

House File 477 - Introduced

HOUSE FILE 477

BY COMMITTEE ON AGRICULTURE

(SUCCESSOR TO HSB 153)

A BILL FOR

1 An Act relating to qualified motor fuel storage and dispensing
2 infrastructure, by providing for a program to award
3 financial incentives to store and dispense ethanol and
4 ethanol blended gasoline classified as E-15 or higher,
5 providing for a fund, making appropriations, and providing
6 penalties.

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

1 Section 1. Section 159A.11, subsection 8, Code 2021, is
2 amended to read as follows:

3 8. *Terminal* means a storage and distribution facility
4 bearing a terminal control number as required by the federal
5 internal revenue service, which facility is for motor fuel,
6 or a blend stock such as ethanol or biodiesel, that is stored
7 on-site or off-site in bulk, and that is supplied to a motor
8 vehicle, pipeline, or a marine vessel, and from which ~~storage~~
9 ~~and distribution~~ facility the motor fuel or blend stock may
10 be removed at a rack. *Terminal* does not include any of the
11 following:

12 a. A retail motor fuel site.

13 b. A facility at which motor fuel, special fuel, or blend
14 stocks are used in the manufacture of products other than motor
15 fuel and from which no motor fuel or special fuel is removed.

16 Sec. 2. Section 159A.13, subsections 1 and 6, Code 2021, are
17 amended to read as follows:

18 1. The department shall provide the infrastructure board
19 with necessary facilities, items, and clerical support. The
20 department shall perform administrative functions necessary
21 for the management of the infrastructure board and the
22 renewable fuel infrastructure programs as provided in sections
23 159A.14, 159A.14A, and 159A.15, all under the direction of the
24 infrastructure board.

25 6. The infrastructure board shall meet with three or
26 more members of the underground storage tank fund board who
27 shall represent the underground storage tank fund board. The
28 representatives shall be available to advise the infrastructure
29 board when the infrastructure board makes decisions regarding
30 the awarding of financial incentives to a person under a
31 renewable fuel infrastructure program provided in section
32 159A.14, 159A.14A, or 159A.15.

33 Sec. 3. NEW SECTION. 159A.14A E-15 plus gasoline qualified
34 infrastructure program.

35 1. An E-15 plus gasoline qualified infrastructure program

1 is established in the department under the direction of the
2 infrastructure board.

3 2. The purpose of the program is to improve all of the
4 following:

5 a. Existing terminals by installing new fuel storage tanks
6 and related infrastructure to be used to store, blend, or
7 dispense ethanol or ethanol blended gasoline classified as E-15
8 or higher.

9 b. Retail motor fuel sites by installing new infrastructure,
10 or replacing or converting existing infrastructure, to be
11 used to store, blend, or dispense ethanol blended gasoline
12 classified as E-15 or higher.

13 3. a. The ethanol or ethanol blended gasoline classified
14 as E-15 or higher must comply with requirements of the United
15 States environmental protection agency and standards provided
16 in section 214A.2.

17 b. Qualified infrastructure includes tanks and all
18 associated equipment, including but not limited to pipes,
19 hoses, tubes, lines, fittings, valves, filters, seals, and
20 covers. However, qualified infrastructure does not include
21 motor fuel pumps, motor fuel blender pumps, or tank vehicles.

22 4. The infrastructure board shall approve cost-share
23 agreements to make qualified infrastructure improvements
24 if executed by the department and persons that the
25 infrastructure board determines are eligible as provided in
26 this section, according to terms and conditions required by the
27 infrastructure board. The infrastructure board shall determine
28 the amount of the financial incentives to be awarded to a
29 person participating in the program subject to the limitations
30 provided in this section. In order for a person to be eligible
31 to participate in the program, all of the following must apply:

32 a. The person must be any of the following:

33 (1) A terminal operator of a terminal seeking to improve
34 the terminal.

35 (2) The owner or operator of a retail motor fuel site

1 seeking to improve the retail motor fuel site.

2 *b.* The person must apply to the department in a manner and
3 according to procedures required by the infrastructure board.
4 The application must contain all information required by the
5 infrastructure board and shall at least include all of the
6 following:

7 (1) The name of the person and the address of the terminal
8 or retail motor fuel site to be improved.

9 (2) (a) For a terminal, a detailed description of the
10 qualified infrastructure to be installed.

11 (b) For a retail motor fuel site, a detailed description
12 of the qualified infrastructure to be installed, replaced, or
13 converted. The information shall include the model number of
14 each installed, replaced, or converted motor fuel storage tank,
15 if available.

16 (3) A statement describing how the terminal or retail motor
17 fuel site is to be improved, the total estimated cost of the
18 planned improvement, and the proposed date when the qualified
19 infrastructure will be first used following the completion of
20 the improvement.

21 (4) A statement certifying that the qualified
22 infrastructure shall only be used to comply with the provisions
23 of this section and as specified in the cost-share agreement,
24 unless granted a waiver by the infrastructure board pursuant to
25 this section.

26 5. *a.* A terminal improved using financial incentives
27 awarded under this section must comply with applicable federal
28 and state standards governing new motor fuel tanks and related
29 infrastructure used to store and dispense ethanol or ethanol
30 blended gasoline classified as E-15 or higher.

31 *b.* A retail motor fuel site improved using financial
32 incentives awarded under this section must comply with
33 applicable federal and state standards governing new or
34 upgraded motor fuel storage tanks used to store and dispense
35 ethanol blended gasoline classified as E-15 or higher including

1 as provided in section 455B.474. A retail motor fuel site
2 issued a certificate of no further action by the department
3 of natural resources under that section shall retain its
4 classification following modifications necessary to store
5 ethanol blended gasoline classified as E-15 or higher and the
6 owner or operator of the retail motor fuel site shall not be
7 required to perform a new site assessment unless a new release
8 occurs or if a previously unknown or unforeseen risk condition
9 arises.

10 6. An award of financial incentives to a participating
11 person shall be on a cost-share basis in the form of a grant.
12 To participate in the program, an eligible person must execute
13 a cost-share agreement with the department as approved by
14 the infrastructure board, in which the person contributes a
15 percentage of the total costs related to improving the retail
16 motor fuel site or terminal.

17 a. A cost-share agreement shall be for five years. The
18 infrastructure board may approve multiple improvements to
19 the same terminal or retail motor fuel site so long as the
20 improvements are made under separate cost-share agreements.

21 b. (1) The financial incentives awarded to a participating
22 person to improve a terminal or retail motor fuel site shall
23 not exceed fifty percent of the actual cost of making the
24 improvement or six hundred thousand dollars, whichever is less.

25 (2) The infrastructure board may approve multiple awards of
26 financial incentives to make improvements to the same terminal
27 or retail motor fuel site so long as the total amount of awards
28 does not exceed the limitations provided in subparagraph (1).

29 (3) The infrastructure board shall not award a total of
30 more than one million dollars in financial incentives to a
31 participating person during any twelve-month period.

32 7. A participating person who is a terminal operator awarded
33 financial incentives to improve an existing terminal shall
34 not use the installed motor fuel tank or related qualified
35 infrastructure to store and dispense a biofuel other than

1 ethanol or a motor fuel other than ethanol blended gasoline
2 classified as E-15 or higher, unless one of the following
3 applies:

4 *a.* The participating person is granted a waiver by the
5 infrastructure board. The participating person shall store and
6 dispense the biofuel or motor fuel according to the terms and
7 conditions of the waiver.

8 *b.* (1) During a fiscal year of the period beginning July
9 1, 2021, and ending June 30, 2031, the E-15 plus gasoline
10 qualified infrastructure fund created in section 159A.17
11 is immediately repaid the total amount awarded to the
12 participating person together with a monetary penalty equal to
13 twenty-five percent of that awarded amount.

14 (2) This subparagraph is repealed January 1, 2032.

15 *c.* During the fiscal year beginning July 1, 2031, and each
16 fiscal year thereafter, the renewable fuel infrastructure fund
17 created in section 159A.16 is immediately repaid the total
18 amount awarded to the participating person together with a
19 monetary penalty equal to twenty-five percent of that awarded
20 amount.

21 8. A participating person who is the owner or operator of a
22 retail motor fuel site awarded financial incentives to improve
23 a retail motor fuel site by installing new or replacing or
24 converting existing qualified infrastructure shall not use the
25 qualified infrastructure to store and dispense motor fuel other
26 than ethanol blended gasoline classified as E-15 or higher,
27 unless one of the following applies:

28 *a.* The participating person is granted a waiver by the
29 infrastructure board. The participating person shall store or
30 dispense the motor fuel according to the terms and conditions
31 of the waiver.

32 *b.* The renewable fuel infrastructure fund created in section
33 159A.16 is immediately repaid the total amount of moneys
34 awarded to the participating person together with a monetary
35 penalty equal to twenty-five percent of that awarded amount.

1 9. A participating person may be awarded financial
2 incentives under this section regardless of whether the
3 participating person received financial incentives under the
4 renewable fuel infrastructure program for retail motor fuel
5 sites established in section 159A.14.

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

11 Sec. 4. Section 159A.16, subsection 3, Code 2021, is amended
12 to read as follows:

13 3. Moneys in the renewable fuel infrastructure fund are
14 appropriated to the department exclusively to support and
15 market the renewable fuel infrastructure programs as provided
16 in sections 159A.14, 159A.14A, and 159A.15, and as allocated in
17 financial incentives by the renewable fuel infrastructure board
18 created in section 159A.13. ~~Up~~

19 a. (1) For each fiscal year for the period beginning
20 July 1, 2021, and ending June 30, 2031, one million dollars
21 from moneys credited to the renewable fuel infrastructure
22 fund shall be transferred to the E-15 plus gasoline qualified
23 infrastructure fund created in section 159A.17.

24 (2) This paragraph "a" is repealed January 1, 2032.

25 b. Of the remaining moneys in the renewable fuel
26 infrastructure fund, up to fifty thousand dollars shall be
27 allocated each fiscal year to the department to support the
28 administration of the programs. The department may use up to
29 one and one-half percent of the program funds available under
30 this paragraph to market the programs. Otherwise the moneys
31 shall not be transferred, used, obligated, appropriated, or
32 otherwise encumbered except to allocate as financial incentives
33 under the programs.

34 Sec. 5. NEW SECTION. 159A.17 E-15 plus gasoline qualified
35 infrastructure fund.

1 1. An E-15 plus gasoline qualified infrastructure fund
2 is created in the state treasury under the control of the
3 department. The fund is separate from the general fund of the
4 state.

5 2. The E-15 plus gasoline qualified infrastructure fund is
6 composed of moneys appropriated by the general assembly and
7 moneys available to and obtained or accepted by the department
8 from the United States government or private sources for
9 placement in the fund.

10 3. Moneys in the E-15 plus gasoline qualified
11 infrastructure fund are appropriated to the department
12 exclusively to support the E-15 plus gasoline qualified
13 infrastructure program by financing improvements to
14 existing terminals where new fuel storage tanks and related
15 infrastructure are installed as provided in section 159A.14A.

16 4. *a.* Notwithstanding section 12C.7, interest or earnings
17 on moneys in the E-15 plus gasoline qualified infrastructure
18 fund shall be credited to the fund.

19 *b.* Notwithstanding section 8.33, unencumbered and
20 unobligated moneys remaining in the fund at the close of each
21 fiscal year shall not revert but shall remain available in the
22 fund for the purposes designated.

23 5. Notwithstanding subsection 3, any unencumbered and
24 unobligated moneys remaining in the E-15 plus gasoline
25 qualified infrastructure fund on June 30, 2031, shall be
26 transferred to the renewable fuel infrastructure fund created
27 in section 159A.16.

28 6. This section is repealed January 1, 2032.

29

EXPLANATION

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

32 This bill creates an E-15 plus gasoline qualified
33 infrastructure program (program) to award financial incentives
34 to improve terminals and retail motor fuel sites (retail
35 sites) by installing new motor fuel storage tanks (e.g.,

1 underground storage tanks) and associated fittings and
2 equipment. Qualified infrastructure does not include certain
3 items associated with dispensing motor fuel (e.g., motor fuel
4 pumps or tank wagons). The financial awards may also be used
5 to replace or convert qualified infrastructure at retail
6 sites. The moneys are awarded by the department of agriculture
7 and land stewardship (DALs) working in cooperation with the
8 renewable fuel infrastructure board (board) (Code section
9 159A.13). Awards are made to a terminal operator or the owner
10 or operator of a retail site (participating person). The bill
11 imposes caps on the amount that may be awarded to improve a
12 terminal or retail site to the same participating person during
13 any 12-month period. An award to a participating person is
14 based on a five-year cost-share agreement (agreement) executed
15 by the participating person and DALs acting in cooperation with
16 the board. The bill provides that the board may waive the
17 requirement that the improved infrastructure be used to store
18 and dispense ethanol or ethanol blended gasoline classified as
19 E-15 or higher. A participating person who acts in violation
20 of an agreement is subject to a civil penalty of up to \$1,000
21 per day. The bill also creates an E-15 plus gasoline qualified
22 infrastructure fund that is used to support the program. The
23 E-15 plus gasoline qualified infrastructure fund is supported
24 by an annual transfer from the renewable fuel infrastructure
25 fund of \$1 million for 10 years. Moneys in the new fund must be
26 used to finance improvements to terminals. The new fund and
27 the associated transfer are eliminated after the fiscal year
28 ending June 30, 2031. Improvements to retail sites under the
29 program are financed by the renewable fuel infrastructure fund.

30 BACKGROUND. Ethanol refers to agriculturally derived
31 ethyl alcohol. Generally, ethanol blended fuel is classified
32 according to the volume percent of ethanol in a unit (gallon)
33 of gasoline and must meet certain regulations established by
34 the United States environmental protection agency and A.S.T.M.
35 international specifications (Code section 214A.2).

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1 The new program is similar to the renewable fuel
2 infrastructure program for retail motor fuel sites that is
3 administered by DALS and the board to improve retail sites by
4 financing infrastructure associated with storing and dispensing
5 ethanol blended gasoline classified as E-15 and E-85 and
6 biodiesel fuel (Code section 159A.14). That program as well
7 as the renewable fuel infrastructure program for biodiesel
8 terminal facilities (Code section 159A.15) is supported by
9 moneys credited to the renewable fuel infrastructure fund (Code
10 section 159A.16).