~~
2 ~~dispense more than one type of blended motor fuel.~~

3 4. "*Motor fuel pump*" means the part of motor fuel storage
4 and dispensing infrastructure that is a meter or similar
5 commercial weighing and measuring device used to measure and
6 dispense motor fuel originating from a motor fuel storage tank,
7 on a retail basis.

8 5. "*Motor fuel storage tank*" or "*storage tank*" means the part
9 of motor fuel storage and dispensing infrastructure that is an
10 aboveground or belowground container ~~that is~~ constituting a
11 fixture used to store an accumulation of motor fuel.

12 Sec. 12. Section 214.9, Code 2022, is amended to read as
13 follows:

14 **214.9 Self-service motor fuel ~~pumps~~ dispensers.**

15 A self-service motor fuel dispenser operating a motor fuel
16 pump located at a retail motor fuel site may be equipped with
17 an automatic latch-open device on the fuel dispensing hose
18 nozzle only if the nozzle valve is the automatic closing type.

19 Sec. 13. NEW SECTION. **214.12 Inspections of motor fuel**
20 **dispensers — E-15 access standard.**

21 1. In conducting an inspection under section 214.11, an
22 inspector for the department shall determine if a retail dealer
23 is advertising for sale and selling E-15 gasoline at a retail
24 motor fuel site in compliance with the E-15 access standard as
25 provided in section 214A.32.

26 2. *a.* This section shall be implemented on January 1, 2023.

27 *b.* This subsection is repealed January 2, 2023.

28 Sec. 14. Section 214A.1, Code 2022, is amended by adding the
29 following new subsections:

30 NEW SUBSECTION. 2A. "*B-20 biodiesel fuel*" or "*B-20*" means
31 a classification of biodiesel blended fuel formulated with a
32 percentage of twenty percent by volume of biodiesel, if the
33 formulation meets the standards provided in section 214A.2.

34 NEW SUBSECTION. 12A. "*E-15 gasoline*" or "*E-15*" means a
35 classification of ethanol blended gasoline formulated with a

1 percentage of fifteen percent by volume of ethanol, if the
2 formulation meets the standards provided in section 214A.2.

3 NEW SUBSECTION. 18A. *"Motor fuel dispenser" or "dispenser"*
4 means the same as defined in section 214.1.

5 NEW SUBSECTION. 19A. *"Motor fuel storage and dispensing*
6 *infrastructure" or "infrastructure"* means the same as defined
7 in section 214.1.

8 Sec. 15. NEW SECTION. **214A.1A Rules.**

9 The department shall adopt rules necessary to administer and
10 enforce this chapter in conjunction with chapter 214.

11 Sec. 16. Section 214A.2, subsection 1, Code 2022, is amended
12 to read as follows:

13 1. The department shall adopt rules pursuant to ~~chapter~~
14 ~~17A for carrying out this chapter.~~ The rules may include but
15 ~~are not limited to specifications~~ section 214A.1A relating
16 to standards and classifications for types of motor fuel,
17 including but not limited to gasoline and diesel fuel. The
18 rules shall provide standards and classifications for a
19 renewable fuel such as ethanol blended gasoline, biobutanol
20 blended gasoline, ~~biodiesel,~~ biodiesel blended fuel, and
21 ~~motor~~ renewable fuel components such as ~~an~~ a biofuel or other
22 oxygenate. In the interest of uniformity, the department shall
23 adopt by reference other ~~specifications~~ standards relating to
24 tests and ~~standards~~ specifications for types of motor fuel,
25 including renewable fuel and motor fuel components, established
26 by the United States environmental protection agency and
27 A.S.T.M. international.

28 Sec. 17. Section 214A.2, subsection 4, paragraph b, Code
29 2022, is amended by adding the following new subparagraph:

30 NEW SUBPARAGRAPH. (5) (a) Biodiesel blended fuel
31 classified as higher than B-20 must conform to standards
32 adopted by the department.

33 (b) The rules adopted by the department of agriculture
34 and land stewardship establishing standards for biodiesel
35 blended fuel classified as higher than B-20 shall take effect

1 not earlier than sixty days after the date of filing in
2 accordance with section 17A.5, subsection 2, paragraph "a". The
3 department of agriculture and land stewardship shall notify
4 the legislative services agency, the governor, the department
5 of natural resources, and the department of revenue of the
6 effective date of the rules at least thirty days prior to the
7 effective date of the rules.

8 Sec. 18. Section 214A.3, subsection 2, paragraph b,
9 subparagraph (1), Code 2022, is amended by striking the
10 subparagraph and inserting in lieu thereof the following:

11 (1) A person shall not knowingly falsely advertise ethanol
12 blended gasoline by using an inaccurate classification as
13 provided in section 214A.2.

14 Sec. 19. Section 214A.3, subsection 2, paragraph b,
15 subparagraphs (2) and (3), Code 2022, are amended to read as
16 follows:

17 (2) A person shall not knowingly falsely advertise
18 biobutanol blended gasoline by using an inaccurate ~~designation~~
19 classification as provided in [section 214A.2](#).

20 (3) A person shall not knowingly falsely advertise
21 biodiesel blended fuel by using an inaccurate ~~designation~~
22 classification as provided in [section 214A.2](#).

23 Sec. 20. Section 214A.8, Code 2022, is amended to read as
24 follows:

25 **214A.8 Prohibition.**

26 A dealer shall not knowingly sell motor fuel or biofuel
27 in the state that fails to meet applicable standards and
28 classifications as provided in [section 214A.2](#).

29 Sec. 21. Section 214A.11, subsection 2, Code 2022, is
30 amended by adding the following new paragraphs:

31 NEW PARAGRAPH. c. (1) A retail dealer who submits an
32 application for an E-15 unavailability waiver order under
33 section 214A.34 that includes information that is not true and
34 correct commits perjury as provided in section 720.2.

35 (2) (a) This paragraph "c" shall be implemented on January

1 1, 2023.

2 (b) This subparagraph is repealed January 2, 2023.

3 NEW PARAGRAPH. *d.* (1) A retail dealer who submits an
4 application for an E-15 incompatible infrastructure waiver
5 order under section 214A.35 that is not true and correct
6 commits perjury as provided in section 720.2.

7 (2) A certified professional retail motor fuel site
8 installer who submits an inspection report as part of an
9 application for an E-15 incompatible infrastructure waiver
10 order under section 214A.35 that is not true and correct
11 commits perjury under section 720.2.

12 (3) (a) This paragraph "d" shall be implemented on January
13 1, 2023.

14 (b) This subparagraph is repealed on January 2, 2023.

15 Sec. 22. Section 214A.20, Code 2022, is amended to read as
16 follows:

17 **214A.20 Limitation on liability.**

18 1. A retail dealer or other marketer, pipeline company,
19 refiner, terminal operator, or terminal owner is not liable for
20 damages caused by the use of incompatible motor fuel dispensed
21 from a motor fuel dispenser located at the retail dealer's
22 retail motor fuel site, if all of the following apply:

23 *a.* The incompatible motor fuel complies with the
24 ~~specifications~~ standards for a that type and classification of
25 motor fuel as provided in [section 214A.2](#).

26 *b.* The incompatible motor fuel is selected by the end use
27 consumer of the motor fuel.

28 *c.* The incompatible motor fuel is dispensed from a motor
29 fuel ~~pump~~ dispenser that correctly labels the type and
30 classification of fuel dispensed from a motor fuel storage
31 tank.

32 2. For purposes of ~~this section~~ subsection 1, a motor fuel
33 is incompatible with a motor according to the manufacturer of
34 the motor.

35 Sec. 23. REPEAL. Section 214A.16, Code 2022, is repealed.

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

PART C

CODE ORGANIZATION

Sec. 24. DIRECTIONS TO THE CODE EDITOR — TRANSFERS.

1. The Code editor is directed to make the following transfers:

a. Section 214A.3, as amended in this division of this Act, to section 214A.21.

b. Section 214A.7 to section 214A.22.

c. Section 214A.8, as amended in this division of this Act, to section 214A.23.

d. Section 214A.19 to section 214A.24.

e. Section 214A.20, as amended in this division of this Act, to section 214A.25.

2. The Code editor shall correct internal references in the Code and in any enacted legislation as necessary due to the enactment of this section.

Sec. 25. DIRECTIONS TO THE CODE EDITOR — SUBCHAPTERS. The Code editor is directed to divide the provisions of chapter 214A, as amended, enacted, or transferred in this division of this Act, into subchapters as follows:

1. Subchapter I, including sections 214A.1 through 214A.20.

2. Subchapter II, including sections 214A.21 through 214A.30.

3. Subchapter III, including sections 214A.31 through 214A.36.

DIVISION II

COMPLIANCE REQUIREMENTS — RENEWABLE FUEL INFRASTRUCTURE

PART A

PRINCIPAL PROVISIONS

Sec. 26. NEW SECTION. 455G.2A Standards and classifications of motor fuel.

For purposes of this chapter, motor fuel must meet the standards and classifications as provided in section 214A.2.

Sec. 27. NEW SECTION. 455G.30 Definitions.

As used in this subchapter, unless the context otherwise

1 requires:

2 1. "*Biodiesel blended fuel*" means the same as defined in
3 section 214A.1.

4 2. "*Department*" means the department of natural resources.

5 3. "*Diesel fuel*" means the same as defined in section
6 214A.1.

7 4. "*Diesel fuel storage and dispensing infrastructure*" or
8 "*diesel infrastructure*" means motor fuel storage and dispensing
9 infrastructure as defined in section 214.1 used to store and
10 dispense diesel fuel, including biodiesel blended diesel fuel,
11 at a retail motor fuel site as defined in section 214A.1.

12 5. "*Ethanol blended gasoline*" means the same as defined in
13 section 214A.1.

14 6. "*Gasoline storage and dispensing infrastructure*"
15 or "*gasoline infrastructure*" means motor fuel storage and
16 dispensing infrastructure as defined in section 214.1 used
17 to store and dispense gasoline, including ethanol blended
18 gasoline, at a retail motor fuel site as defined in section
19 214A.1.

20 7. "*Retail dealer*" means the same as defined in section
21 214A.1.

22 Sec. 28. Section 455G.31, subsections 1 and 3, Code 2022,
23 are amended by striking the subsections.

24 Sec. 29. Section 455G.31, subsection 2, Code 2022, is
25 amended to read as follows:

26 2.—A Subject to section 455G.32, a retail dealer may
27 use gasoline storage and dispensing infrastructure to store
28 and dispense ethanol blended gasoline classified as E-9
29 E-10 or higher if the department of ~~natural resources~~ under
30 this subchapter or the state fire marshal under **chapter 101**
31 determines that ~~it~~ the gasoline infrastructure is compatible
32 with the classification of ethanol blended gasoline being used.

33 Sec. 30. NEW SECTION. 455G.32 E-85 gasoline compatible
34 infrastructure — compliance requirement.

35 1. A retail dealer shall not install, replace, or convert

1 gasoline storage and dispensing infrastructure unless the
2 installed, replaced, or converted gasoline infrastructure is
3 capable of storing and dispensing ethanol blended gasoline
4 classified as E-85.

5 2. The infrastructure must be all of the following:

6 a. Listed as compatible for use with ethanol blended
7 gasoline classified as E-85 by an independent testing
8 laboratory or as approved by the manufacturer.

9 b. Approved by the department or state fire marshal subject
10 to conditions determined necessary by the department or state
11 fire marshal. The department or state fire marshal may waive
12 the requirement in paragraph "a" upon satisfaction that a
13 substitute requirement serves the same purpose.

14 Sec. 31. NEW SECTION. 455G.33 B-20 diesel fuel compatible
15 infrastructure — compliance requirement.

16 1. A retail dealer shall not install, replace, or convert
17 diesel fuel storage and dispensing infrastructure unless the
18 installed, replaced, or converted diesel fuel infrastructure
19 is capable of storing and dispensing biodiesel blended fuel
20 classified as B-20 or higher.

21 2. The infrastructure must be all of the following:

22 a. Listed as compatible for use with biodiesel blended
23 fuel classified as B-20 or higher by an independent testing
24 laboratory or as approved by the manufacturer.

25 b. Approved by the department or state fire marshal subject
26 to conditions determined necessary by the department or state
27 fire marshal. The department or state fire marshal may waive
28 the requirement in paragraph "a" upon satisfaction that a
29 substitute requirement serves the same purpose.

30 Sec. 32. EFFECTIVE DATE. This part of this division of this
31 Act takes effect January 1, 2023.

32 PART B

33 IMPLEMENTATION

34 Sec. 33. ADMINISTRATIVE RULES. The department of natural
35 resources and the state fire marshal may adopt rules under

1 chapter 17A prior to the effective date of part A of this
2 division of this Act, which rules shall take effect January 1,
3 2023.

4 DIVISION III

5 COMPLIANCE REQUIREMENTS — QUALIFIED RENEWABLE FUEL USE BY
6 STATE MOTOR VEHICLES

7 Sec. 34. NEW SECTION. **8A.360 Special definitions.**

8 As used in this part, unless the context otherwise requires:

9 1. "*Biodiesel blended fuel*" means the same as defined in
10 section 214A.1.

11 2. "*Biofuel*" means the same as defined in section 214A.1.

12 3. "*Determination period*" means any twelve-month period
13 beginning January 1 and ending December 31.

14 4. "*Ethanol blended gasoline*" means the same as defined in
15 section 214A.1.

16 5. "*Qualified renewable fuel*" means ethanol blended
17 gasoline or biodiesel blended fuel that meets the standards
18 and classifications for that type of motor fuel as provided in
19 section 214A.2.

20 Sec. 35. NEW SECTION. **8A.360A Classification of qualified
21 renewable fuels.**

22 For purposes of this part, a qualified renewable fuel must
23 meet the same standards and classifications as provided in
24 section 214A.2.

25 Sec. 36. Section 8A.362, subsection 3, paragraph b, Code
26 2022, is amended by striking the paragraph and inserting in
27 lieu thereof the following:

28 *b.* The director shall provide for the purchase and operation
29 of motor vehicles using qualified renewable fuels and for the
30 purchase of qualified renewable fuels used to operate those
31 motor vehicles as provided in section 8A.368.

32 Sec. 37. NEW SECTION. **8A.368 Motor vehicle purchases —
33 qualified renewable fuels.**

34 1. A motor vehicle operating using an internal combustion
35 engine powered by gasoline or diesel fuel as described in

1 section 8A.362 shall use the highest possible classification of
2 a qualified renewable fuel if all of the following apply:

3 *a.* The manufacturer of the motor vehicle or the United
4 States environmental protection agency expressly states that
5 the classification of a qualified renewable fuel is compatible
6 with the motor vehicle's normal operation.

7 *b.* That classification of a qualified renewable fuel is
8 commercially available in the region where the motor vehicle
9 is being operated.

10 *c.* No emergency situation exists that requires the immediate
11 use of a motor fuel regardless of whether it has been blended
12 with a biofuel.

13 2. If the highest possible classification of a qualified
14 renewable fuel is available to power an engine used to operate
15 a motor vehicle as provided in subsection 1, a state-issued
16 credit card shall not be used to purchase motor fuel other than
17 that classification of a qualified renewable fuel.

18 3. A motor vehicle subject to this section shall be affixed
19 with a brightly colored, highly visible renewable fuel sticker.
20 The qualified renewable fuel sticker shall be designed by
21 the department of agriculture and land stewardship to notify
22 the traveling public that the motor vehicle is operating
23 using an internal combustion engine powered by the highest
24 possible classification of that qualified renewable fuel. The
25 department of administrative services shall distribute the
26 stickers to state agencies maintaining a state motor pool.
27 However, a qualified renewable fuel sticker is not required to
28 be affixed to an unmarked motor vehicle used for purposes of
29 providing law enforcement or security.

30 4. As part of the department's competitive bidding
31 procedure for the purchase of a motor vehicle operating using
32 an internal combustion engine powered by diesel fuel, the
33 director shall require a bidder to certify that the motor
34 vehicle's manufacturer expressly states that the engine is
35 capable of being powered by biodiesel blended fuel classified

1 as B-20 or higher.

2 Sec. 38. NEW SECTION. 8A.369 Motor vehicle purchases —
3 qualified renewable fuels — reports.

4 1. The department shall compile information regarding the
5 department's compliance with section 8A.368 during the previous
6 determination period. The information shall include all of the
7 following:

8 a. Of the motor vehicles used to routinely travel on the
9 state's highways that operate using internal combustion engines
10 powered by gasoline, all of the following:

11 (1) The total number of such motor vehicles according to
12 model year.

13 (2) The total number of such motor vehicles according
14 to model year that are capable of operating using internal
15 combustion engines powered by ethanol blended gasoline
16 classified as E-15 and E-85 according to the express warranty
17 of the motor vehicle's manufacturer.

18 (3) The total number of gallons of ethanol blended gasoline
19 classified as E-15, and the total number of gallons of ethanol
20 blended gasoline classified as E-85, purchased during the
21 preceding determination period, to the extent such information
22 may be practically obtained.

23 b. Of the motor vehicles used to routinely travel on the
24 state's highways that operate using internal combustion engines
25 powered by diesel fuel, all of the following:

26 (1) The total number of such motor vehicles according to
27 model year.

28 (2) The total number of such motor vehicles according
29 to model year that are capable of operating using internal
30 combustion engines powered by biodiesel blended fuel classified
31 as B-20 or higher according to the express warranty of the
32 motor vehicle's manufacturer.

33 (3) The total number of gallons of biodiesel blended fuel
34 classified as B-20 or higher purchased during the preceding
35 determination period, to the extent such information may be

1 practically obtained.

2 2. The department of administrative services shall
3 prepare a state fleet qualified renewable fuels compliance
4 report which shall consolidate information compiled by the
5 department under subsection 1 together with information
6 compiled by the commission for the blind pursuant to section
7 216B.3, institutions governed by the state board of regents
8 pursuant to section 262.25A, the department of transportation
9 pursuant to section 307.21, and the department of corrections
10 pursuant to section 904.312A. The department of administrative
11 services shall submit the state fleet qualified renewable fuels
12 compliance report to the governor and general assembly not
13 later than March 1 of each year.

14 Sec. 39. Section 216B.3, subsection 16, paragraph a, Code
15 2022, is amended by striking the paragraph and inserting in
16 lieu thereof the following:

17 a. Provide for the purchase of qualified renewable fuels
18 to power internal combustion engines that are used to operate
19 motor vehicles and for the purchase of motor vehicles operating
20 using engines powered by qualified renewable fuels in the
21 same manner required for the director of the department of
22 administrative services pursuant to section 8A.368. The
23 commission shall compile information regarding compliance
24 with the provisions of this paragraph in the same manner as
25 the department of administrative services pursuant to section
26 8A.369. The commission shall cooperate with the department
27 of administrative services in preparing the annual state
28 fleet qualified renewable fuels compliance report regarding
29 compliance with this paragraph as provided in section 8A.369.

30 Sec. 40. Section 262.25A, subsection 2, Code 2022, is
31 amended by striking the subsection and inserting in lieu
32 thereof the following:

33 2. An institution shall provide for the purchase of
34 qualified renewable fuels to power internal combustion engines
35 that are used to operate motor vehicles and for the purchase

1 of motor vehicles operating using engines powered by qualified
2 renewable fuels in the same manner required for the director of
3 the department of administrative services pursuant to section
4 8A.368. An institution shall compile information regarding
5 compliance with the provisions of this subsection in the same
6 manner as the department of administrative services pursuant
7 to section 8A.369. The state board of regents shall cooperate
8 with the department of administrative services in preparing
9 the annual state fleet qualified renewable fuels compliance
10 report regarding compliance with this subsection as provided
11 in section 8A.369.

12 Sec. 41. Section 307.21, subsection 4, Code 2022, is amended
13 by striking the subsection and inserting in lieu thereof the
14 following:

15 4. The administrator shall provide for the purchase
16 of qualified renewable fuels to power internal combustion
17 engines that are used to operate motor vehicles and for the
18 purchase of motor vehicles operating using engines powered
19 by qualified renewable fuels in the same manner required for
20 the director of the department of administrative services
21 pursuant to section 8A.368. The department of transportation
22 shall compile information regarding compliance with the
23 provisions of this subsection in the same manner as the
24 department of administrative services pursuant to section
25 8A.369. The department of transportation shall cooperate
26 with the department of administrative services in preparing
27 the annual state fleet qualified renewable fuels compliance
28 report regarding compliance with this subsection as provided
29 in section 8A.369.

30 Sec. 42. Section 904.312A, subsection 1, Code 2022, is
31 amended by striking the subsection and inserting in lieu
32 thereof the following:

33 1. The department of corrections shall provide for the
34 purchase of qualified renewable fuels to power internal
35 combustion engines that are used to operate motor vehicles and

1 for the purchase of motor vehicles operating using engines
2 powered by qualified renewable fuels in the same manner
3 required for the director of the department of administrative
4 services pursuant to section 8A.368. The department of
5 corrections shall compile information regarding compliance
6 with the provisions of this subsection in the same manner as
7 the department of administrative services pursuant to section
8 8A.369. The department of corrections shall cooperate with
9 the department of administrative services in preparing the
10 annual state fleet qualified renewable fuels compliance report
11 regarding compliance with this subsection as provided in
12 section 8A.369.

13 Sec. 43. STATE FLEET QUALIFIED RENEWABLE FUELS COMPLIANCE
14 REPORT. The department of administrative services shall submit
15 its first state fleet qualified renewable fuels compliance
16 report as required pursuant to section 8A.369, as enacted in
17 this division of this Act, not later than July 1, 2023.

18 DIVISION IV

19 RENEWABLE FUEL STANDARDS AND

20 CLASSIFICATIONS — PROMOTIONAL INITIATIVES APPLIED
21 TO INCOME TAXES

22 PART A

23 E-85 GASOLINE PROMOTION TAX CREDIT

24 Sec. 44. Section 422.110, subsection 2, paragraph b, Code
25 2022, is amended to read as follows:

26 *b.* The tax credit shall apply to E-85 gasoline that meets
27 the standards for that classification as provided in section
28 214A.2.

29 Sec. 45. Section 422.110, subsection 5, Code 2022, is
30 amended to read as follows:

31 5. *a.* A retail dealer is eligible to claim an E-85 gasoline
32 promotion tax credit as provided in [this section](#) even though
33 the retail dealer claims an E-15 plus gasoline promotion tax
34 credit pursuant to [section 422.11Y](#) for the same tax year.

35 *b.* This subsection is repealed January 1, 2026.

1 limitations. The department shall adopt rules to provide that
2 where a blending error occurs and an insufficient amount of
3 biodiesel has inadvertently been blended with petroleum-based
4 diesel fuel ~~so that the mixture fails to qualify as B-11 or~~
5 ~~higher~~ a one percent tolerance applies when classifying the
6 biodiesel blended fuel.

7 Sec. 50. Section 422.11P, subsection 4, Code 2022, is
8 amended by striking the subsection and inserting in lieu
9 thereof the following:

10 4. A retail dealer whose tax year is on a calendar
11 year basis shall calculate the amount of the tax credit by
12 multiplying a designated rate by the retail dealer's total
13 biodiesel blended fuel gallonage as provided in section 452A.31
14 which qualifies under this subsection.

15 a. In order to qualify for the tax credit, the biodiesel
16 blended fuel must be classified as B-11 or higher as provided
17 in paragraph "b".

18 b. The designated rate is determined as follows:

19 (1) For biodiesel blended fuel classified as B-11 or higher
20 but not as high as B-20, the designated rate is five cents.

21 (2) For biodiesel blended fuel classified as B-20 or higher
22 but not as high as B-30, the designated rate is seven cents.

23 However, a classification higher than B-20 does not qualify
24 for a tax credit under this subparagraph unless standards for
25 that classification have been established by the department of
26 agriculture and land stewardship pursuant to section 214A.2.

27 (3) For biodiesel blended fuel classified as B-30 or
28 higher, the designated rate is ten cents. A classification of
29 B-30 or higher does not qualify for a tax credit under this
30 subparagraph unless standards for that classification have
31 been established by the department of agriculture and land
32 stewardship pursuant to section 214A.2.

33 Sec. 51. Section 422.11P, subsection 8, Code 2022, is
34 amended to read as follows:

35 8. **This section** is repealed January 1, ~~2025~~ 2028.

1 not be E-85 gasoline.

2 *b.* The designated rate of the tax credit is nine cents.

3 Sec. 56. Section 422.11Y, subsection 9, Code 2022, is
4 amended to read as follows:

5 9. *This section* is repealed ~~on~~ January 1, ~~2025~~ 2026.

6 Sec. 57. Section 422.33, subsection 11D, paragraph c, Code
7 2022, is amended to read as follows:

8 *c.* *This subsection* is repealed ~~on~~ January 1, ~~2025~~ 2026.

9 Sec. 58. 2011 Iowa Acts, chapter 113, section 37, as amended
10 by 2016 Iowa Acts, chapter 1106, section 3, is amended to read
11 as follows:

12 SEC. 37. TAX CREDIT AVAILABILITY. For a retail dealer who
13 may claim an E-15 plus gasoline promotion tax credit under
14 section 422.11Y or *422.33, subsection 11D*, as enacted in this
15 Act and amended in subsequent Acts, in calendar year ~~2024~~
16 2025, and whose tax year ends prior to December 31, ~~2024~~ 2025,
17 the retail dealer may continue to claim the tax credit in the
18 retail dealer's following tax year. In that case, the tax
19 credit shall be calculated in the same manner as provided in
20 section 422.11Y or *422.33, subsection 11D*, as enacted in this
21 Act and amended in subsequent Acts, for the remaining period
22 beginning on the first day of the retail dealer's new tax year
23 until December 31, ~~2024~~ 2025. For that remaining period, the
24 tax credit shall be calculated in the same manner as a retail
25 dealer whose tax year began on the previous January 1 and who
26 is calculating the tax credit on December 31, ~~2024~~ 2025.

27 Sec. 59. EFFECTIVE DATE. This part of this division of this
28 Act takes effect January 1, 2023.

29

PART D

30

ADMINISTRATION

31 Sec. 60. ADMINISTRATIVE RULES. The department of revenue
32 may adopt rules under chapter 17A prior to the effective date
33 of parts B and C of this division of this Act, which rules shall
34 take effect January 1, 2023.

35

DIVISION V

1 RENEWABLE FUEL STANDARDS
2 AND CLASSIFICATIONS — PROMOTIONAL INITIATIVES APPLIED
3 TO EXCISE TAX ON ETHANOL BLENDED GASOLINE AND BIODIESEL BLENDED
4 FUEL
5 PART A
6 REPORTING REQUIREMENTS

7 Sec. 61. Section 452A.2, Code 2022, is amended by adding the
8 following new subsection:

9 NEW SUBSECTION. 37A. "*Renewable fuel*" means the same as
10 defined in section 214A.1.

11 Sec. 62. NEW SECTION. **452A.2A Standards and classifications**
12 **of fuel.**

13 For purposes of this chapter, motor fuel, including
14 a renewable fuel, must meet the same standards and
15 classifications as provided in section 214A.2.

16 Sec. 63. Section 452A.31, subsection 2, paragraph a,
17 subparagraph (1), subparagraph division (c), Code 2022, is
18 amended to read as follows:

19 (c) The total E-15 plus gasoline gallonage which is the
20 total number of gallons of ethanol blended gasoline classified
21 as E-15 or higher, including E-85 gasoline.

22 Sec. 64. Section 452A.31, subsection 2, paragraph a,
23 subparagraph (1), Code 2022, is amended by adding the following
24 new subparagraph division:

25 NEW SUBPARAGRAPH DIVISION. (d) The total E-15 gasoline
26 gallonage which is the total number of gallons of ethanol
27 blended gasoline classified as E-15.

28 Sec. 65. Section 452A.31, subsection 3, paragraph a, Code
29 2022, is amended to read as follows:

30 a. A retail dealer's total diesel fuel gallonage is the
31 total number of gallons of diesel fuel which the retail dealer
32 sells and dispenses from all motor fuel pumps operated by
33 the retail dealer in this state during a twelve-month period
34 beginning January 1 and ending December 31. The retail
35 dealer's total diesel fuel gallonage is divided into the

1 following classifications:

2 (1) The total biodiesel blended fuel gallonage which is
3 the retail dealer's total number of gallons of biodiesel
4 blended fuel, and which includes all of the following
5 subclassifications:

6 (a) The total B-5 plus gallonage which is the total number
7 of gallons of biodiesel blended fuel classified as B-5 or
8 higher up to but not including B-11.

9 ~~(2)~~ (b) The total B-11 plus gallonage which is the total
10 number of gallons of biodiesel blended fuel classified as B-11
11 or higher up to but not including B-20.

12 (c) The total B-20 plus gallonage which is the total number
13 of gallons of biodiesel blended fuel classified as B-20 or
14 higher up to but not including B-30.

15 (d) The total B-30 plus gallonage which is the total number
16 of gallons of biodiesel blended fuel classified as B-30 or
17 higher.

18 ~~(3)~~ (2) The total nonblended diesel fuel gallonage which
19 is the total number of gallons of diesel fuel which is not
20 biodiesel or biodiesel blended fuel.

21 Sec. 66. Section 452A.31, subsection 4, paragraph a,
22 subparagraph (1), subparagraph division (c), Code 2022, is
23 amended to read as follows:

24 (c) The aggregate E-15 plus gasoline gallonage which is the
25 aggregate total number of gallons of ethanol blended gasoline
26 classified as E-15 or higher, including E-85 gasoline.

27 Sec. 67. Section 452A.31, subsection 4, paragraph a,
28 subparagraph (1), Code 2022, is amended by adding the following
29 new subparagraph division:

30 NEW SUBPARAGRAPH DIVISION. (d) The aggregate E-15 gasoline
31 gallonage which is the aggregate total number of gallons of
32 ethanol blended gasoline classified as E-15.

33 Sec. 68. Section 452A.31, subsection 5, paragraph a, Code
34 2022, is amended to read as follows:

35 a. The aggregate diesel fuel gallonage is the total number

1 of gallons of diesel fuel which all retail dealers sell and
2 dispense from all motor fuel pumps operated by the retail
3 dealers in this state during a twelve-month period beginning
4 January 1 and ending December 31. The aggregate diesel fuel
5 gallonage is divided into the following classifications:

6 (1) The aggregate biodiesel blended fuel gallonage
7 which is the aggregate total number of gallons of biodiesel
8 blended fuel, and which includes all of the following
9 subclassifications:

10 ~~(2)~~ (a) The aggregate B-11 B-5 plus gallonage which is the
11 aggregate total number of gallons of biodiesel blended fuel
12 classified as B-5 or higher up to but not including B-11 or
13 higher.

14 (b) The aggregate B-11 plus gallonage which is the aggregate
15 total number of gallons of biodiesel blended fuel classified as
16 B-11 or higher up to but not including B-20.

17 (c) The aggregate B-20 plus gallonage which is the aggregate
18 total number of gallons of biodiesel blended fuel classified as
19 B-20 or higher up to but not including B-30.

20 (d) The aggregate B-30 plus gallonage which is the aggregate
21 total number of gallons of biodiesel blended fuel classified
22 as B-30 or higher.

23 ~~(3)~~ (2) The aggregate nonblended diesel fuel gallonage
24 which is the aggregate total number of gallons of diesel fuel
25 which is not biodiesel or biodiesel blended fuel.

26 Sec. 69. Section 452A.33, subsection 1, paragraph a,
27 unnumbered paragraph 1, Code 2022, is amended to read as
28 follows:

29 Each retail dealer shall report its total ~~motor fuel~~
30 gasoline and diesel fuel gallonage for a determination period
31 as follows:

32 Sec. 70. Section 452A.33, subsection 1, paragraph b,
33 subparagraphs (1) and (2), Code 2022, are amended to read as
34 follows:

35 (1) The information submitted on a company-wide basis shall

1 include the total ~~motor~~ gasoline and diesel fuel gallonage,
2 including for each classification and subclassification, sold
3 and dispensed by the retail dealer as provided in paragraph "a"
4 for all retail motor fuel sites from which the retail dealer
5 sells and dispenses ~~motor-fuel~~ gasoline or diesel fuel.

6 (2) The information submitted on a site-by-site basis shall
7 include the total ~~motor~~ gasoline and diesel fuel gallonage,
8 including for each classification and subclassification, sold
9 and dispensed by the retail dealer as provided in paragraph
10 "a" separately for each retail motor fuel site from which the
11 retail dealer sells and dispenses ~~motor~~ gasoline or diesel
12 fuel.

13 Sec. 71. Section 452A.33, subsection 1, paragraph c, Code
14 2022, is amended to read as follows:

15 c. The retail dealer shall prepare and ~~submit~~ file the
16 report with the department in a manner and according to
17 procedures required by the department in compliance with
18 section 452A.61. However, the department may require that the
19 retail dealer file the report with the department by electronic
20 transmission. The department may require that a retail
21 ~~dealers report to~~ dealer file the report with the department
22 on an annual, quarterly, or monthly basis. The department,
23 upon application by a retail dealer, may grant a reasonable
24 extension of time to file the report. A retail dealer who
25 fails to file the report as required in this section or who
26 fails to maintain records required to file the report shall be
27 subject to a civil penalty of not more than one hundred dollars
28 per occurrence which shall be deposited in the general fund of
29 the state.

30 Sec. 72. Section 452A.33, subsection 2, paragraph c, Code
31 2022, is amended to read as follows:

32 c. The report shall not provide information regarding ~~motor~~
33 ~~fuel or~~ gasoline, diesel fuel, or a biofuel which is sold and
34 dispensed by an individual retail dealer or at a particular
35 retail motor fuel site. The report shall not include a trade

1 secret protected as a confidential record pursuant to section
2 22.7.

3 Sec. 73. EMERGENCY RULES. The department of revenue may
4 adopt emergency rules under section 17A.4, subsection 3, and
5 section 17A.5, subsection 2, paragraph "b", to implement the
6 provisions of sections 452A.31 and 452A.33 as amended by
7 this part of this division of this Act. Any rules adopted
8 in accordance with this section shall also be published as a
9 notice of intended action as provided in section 17A.4.

10 Sec. 74. EFFECTIVE DATE. This part of this division of this
11 Act, being deemed of immediate importance, takes effect upon
12 enactment.

13 Sec. 75. RETROACTIVE APPLICABILITY. This part of this
14 division of this Act applies retroactively to January 1, 2022.

15 PART B

16 EXCISE TAX IMPOSED ON GASOLINE AND DIESEL FUEL

17 Sec. 76. Section 452A.3, subsection 1, paragraph b,
18 unnumbered paragraph 1, Code 2022, is amended to read as
19 follows:

20 On and after July 1, ~~2026~~ 2030, an excise tax of thirty
21 cents is imposed on each gallon of ethanol blended gasoline
22 classified as E-15 or higher. Before July 1, ~~2026~~ 2030, the
23 rate of the excise tax on ethanol blended gasoline classified
24 as E-15 or higher shall be based on the number of gallons of
25 ethanol blended gasoline classified as E-15 or higher that are
26 distributed in this state as expressed as a percentage of the
27 number of gallons of motor fuel distributed in this state,
28 which is referred to as the distribution percentage. For
29 purposes of this paragraph "b", only ethanol blended gasoline
30 and nonblended gasoline, not including aviation gasoline, shall
31 be used in determining the percentage basis for the excise
32 tax. The department shall determine the percentage basis
33 for each determination period beginning January 1 and ending
34 December 31 based on data information from the reports filed
35 submitted to the department for filing pursuant to section

1 452A.33. The rate for the excise tax shall apply for the
2 period beginning July 1 and ending June 30 following the end of
3 the determination period. Before July 1, ~~2026~~ 2030, the rate
4 of the excise tax on each gallon of ethanol blended gasoline
5 classified as E-15 or higher shall be as follows:

6 Sec. 77. Section 452A.3, subsection 3, paragraph a,
7 subparagraph (1), Code 2022, is amended to read as follows:

8 (1) Except as otherwise provided in [this section](#) and in
9 this subchapter, the rate of the excise tax on each gallon of
10 special fuel for diesel engines of motor vehicles used for any
11 purpose for the privilege of operating motor vehicles in this
12 state, other than biodiesel blended fuel classified as ~~B-11~~
13 B-20 or higher, is thirty-two and five-tenths cents per gallon.

14 Sec. 78. Section 452A.3, subsection 3, paragraph a,
15 subparagraph (2), unnumbered paragraph 1, Code 2022, is amended
16 to read as follows:

17 Except as otherwise provided in [this section](#) and in this
18 subchapter, this subparagraph shall apply to the excise tax
19 imposed on each gallon of biodiesel blended fuel classified
20 as ~~B-11~~ B-20 or higher used for any purpose for the privilege
21 of operating motor vehicles in this state. On and after July
22 1, ~~2026~~ 2030, the rate of the excise tax on each gallon of
23 biodiesel blended fuel classified as ~~B-11~~ B-20 or higher is
24 thirty-two and five-tenths cents. Before July 1, ~~2026~~ 2030,
25 the rate of the excise tax on each gallon of biodiesel blended
26 fuel classified as B-20 or higher shall be based on the number
27 of gallons of biodiesel blended fuel classified as ~~B-11~~ B-20
28 or higher that are distributed in this state as expressed as a
29 percentage of the number of gallons of special fuel for diesel
30 engines of motor vehicles distributed in this state, which is
31 referred to as the distribution percentage. The department
32 shall determine the percentage basis for each determination
33 period beginning January 1 and ending December 31 based on ~~data~~
34 information from the reports filed submitted to the department
35 for filing pursuant to [section 452A.33](#). The rate of the excise

1 tax shall apply for the period beginning July 1 and ending June
2 30 following the end of the determination period. Before July
3 1, ~~2026~~ 2030, the rate of the excise tax on each gallon of
4 biodiesel blended fuel classified as ~~B-11~~ B-20 or higher shall
5 be as follows:

6 Sec. 79. EFFECTIVE DATE. This part of this division of this
7 Act takes effect July 1, 2024.

8 PART C

9 DEDUCTION OF EXCISE TAX IMPOSED ON BIOFUEL

10 USED IN BLENDING WITH GASOLINE AND DIESEL FUEL

11 Sec. 80. Section 452A.8, subsection 2, paragraph a, Code
12 2022, is amended by adding the following new subparagraph:

13 NEW SUBPARAGRAPH. (3) (a) The gallonage of gasoline or
14 diesel fuel withdrawn from a terminal by a licensee to be
15 blended with a biofuel after it is withdrawn from the terminal
16 to the extent the tax rate on the gasoline or diesel fuel
17 exceeds the tax rate which would be due on the ethanol blended
18 gasoline or biodiesel blended fuel pursuant to section 452A.3.

19 (b) This subparagraph is repealed July 1, 2030.

20 DIVISION VI

21 RENEWABLE FUEL STANDARDS AND CLASSIFICATIONS — PROMOTIONAL
22 INITIATIVES APPLIED TO SALES AND USE TAX — REFUND PAID TO
23 BIODIESEL PRODUCERS

24 PART A

25 PRINCIPAL PROVISIONS

26 Sec. 81. Section 423.4, subsection 9, Code 2022, is amended
27 to read as follows:

28 9. A person who qualifies as a biodiesel producer as
29 provided in [this subsection](#) may apply to the director for a
30 refund of the amount of the sales or use tax imposed and paid
31 upon purchases made by the person.

32 a. The person must be engaged in the manufacturing
33 of biodiesel who has registered with the United States
34 environmental protection agency as a manufacturer according to
35 the requirements in [40 C.F.R. §79.4](#). The biodiesel must be for

1 *"infrastructure"* means the same as defined in section 214.1.

2 Sec. 85. Section 159A.11, Code 2022, is amended by adding
3 the following new subsection:

4 NEW SUBSECTION. 6A. *"Motor fuel storage tank"* means the
5 same as defined in section 214.1.

6 Sec. 86. Section 159A.11, subsection 10, Code 2022, is
7 amended by striking the subsection.

8 Sec. 87. Section 159A.12, Code 2022, is amended to read as
9 follows:

10 **159A.12 Classification Standards and classifications of motor**
11 **fuel and renewable fuel.**

12 For purposes of ~~this subchapter~~, ~~ethanol blended fuel and~~
13 ~~biodiesel motor fuel shall be classified in the same manner,~~
14 including a renewable fuel, must meet the same standards and
15 classifications as provided in ~~section 214A.2~~.

16 Sec. 88. Section 159A.13, subsection 6, Code 2022, is
17 amended by striking the subsection.

18 Sec. 89. Section 159A.14, subsections 1 and 2, Code 2022,
19 are amended to read as follows:

20 1. The purpose of the program is to improve retail
21 motor fuel sites by installing, replacing, or converting
22 infrastructure to be used to store, blend, or dispense
23 renewable fuel. The infrastructure shall be ethanol
24 infrastructure or biodiesel infrastructure.

25 a. (1) ~~Ethanol infrastructure shall be designed and used~~
26 ~~exclusively~~ have the capacity to do any of the following:

27 (a) ~~Store and dispense E-15 gasoline. At least for the~~
28 ~~period beginning on September 16 and ending on May 31 of each~~
29 ~~year, the ethanol infrastructure must be used to store and~~
30 ~~dispense E-15 gasoline as a registered fuel recognized by the~~
31 ~~United States environmental protection agency.~~

32 (b) Store and dispense E-85 gasoline.

33 (c) (b) Store, blend, and dispense ~~motor fuel~~ ethanol or
34 ethanol blended gasoline from a motor fuel blender pump. The
35 ~~ethanol infrastructure must be used for the storage of ethanol~~

1 ~~or ethanol blended gasoline, or for blending ethanol with~~
2 ~~gasoline.~~ The ethanol infrastructure must at least include
3 a motor fuel blender pump ~~which~~ that dispenses different
4 classifications of ethanol blended gasoline and allows E-15
5 gasoline and E-85 gasoline to be dispensed at all times that
6 the blender pump is operating.

7 (2) Biodiesel infrastructure shall ~~be designed and used~~
8 ~~exclusively~~ have the capacity to do any of the following:

9 (a) Store and dispense biodiesel or biodiesel blended fuel
10 classified as B-20 or higher.

11 (b) ~~Blend or~~ Store, blend, and dispense biodiesel fuel
12 from a motor fuel blender pump. The biodiesel infrastructure
13 must at least include a motor fuel blender pump that dispenses
14 different classifications of biodiesel blended fuel and allows
15 biodiesel blended fuel classified as B-5 or higher to be
16 dispensed at all times that the blender pump is operating.

17 *b.* The infrastructure must be part of the premises of
18 a retail motor fuel site operated by a retail dealer. The
19 infrastructure shall not include a tank vehicle.

20 2. *a.* A person may apply to the department to receive
21 financial incentives ~~on a cost-share basis~~ according to
22 procedures required by the department. The department shall
23 accept a timely received application to improve a retail
24 motor fuel site as provided in this section and forward the
25 applications that application to the underground storage tank
26 fund infrastructure board, as required by that the board, for
27 evaluation and recommendation. ~~The underground storage tank~~
28 ~~fund board may rank the applications with comments and shall~~
29 ~~forward them to the infrastructure board for~~ its approval or
30 disapproval.

31 *b.* The application shall allow the department to determine
32 whether the person is a retail dealer assigned special status.
33 The department shall assign the person special status if
34 the person does not comply with the E-15 access standard
35 as provided in section 214A.32 only because the person is

1 ineligible to be issued an E-15 incompatible infrastructure
2 class 2 waiver order for that retail motor fuel site as
3 provided in section 214A.35, subsection 6.

4 c. The infrastructure board may establish a system to
5 rank applications for approval. In ranking applications, the
6 infrastructure board may provide special priority to any of the
7 following:

8 (1) A retail motor fuel site that has been constructed and
9 is operating.

10 (2) (a) A retail motor fuel site owned or operated by a
11 person who the department assigns special status as provided
12 in paragraph "b".

13 (b) (i) This subparagraph shall be implemented on January
14 1, 2023.

15 (ii) This subparagraph division is repealed January 2,
16 2023.

17 d. The department shall award financial incentives on a
18 cost-share basis to an eligible person whose application was
19 approved by the infrastructure board.

20 Sec. 90. Section 159A.14, subsection 3, unnumbered
21 paragraph 1, Code 2022, is amended to read as follows:

22 The infrastructure board shall approve cost-share
23 agreements executed by the department and persons that the
24 infrastructure board determines are eligible as provided in
25 this section, according to terms and conditions required by the
26 infrastructure board. The infrastructure board shall determine
27 the amount of the financial incentives to be awarded to a
28 person participating in the program. The determination may be
29 based on applications prioritized for approval as described in
30 subsection 2. In order to be eligible to participate in the
31 program, all of the following must apply:

32 Sec. 91. Section 159A.14, subsection 5, Code 2022, is
33 amended to read as follows:

34 5. An award of financial incentives to a participating
35 person shall be on a cost-share basis in the form of a grant.

1 To participate in the program, an eligible person must execute
2 a cost-share agreement with the department as approved by
3 the infrastructure board in which the person contributes a
4 percentage of the total costs related to improving the retail
5 motor fuel site.

6 a. A cost-share agreement shall be for a ~~three-year period~~
7 ~~or a five-year period.~~

8 b. (1) For the term of an agreement to improve a retail
9 motor fuel site by installing, replacing, or converting ethanol
10 infrastructure, the participating person must use the ethanol
11 infrastructure to store and dispense, or store, blend, and
12 dispense, ethanol blended gasoline classified as E-15 or
13 higher.

14 (2) For the term of an agreement to improve a motor
15 fuel site by installing, replacing, or converting biodiesel
16 infrastructure, the participating person must use the biodiesel
17 infrastructure to store and dispense, or store, blend, and
18 dispense, biodiesel blended fuel classified as B-5 or higher.
19 However, at least for the period beginning April 1 and ending
20 October 31 of each year, the participating person must use
21 the biodiesel infrastructure to store and dispense, or store,
22 blend, and dispense, biodiesel blended fuel classified as B-11
23 or higher.

24 c. A cost-share agreement shall include provisions for
25 standard financial incentives or standard financial incentives
26 and supplemental financial incentives as provided in this
27 subsection. The infrastructure board may approve multiple
28 improvements to the same retail motor fuel site for the full
29 amount available for both ethanol infrastructure and biodiesel
30 infrastructure so long as the improvements for ethanol
31 infrastructure and for biodiesel infrastructure are made under
32 separate cost-share agreements.

33 ~~a.~~ d. (1) Except as provided in paragraph ~~"b"~~ "e",
34 a participating person may be awarded standard financial
35 incentives to make improvements to a retail motor fuel site.

1 The standard financial incentives awarded to a participating
2 person shall not exceed ~~the following:~~

3 ~~(a) For a three-year cost-share agreement, fifty percent of~~
4 ~~the actual cost of making the improvement or thirty thousand~~
5 ~~dollars, whichever is less.~~

6 ~~(b) For a five-year cost-share agreement, seventy percent~~
7 ~~of the actual cost of making the improvement or fifty thousand~~
8 ~~dollars, whichever is less.~~

9 (2) (a) The infrastructure board may approve multiple
10 awards of standard financial incentives to make improvements to
11 a the retail motor fuel site so long as the total amount of the
12 awards for ethanol infrastructure or biodiesel infrastructure
13 does not exceed the limitations provided in subparagraph (1).

14 (b) If the department determines that a participating
15 person is assigned special status because the participating
16 person is ineligible to be issued an E-15 incompatible
17 infrastructure class 2 waiver order for the retail motor fuel
18 site as provided in subsection 2, the infrastructure board may
19 approve one or multiple awards of standard financial incentives
20 to make improvements to that retail motor fuel site subject to
21 all of the following:

22 (i) The total amount of awards shall not be reduced by
23 the amount of any standard financial incentives awarded to
24 improve the retail motor fuel site before the department's
25 determination, notwithstanding subparagraph division (a).

26 (ii) The total amount of awards for ethanol infrastructure
27 or biodiesel infrastructure shall not exceed the limitations
28 provided in subparagraph (1).

29 ~~b. e.~~ In addition to any standard financial incentives
30 awarded to a participating person under paragraph ~~"a"~~ "d", the
31 participating person may be awarded supplemental financial
32 incentives to make improvements to a retail motor fuel site to
33 ~~do any of the following:~~

34 ~~(1) Upgrade or replace a dispenser which is part of~~
35 ~~gasoline storage and dispensing infrastructure used to store~~

1 ~~and dispense E-85 gasoline as provided in [section 455G.31](#).~~
2 ~~The participating person is only eligible to be awarded the~~
3 ~~supplemental financial incentives if the person installed the~~
4 ~~dispenser not later than sixty days after July 27, 2011. The~~
5 ~~supplemental financial incentives awarded to the participating~~
6 ~~person shall not exceed seventy-five percent of the actual cost~~
7 ~~of making the improvement or thirty thousand dollars, whichever~~
8 ~~is less.~~

9 ~~(2)~~ To improve additional retail motor fuel sites owned or
10 operated by a participating person within a twelve-month period
11 as provided in the cost-share agreement. The supplemental
12 financial incentives shall be used for the installation
13 of an additional motor fuel storage tank and associated
14 infrastructure at each such retail motor fuel site. A
15 participating person may be awarded supplemental financial
16 incentives under this ~~subparagraph~~ paragraph and standard
17 financial incentives under paragraph ~~"a"~~ "d" to improve the
18 same retail motor fuel site. The supplemental financial
19 incentives awarded to the participating person shall not
20 exceed twenty-four thousand dollars. The participating person
21 shall be awarded the supplemental financial incentives on a
22 cumulative basis according to the schedule provided in this
23 ~~subparagraph~~ paragraph, which shall not exceed the following:

24 ~~(a)~~ (1) For the second retail motor fuel site, six thousand
25 dollars.

26 ~~(b)~~ (2) For the third retail motor fuel site, six thousand
27 dollars.

28 ~~(c)~~ (3) For the fourth retail motor fuel site, six thousand
29 dollars.

30 ~~(d)~~ (4) For the fifth retail motor fuel site, six thousand
31 dollars.

32 Sec. 92. Section 159A.15, subsection 1, Code 2022, is
33 amended to read as follows:

34 1. A person may apply to the department to receive financial
35 incentives on a cost-share basis. ~~The department shall forward~~

1 ~~the applications to the underground storage tank fund board as~~
2 ~~required by that board for evaluation and recommendation. The~~
3 ~~underground storage tank fund board may rank the applications~~
4 ~~with comments and shall forward them to the infrastructure~~
5 ~~board for approval or disapproval. The department shall award~~
6 financial incentives ~~on a cost-share basis~~ to an eligible
7 person whose application was approved by the infrastructure
8 board.

9 Sec. 93. Section 159A.16, subsection 3, Code 2022, is
10 amended to read as follows:

11 3. Moneys in the renewable fuel infrastructure fund are
12 appropriated to the department exclusively to support and
13 market the renewable fuel infrastructure programs as provided
14 in [sections 159A.14](#) and [159A.15](#), and as allocated in financial
15 incentives by the renewable fuel infrastructure board created
16 in [section 159A.13](#). ~~Up to fifty~~

17 a. For each fiscal year, not more than one million
18 two hundred fifty thousand dollars shall be allocated to
19 support the renewable fuel infrastructure program for retail
20 motor fuel sites as provided in section 159A.14 to finance
21 the installation, replacement, or conversion of biodiesel
22 infrastructure as provided in that section.

23 b. For each fiscal year, not more than one hundred thousand
24 dollars shall be allocated ~~each fiscal year~~ to the department
25 to support the administration of the programs. The

26 c. For each fiscal year, the department may use up to
27 one and one-half percent of the program funds to market the
28 programs. Otherwise the moneys shall not be transferred, used,
29 obligated, appropriated, or otherwise encumbered except to
30 allocate as financial incentives under the programs.

31 EXPLANATION

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

34 OVERVIEW. This bill provides a number of mechanisms to
35 promote the use of renewable fuels used to power internal

1 combustion engines that operate motor vehicles (e.g., both
2 conventional and flex-fuel). The bill provides for both
3 compliance requirements regulating the storage and dispensing
4 of renewable fuel, and promotional measures (specifically
5 financial and tax incentives) to increase the availability and
6 opportunity for consumers to select a renewable fuel.

7 OVERVIEW — TYPES AND CLASSIFICATIONS OF RENEWABLE FUELS.

8 The term "motor fuel" is sometimes used to describe both
9 gasoline and diesel fuel (Code chapter 214A) but is also
10 used to describe only gasoline, while the term "special
11 fuel" is used to describe diesel fuel (Code chapter 452A).
12 The term "renewable fuel" is used to describe gasoline or
13 diesel fuel when blended with a percentage of its biofuel
14 component (biofuel). For gasoline, the biofuel, referred to
15 as ethanol, is denatured grain (corn) alcohol. For diesel
16 fuel, the biofuel, referred to as biodiesel, is derived from
17 processed animal fat or plant (soybean) oil. Renewable fuel
18 is based on the percentage of biofuel present in a volume
19 (gallon) of gasoline or diesel fuel (Code section 214A.2).
20 The biofuel's percentage is designated by its classification.
21 Ethanol is abbreviated as "E" and biodiesel is abbreviated as
22 "B". The term "xx" is a variable which represents the biofuel
23 percentage present by volume. Typically, a statute establishes
24 a classification threshold meaning that a renewable fuel
25 must have a minimum biofuel percentage. For ethanol blended
26 gasoline, the most widely recognized classification thresholds
27 are E-10, E-15, and E-85; and for biodiesel blended fuel, the
28 most widely recognized threshold classifications are B-5, B-11,
29 and B-20. For E-85, the biofuel percentage ranges from 70
30 percent to 85 percent.

31 OVERVIEW — STATE AGENCIES REGULATING AND PROMOTING
32 RENEWABLE FUELS. State agencies responsible for administering
33 and enforcing regulations and awarding promotional incentives
34 include the department of agriculture and land stewardship
35 (DALS), the department of natural resources (DNR), the state

1 fire marshal (SFM), the department of revenue (DOR), and the
2 department of administrative services (DAS) together with
3 various agencies that operate the state's motor vehicle fleet.

4 OVERVIEW — REGULATION OF MOTOR FUEL (DALS). DALS is
5 responsible for setting standards for motor fuel (defined to
6 include gasoline and diesel fuel), including renewable fuel and
7 its biofuel components. Generally, the regulations are based
8 on voluntary global specifications adopted and published by a
9 widely recognized private association, A.S.T.M. international
10 (Code section 214A.2). DALS regulates the advertising of motor
11 fuel to ensure that it complies with applicable standards and
12 classifications (Code sections 214A.2 and 214A.3). A retail
13 dealer must notify a consumer at the pump that the motor fuel
14 being dispensed is a renewable fuel. Specifically, a sticker
15 must be placed on the motor fuel dispenser (dispenser) used to
16 discharge the renewable fuel (Code section 214A.16). DALS also
17 regulates the licensure of retail dealers and the inspection
18 of meters used to measure the discharge of motor fuel pumped
19 from a motor fuel storage tank (storage tank) to a dispenser
20 at either a fixed location such as a service station or a
21 mobile location such as a tank wagon (Code chapters 214 and 215
22 regulating weights and measures). The term motor fuel pump
23 (pump), including a motor fuel blender pump, is often used
24 colloquially to describe the meter which is equipment sealed
25 from tampering and used to record and display the volume of
26 motor fuel dispensed and to calculate the purchase price. A
27 retail dealer is licensed by DALS to operate a metered motor
28 fuel pump used to dispense motor fuel (Code section 214.2).

29 Generally, a person who violates a regulation relating
30 to a motor fuel standard is guilty of a serious misdemeanor
31 punishable by confinement for no more than one year and a fine
32 of at least \$430 but not more than \$2,560 with each day that
33 a continuing violation occurs considered a separate offense
34 (Code section 214A.11(1)). Alternatively, DALS may proceed
35 against the person by initiating an administrative (contested

1 case) proceeding in which the applicable civil penalty ranges
2 from \$100 to \$1,000 per violation (Code section 214A.11(2)).
3 A retail dealer who violates standards for the operation of a
4 metered pump (e.g., tampering) is subject to administrative
5 action, including having a metered pump placed out of service
6 (Code section 215.4).

7 OVERVIEW — REGULATION OF MOTOR FUEL INFRASTRUCTURE (DNR
8 AND SFM). Generally, DNR is required to regulate underground
9 infrastructure, including a storage tank used to hold gasoline
10 or diesel fuel, including associated renewable fuels, in a
11 manner that prevents water pollution (Code chapter 455G). The
12 SFM regulates the storage, transportation, handling, or use
13 of flammable or combustible liquids including an aboveground
14 storage tank holding gasoline or diesel fuel and associated
15 renewable fuels (Code chapter 101).

16 OVERVIEW — STATE VEHICLE USE OF RENEWABLE FUELS (DAS
17 AND VARIOUS STATE ENTITIES). DAS and other state entities
18 maintaining the state motor vehicle fleet must operate
19 those motor vehicles using a renewable fuel which must be
20 either ethanol blended gasoline or biodiesel blended fuel,
21 if commercially available. State agencies subject to the
22 requirement include DAS (Code chapter 8A), the commission for
23 the blind (Code chapter 216B), the state board of regents (Code
24 chapter 262), the department of transportation (Code chapter
25 307), and the department of corrections (Code chapter 904).

26 OVERVIEW — RENEWABLE FUEL PROMOTION — INCOME TAX CREDIT
27 PROGRAMS (DOR). DOR administers three renewable fuel income
28 tax credit programs, including the E-85 gasoline promotion
29 tax credit (Code sections 422.11O and 422.33(11B)), the E-15
30 plus gasoline promotion tax credit (Code sections 422.11Y
31 and 422.33(11D)), and the biodiesel blended fuel tax credit
32 (Code sections 422.11P and 422.33(11C)). For each tax
33 credit program, the amount of the tax credit is calculated by
34 multiplying the number of gallons of a renewable fuel that
35 meets a threshold classification sold at the retail site or

1 on a companywide basis and reported to DOR during the prior
 2 determination period by a designated rate. For the E-85
 3 gasoline promotion tax credit, the designated rate is 16 cents.
 4 For the biodiesel blended fuel tax credit, the designated rate
 5 is 3.5 cents for B-5 or higher but not as high as B-11 and 5
 6 cents for B-11 or higher. For the E-15 plus gasoline promotion
 7 tax credit, the designated rate depends upon the time of the
 8 year. For the first period beginning January 1 and ending May
 9 31, it is 3 cents, for the second period beginning June 1 and
 10 ending September 15, it is 10 cents, and for the third period
 11 beginning September 16 and ending December 31, it returns to 3
 12 cents. All three tax rates expire on January 1, 2025.

13 OVERVIEW — RENEWABLE FUEL PROMOTION — EXCISE TAXES
 14 (DOR). DOR compiles information from reports submitted by
 15 retail dealers regarding the total gallonages of gasoline and
 16 diesel fuel sold to consumers during the prior calendar year
 17 (determination period). The information includes sales of
 18 renewable fuels according to classification (Code sections
 19 452A.31 and 452A.33). The information compiled by a retail
 20 dealer is used as the basis for calculating a promotional
 21 income tax credit claimed by the retail dealer. The aggregated
 22 information is used by DOR to calculate the amount of
 23 promotional incentives awarded in the form of reduced excise
 24 taxes imposed on certain renewable fuel sold in this state
 25 (Code chapter 452A). Specifically, DOR calculates the excise
 26 tax for ethanol blended gasoline classified as E-15 or higher
 27 and for biodiesel fuel classified as B-11 or higher for each
 28 12-month period beginning July 1 and ending June 30 (coinciding
 29 with the state fiscal year) (Code section 452A.3).

30 OVERVIEW — RENEWABLE FUEL PROMOTION — DEDUCTION OF EXCISE
 31 TAX FOR LICENSED RENEWABLE FUEL BLENDEES (DOR). The excise
 32 tax is imposed on gasoline and undyed ("clear") diesel fuel
 33 when it is "withdrawn from a terminal", meaning the physical
 34 movement from a storage and distribution facility (removed from
 35 the rack) or the shipment of ethanol from its manufacturer to

1 a nonterminal location (701 IAC 67.1). A person who produces
2 a renewable fuel by combining gasoline or diesel fuel with
3 its biofuel component at a nonterminal location must obtain
4 a blender's license (Code section 452A.6). The licensed
5 blender may be liable for the amount of any underpayment of the
6 excise tax due or may be entitled to receive a refund for any
7 overpayment of the excise tax due, depending on the amount of
8 the tax paid on the biofuel and whether the renewable fuel to
9 be sold meets the threshold classification for ethanol blended
10 gasoline (E-15) or biodiesel blended fuel (B-11) (Code section
11 452A.8 and 701 IAC 68.4).

12 OVERVIEW — RENEWABLE FUEL SALES AND USE TAX PROMOTION —
13 BIODIESEL PRODUCERS. A producer of biodiesel registered with
14 the EPA (40 C.F.R. §79.4) who manufactures biodiesel meeting
15 DALS standards (Code section 214A.2) is entitled to claim a
16 refund of sales and use taxes paid (Code section 423.4(9)).
17 The amount of the refund is 2 cents multiplied by the total
18 number of gallons of biodiesel during each quarter of the year.
19 However, a producer is not entitled to claim a refund during
20 a calendar year on any gallon in excess of 25 million gallons
21 produced at a facility. The refund expires on January 1, 2025.

22 OVERVIEW — PROMOTION OF RENEWABLE FUEL AT RETAIL SITES
23 (DALS). DALS promotes renewable fuels by administering
24 the renewable fuel infrastructure program for retail motor
25 fuel sites (infrastructure program) in cooperation with
26 the renewable fuel infrastructure board (Code chapter 159A,
27 subchapter III). Under the infrastructure program, DALS enters
28 into an agreement with a retail dealer to improve a retail
29 site by installing, replacing, or converting infrastructure,
30 including storage tanks, pumps, dispensers, and associated
31 equipment (e.g., fittings and pipes). Specifically, financial
32 incentives are awarded on a cost-share basis to store a biofuel
33 classified as E-100 or B-100, or to store and dispense a
34 renewable fuel having a threshold classification of E-15 or
35 B-1 (Code section 159A.14). The award of financial incentives

1 is based on either a three-year agreement with the state's
2 incurred cost share limited to 50 percent of the actual
3 costs incurred or \$30,000, whichever is less, or a five-year
4 agreement with the state cost share limited to 70 percent of
5 the actual costs incurred or \$50,000, whichever is less. A
6 participating person may receive multiple awards to improve the
7 same retail site so long as the total amount of awards does not
8 exceed the percentage or dollar amount limit. A retail dealer
9 who acts in violation of an agreement is subject to a civil
10 penalty of up to \$1,000 per day (Code section 159A.14(7)).
11 The infrastructure program is supported by the renewable
12 fuel infrastructure fund (infrastructure fund) (Code section
13 159A.16).

14 BILL IN SUMMARY — REQUIREMENTS — COMPLIANCE WITH THE
15 E-15 ACCESS STANDARD (DAL5). The bill creates an E-15 access
16 standard (new Code section 214A.31) beginning January 1,
17 2023. In order to comply with the E-15 access standard, a
18 retail dealer must advertise and sell E-15 gasoline from a
19 minimum number of qualifying dispensers (i.e., a dispenser
20 that dispenses gasoline) located at the retail dealer's retail
21 site. The number of qualified dispensers required depends on
22 whether the retail dealer installed, replaced, or converted a
23 gasoline storage tank on or after that date. If so, a general
24 form of compliance applies and the retail dealer must dispense
25 E-15 gasoline from at least 50 percent of all qualified
26 gasoline dispensers located at the retail site. If the retail
27 site has only one qualified dispenser, that dispenser must
28 dispense E-15 gasoline. An alternative form of compliance
29 applies if the retail dealer has not installed, replaced,
30 or converted a gasoline storage tank on or after that date.
31 Under the alternative form of compliance, the retail dealer
32 is not required to dispense E-15 gasoline from any qualified
33 dispenser until January 1, 2026. On and after that date, two
34 conditions must be met: (1) the retail dealer still cannot
35 install, replace, or convert a gasoline storage tank, and (2)

1 the retail dealer must advertise and sell E-15 gasoline from
 2 one qualified dispenser located at the retail motor fuel site.
 3 If the retail dealer fails to meet any of the two conditions
 4 under the alternative form of compliance, the retail dealer is
 5 subject to the general form of compliance and must immediately
 6 advertise and sell E-15 gasoline from the minimum number (one
 7 or 50 percent) of the qualified dispensers at the retail site.

8 BILL IN SUMMARY — REQUIREMENTS — COMPLIANCE WITH
 9 E-15 ACCESS STANDARD — SUSPENSION AND WAIVERS. The bill
 10 exempts certain unqualified dispensers from the E-15 access
 11 standard, including those dispensers that exclusively dispense
 12 aviation gasoline, diesel fuel, or kerosene (new Code section
 13 214A.32). It also exempts dispensers that are part of a tank
 14 vehicle dispensing motor fuel off-site. A special exemption
 15 applies when the retail dealer cannot meet the E-15 access
 16 standard because of maintenance, repair, or reconditioning of
 17 infrastructure or the installation, expansion, replacement,
 18 or conversion of infrastructure. The governor may issue an
 19 executive order that suspends compliance by all retail dealers
 20 doing business in the state or a geographic segment of the
 21 state (new Code section 214A.33). The governor's suspension
 22 order must be supported by credible evidence that market forces
 23 or existing infrastructure prevents compliance. The secretary
 24 of agriculture may issue either of two administrative orders
 25 that waive compliance by a retail dealer on a site-by-site
 26 basis. The E-15 unavailability waiver order must be based on
 27 credible evidence that a retail dealer has not been able to
 28 reasonably obtain E-15 gasoline (new Code section 214A.34).
 29 The E-15 incompatible infrastructure waiver order must be
 30 based on credible evidence that the motor fuel storage and
 31 dispensing infrastructure located at the retail motor fuel
 32 site is not compatible with the use of E-15 gasoline. The
 33 secretary of agriculture may issue either a class 1 or class
 34 2 E-15 incompatible infrastructure waiver order (new Code
 35 section 214A.35). A class 1 waiver order is based on the age

1 of all motor fuel tanks dispensing gasoline, and specifically
 2 the date of installation and the construction materials used
 3 (specifically fiberglass). A class 2 waiver order is based on
 4 an evaluation of the motor fuel site to determine if the motor
 5 fuel storage and dispensing infrastructure is not compatible
 6 with E-15 gasoline. The evaluation must be completed by
 7 DALs or a certified professional retail motor fuel site
 8 installer (installer) certified by DALs. In addition, the
 9 total estimated cost of the improvement must exceed the E-15
 10 infrastructure base amount which equals the maximum amount of
 11 financial incentives that the retail dealer could be awarded
 12 under the renewable fuel infrastructure program for retail
 13 dealers (amended Code section 159A.14). The secretary must
 14 terminate a class 1 or class 2 waiver order based on the
 15 occurrence of any number of specified events, including the
 16 failure of the retail dealer to be licensed under weights
 17 and measures regulations governing motor fuel pumps (Code
 18 section 214.2); the cessation of the retail dealer's business;
 19 or the installation, replacement, or conversion of a motor
 20 fuel storage tank. A retail dealer or installer who falsely
 21 completes an application for a class 1 or class 2 waiver
 22 order commits perjury and is subject to a class "D" felony
 23 (punishable by confinement for no more than five years and a
 24 fine of at least \$1,025 but not more than \$10,245).

25 BILL IN SUMMARY — REQUIREMENTS — RETAIL MOTOR FUEL SITE
 26 INSPECTIONS AND REGULATION OF RETAIL DEALER ADVERTISING (DALs).
 27 The bill provides that when conducting an inspection of metered
 28 pumps located at a retail site to determine compliance with
 29 weights and measures regulations, DALs is also required to
 30 determine compliance with the E-15 access standard (amended
 31 Code section 214.12). A retail dealer is prohibited from
 32 falsely advertising for sale gasoline or diesel fuel, including
 33 by advertising a false classification (amended Code section
 34 214A.3). The bill eliminates a provision requiring that a
 35 decal be placed on a dispenser notifying consumers that motor

1 fuel being dispensed is a renewable fuel (amended Code section
2 159A.6 and repealed Code section 214A.16). The bill does not
3 affect federal labeling requirements, including by the United
4 States environmental protection agency under the Clean Air Act
5 Amendments of 1990 (42 U.S.C. §7545 and 40 C.F.R. pt. 1090) or
6 by the United States department of energy and the United States
7 federal trade commission (15 U.S.C. §2801 et seq., 42 U.S.C.
8 §17021, 16 C.F.R. pt. 306, and 40 C.F.R. §80.1501(a)).

9 BILL IN SUMMARY — REQUIREMENTS — RETAIL DEALER
10 DISCIPLINARY ACTION AND ENFORCEMENT (DALS). The bill provides
11 that a retail dealer who violates the E-15 access standard
12 is subject to a disciplinary action which may result in the
13 suspension or revocation of the retail dealer's license issued
14 under weights and measures regulations (new Code section
15 214A.36).

16 BILL IN DETAIL — REQUIREMENTS — NEW INSTALLATION OF
17 GASOLINE AND BIODIESEL INFRASTRUCTURE AT RETAIL DEALER SITES
18 (DNR AND SFM). The bill provides that new infrastructure
19 required to be installed to store and dispense E-85 gasoline
20 or B-20 biodiesel fuel must be (1) listed with an independent
21 testing laboratory (e.g., underwriters laboratories) or
22 approved by the manufacturer and (2) approved by DNR or the
23 SFM, unless such approval is waived based on compliance with a
24 substitute requirement (new Code sections 455G.32 and 455G.33,
25 which are similar to amended Code section 455G.31 excusing the
26 storage of ethanol blended gasoline classified as higher than
27 E-9, which the bill increases to E-10).

28 BILL IN SUMMARY — REGULATION OF MOTOR VEHICLES POWERED BY
29 QUALIFIED RENEWABLE FUELS AND PURCHASE OF QUALIFIED RENEWABLE
30 FUELS BY STATE GOVERNMENT ENTITIES. The bill provides that DAS
31 and other state entities administering the state government
32 fleet must provide that state motor vehicles operating using
33 engines powered by gasoline or diesel fuel must use the
34 highest classification of qualified renewable fuel available.
35 A qualified renewable fuel is limited to ethanol blended

1 gasoline or biodiesel blended fuel. Certain limitations
 2 apply: (1) the qualified renewable fuel must be warranted
 3 by the motor vehicle's manufacturer, (2) that classification
 4 of qualified renewable fuel must be available, and (3) an
 5 emergency situation must not exist. In addition, DAS and the
 6 other state entities must revise their bidding procedures as
 7 necessary to account for the purchase of motor vehicles that
 8 operate using engines powered by biodiesel blended fuel having
 9 a threshold classification of B-20 (new Code section 8A.368).
 10 DAS, in cooperation with the other entities, is required to
 11 prepare an annual report to be submitted to the governor and
 12 general assembly providing information regarding the number
 13 of state motor vehicles using engines powered using motor
 14 fuel, including gasoline and diesel fuel, the number of those
 15 motor vehicles capable of being powered using ethanol blended
 16 gasoline meeting a threshold classification of E-15 and E-85 or
 17 biodiesel blended fuel meeting a threshold classification of
 18 B-20, and the number of gallons of qualified renewable fuels
 19 purchased (new Code section 8A.369 and amended Code sections
 20 216B.3, 262.25A, 307.21, and 904.312A).

21 BILL IN SUMMARY — PROMOTION — TAX CREDITS. The bill
 22 extends the period before promotional tax credits expire. For
 23 the E-85 gasoline promotion tax credit, the extended date is
 24 January 1, 2028 (amended Code sections 422.110 and 422.33
 25 (11B)); for the biodiesel blended fuel tax credit, the extended
 26 date is January 1, 2028 (amended Code sections 422.11P and
 27 422.33(11C)); and for the E-15 plus gasoline tax credit,
 28 the extended date is January 1, 2026 (amended Code sections
 29 422.11Y and 422.33(11D)). The bill changes the threshold
 30 classifications and designated rates for two of the tax credits
 31 beginning January 1, 2023. This includes the biodiesel blended
 32 fuel tax credit (5 cents for B-11, 7 cents for B-20, 10 cents
 33 for B-30) and the E-15 plus gasoline promotion tax credit (a
 34 flat 9 cents). The new rates for the biodiesel blended fuel
 35 tax credit for part of the second step of the threshold (higher

1 than B-20 but not as high as B-30) and the third full step of
2 the threshold (B-30 and higher) take effect after standards for
3 those classifications are established by DALs.

4 BILL IN SUMMARY — PROMOTION — RETAIL DEALER REPORTING
5 OF GALLONAGES OF GASOLINE AND DIESEL FUEL (DOR). Beginning
6 January 1, 2022, a retail dealer must include additional
7 information regarding subclassifications of ethanol blended
8 gasoline gallonages and biodiesel blended fuel gallonages for
9 each reported determination period submitted to DOR to allow a
10 retail dealer to calculate a promotional tax credit and DOR to
11 calculate the promotional excise tax imposed on ethanol blended
12 gasoline and biodiesel blended fuel. The bill provides that
13 DOR may require reports by retail dealers to be submitted by
14 electronic transmission and that DOR may grant an extension
15 to a retail dealer to submit a report. Otherwise, a retail
16 dealer who does not submit a timely report is subject to a
17 \$100 civil penalty. The bill extends the expiration of the
18 promotional excise tax rates for both ethanol blended gasoline
19 and biodiesel blended fuel to July 1, 2030. It also increases
20 the threshold classification for biodiesel blended fuel to B-20
21 beginning July 1, 2024.

22 BILL IN SUMMARY — PROMOTION — EXCISE TAX PAID BY LICENSED
23 BLENDERS SUBJECT TO DEDUCTION IN LIEU OF REFUND (DOR). The
24 bill provides that a licensed blender is no longer required
25 to apply for a refund for an overpayment amount. Instead,
26 the gallonage of gasoline or diesel fuel withdrawn from a
27 terminal by a supplier for purchase by a licensed blender is
28 subject to a deduction on ethanol blended gasoline or biodiesel
29 blended gasoline after it is blended to meet its classification
30 threshold (amended Code section 452.8). This provision is
31 repealed July 1, 2030.

32 BILL IN SUMMARY — PROMOTION — SALES AND USE TAXES PAID BY
33 BIODIESEL PRODUCER SUBJECT TO PROMOTIONAL REFUND (DOR). The
34 bill provides that beginning January 1, 2023, the amount of
35 the refund of sales and use taxes entitled to be claimed by

1 a biodiesel producer is increased to 4 cents per gallon per
2 quarter of each calendar year up to the 25 million gallonage
3 limit (amended Code section 423.4).

4 BILL IN SUMMARY — PROMOTION — FINANCING RETAIL SITE
5 INFRASTRUCTURE (DALIS). The bill provides that the underground
6 storage tank fund board is no longer involved in evaluating
7 applications submitted under the renewable fuel infrastructure
8 program (amended Code section 159A.14) and the renewable fuel
9 infrastructure program for biodiesel terminal facilities
10 (amended Code section 159A.15). The infrastructure board may
11 establish a system to rank applications to participate in the
12 infrastructure program for approval. In ranking applications,
13 the infrastructure board may provide special priority to
14 a retail motor fuel site that has been constructed and is
15 operating. It may also provide special priority to a retail
16 dealer who was not eligible to receive an E-15 incompatible
17 infrastructure class 2 waiver because the total estimated cost
18 of improvement does not exceed the E-15 improvement base amount
19 (assigned special status). An award of financial incentives
20 must be based on a five-year agreement with the state's cost
21 share limited to 70 percent or \$50,000, whichever is less.
22 However, in the case of a special status retail dealer who DALIS
23 determines is ineligible to be issued an E-15 incompatible
24 infrastructure class 2 waiver order, the limits for financing
25 an improvement to the retail dealer's retail site are subject
26 to the 70 percent or \$50,000 regardless of whether the
27 infrastructure board awarded financing to improve that retail
28 site prior to the determination. A retail dealer installing,
29 replacing, or converting ethanol infrastructure must agree
30 to advertise and sell ethanol blended gasoline classified at
31 an E-15 threshold for all 12 months of the year rather than
32 seasonally. A retail dealer by installing, replacing, or
33 converting biodiesel infrastructure must agree to advertise for
34 sale and sell biodiesel blended fuel at a B-5 threshold rather
35 than a B-1 threshold for all 12 months of the year with one

1 exception. The threshold is increased to B-11 from April 1 to
2 October 31. In addition, the bill provides that during any
3 fiscal year, of the moneys appropriated to the infrastructure
4 fund (amended Code section 159A.16), not more than \$1.25
5 million may be allocated to support biodiesel infrastructure
6 under the renewable fuel infrastructure program for retail
7 motor fuel sites. The bill does not limit the amount that
8 may be allocated to support the renewable fuel infrastructure
9 program for biodiesel terminal facilities.